Management Accounting, Accountability and Organizational Change: The case of Botswana Firms.

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Abstract

The subject of accountability in organizations is originally and widely understood within the framework of economic rationalization. In particular, accountability in mainstream accounting literature has been assumed to be related to the stewardship function and analyzed within the confines of Principal-Agent theory (Laughlin, 1996). The framework assumes that the transfer of economic resources by the Principal to the Agent gives the Principal rights to demand and get accounts and explanations from the Agent (Gray, 1983). Within the same framework, management accounting is seen as a technically oriented and objective practice through which accountability is reinforced. This approach has recently been subjected to critiques from a small but growing amount of literature. In general, the critiques are levelled at the approach's apparent over-emphasis of economics as an overriding influence in the construction of accountability in organizations. In particular, the critiques (e.g., Willmot, 1996) called for alternative approaches that explore the roles played by culture, ethnicity and other social practices. However, there have been few case studies exploring the roles of these alternative influences with Sinclair (1995) and Chew and Greer (1997) providing notable contributions.

This thesis pursues these alternative propositions further and uses two longitudinal case studies conducted in Botswana. Botswana, a developing Southern- African postcolonial country is characterized by social practices and culture that are different from the Anglo-Saxon Western social practices and cultures on which the bulk of the research reported in literature is based. Conducting the research in Botswana thus provided the opportunity to explore the influence of wider social values and practices on organizational practices of accountability. A middle range thinking methodology is used to gather, analyze, interpret and make sense of the case data. The thesis developed a skeletal model and used it as a guiding framework and analytical tool for studying the construction of accountability practices in the two case organizations. The thesis further used Sinclair's (1995) forms of accountability to analyze and understand the observed accountability practices and Laughlin's (1991) skeletal models of organizational change to explore the processes of change in accountability practices at the two case organizations.

The thesis argues that the construction of accountability at the two case organizations was influenced by four factors namely, (i) culture, (ii) participants' perceptions and capabilities, (iii) the organizational situation and (iv) organizational objectives. A. This thesis further developed and proposed two extensions to Laughlin's (1991) original models of 'second order' colonization type organizational change model. The thesis also developed and proposed extensions to our understanding of Sinclair's (1995) forms of accountability

Overall the thesis argues and provides empirical evidence that our theorizing of the construction of accountability relationships and practices in business organizations can be enhanced by understanding the culturally determined accountability relationships and practices existing in societies. These social relationships and practices greatly influenced relations and practices in the case organizations.

DECLARATION.

No part of the work in this thesis has been submitted in application for another award by any University. The work represented in this thesis is also entirely my own and references to other works have been acknowledged and listed in the bibliography contained herein.

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LIST OF ABBREVIATIONS

DA	Design Archetypes.
DC	Diamond Company
Dept.	Department
GDP	Gross Domestic Product
Govt.	Government
H/O	Head Office
IS	Interpretive Schemes
Ltd.	Limited
NHS	National Health Service
OD	Organization Development
RSA	Republic of South Africa
SCH	Schizoid
UK	United Kingdom
UNDP	United Nations Development Programme
UNESCO	United Nations Education, Scientific and Cultural Organization.
USA	United States of America

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CHAPTER ONE

General Introduction

1.1. Introduction.

This chapter provides an introduction to the thesis. The chapter consists of six sections. Section 1.2 provides the background information on how the research problem was developed; 1.3, the research objectives; 1.4, the research methodology; 1.5, the general areas of expected contribution to knowledge; 1.6, a general overview of how the thesis is presented and 1.7, a summary.

1.2. Background to the research.

Accountability, a central element of management accounting and control, has been largely understood and studied within the principal-agent theory framework, a framework rooted in the functionalist paradigm. Perhaps, most significantly, accountability in business organizations is assumed to exist because one party has transferred and entrusted the use of economic resources to another (e.g. Scapens, 1992). Because of this transfer, the owner of the resources or the principal within the framework of principal-agent theory holds the transferee accountable. Laughlin (1996) explained this in the following passage:

> . the 'principal' (one who holds to account) is perceived to have a natural 'right' primarily because the 'principal' has ownership of resources. The assumption is that, if the use of resources is transferred to the 'agent' (the one who accounts and is held to account), then in return, the expectations of the 'principal' should be met by the 'agent' [Laughlin, 1996, p.225]

Within the same framework, management accounting which can be defined as "a set of techniques for collecting and processing useful facts about organisational life" (Loft, 1986, p.36) is conceptualised as playing a crucial role. Management accounting reports serve to inform the principal about the agent's actions. Management accounting procedures, controls and requirements also serve to ensure that the agent acts in accordance with the principal's demands and also to prevent the agent from using the resources under his/her control to further his/her interests at the principal's expense (Scapens, 1992). Management accounting is thus understood as both a medium of and method of enforcing accountability for economic resources.

This principal-agent theory based approach has however been subject to a number of critiques (e.g., Laughlin, 1996, Willmot, 1996) which question the seemingly over-emphasis of economic concerns as determinants of accountability practices in business organizations. In particular, the critiques are levelled at the assumption that accountability arises as a result of the 'principal' having transferred economic resources to the 'agent'.

Other researchers (e.g. Munro and Mouritsen, 1996) argued that the rise of accountability relationships was not restricted to the transfer of economic resources. Willmot (1996) for example argued that accountability arose "in relation to diverse discourses, including those relating to age, gender, ethnicity and employment" (p.24). He further referred to the work of Garfinkel (1967) and argued that accountability was rooted in cultural expectations. Willmot (1996) however did not provide any empirical evidence to show the influence of these alternative discourses in the construction of accountability practices in business organizations. The contextual nature of these alternative discourses requires fieldwork studies to understand their influence on accountability but as yet there are (surprisingly) very few such studies of accountability.

Chew and Greer (1997) however provided evidence of how Aboriginal people's culture was influential in the construction of accountability relationships and practices. The Aboriginal people's constructions were significantly different from the principal-agent theory constructions of the Australian government. Sinclair (1995) also provided empirical evidence of the influence of various discourses and structures on Australian public sector Chief Executives' constructions of accountability. Sinclair's (1995) study was however not specifically aimed at exploring the influence of factors such as culture and social structures and practices on accountability construction.

The influence of alternative discourses, particularly culture on accountability practices and patterns in business organizations in general and in Botswana in particular, are largely unexplored. Following the critiques above and lack of empirical evidence on accountability construction, this thesis sought to explore and report on the influence of alternative factors and discourses, particularly culture in the construction of accountability practices.

1.3. Research Objectives.

The objectives of this thesis were:

(I) To explore and provide empirical evidence of how culture and other social factors were influential in the construction, maintenance and change of accountability practices in Botswana organizations.

(II) To explore and provide empirical evidence of processes of accountability change in the same organizations.

1.4. Research Methodology.

To meet the above research objectives, the study used case study research methods and adopted middle range thinking (Laughlin, 1995) as research methodology. Following the middle range thinking approach, the research started with skeletal theoretical models (as opposed to tightly defined hypotheses) which were used to guide data collection and analyses. The data gathered were then used to enrich, refine and develop the skeletal models (the middle range thinking methodology is discussed in detail in Chapter 4).

Following this approach, insights from the arguments and theories identified in the literature review (see Chapter 2) were drawn upon to develop a skeletal model of accountability construction. The model developed was used as a framework for tracing and understanding the factors that influenced the construction of accountability practices in the two case studies. Sinclair's (1995) accountability forms were used to understand and analyse the observed accountability practices. The skeletal model of organizational change developed by Laughlin (1991) (see Chapter 3) was used within the framework of accountability construction to help explore how accountability practices changed.

1.5. Contribution to knowledge.

This thesis contributes to the literature on accountability construction and organizational change in general. It extends the principal-agent theory based accountability model[1] by providing empirical evidence of the role played by culture and other social factors in the construction of accountability practices in the two case organizations. From observations of and reflections on the case material, a model of the construction and change of accountability practices in the two organizations was developed and proposed as both a descriptor of phenomena and as an analytical tool for studying accountability construction. The thesis further provides empirical evidence that Sinclair's (1995) conjectures can in principle be applicable in a different environment.

The thesis provides further empirical evidence that Laughlin's (1991) models of organizational change are useful as both descriptors of organizational change and as analytical tools for studying processes of accountability change in organizations.

The thesis also provides empirical evidence of the role played by management accounting in the construction of accountability relationships and practices.

1.6. Arrangement of the thesis.

This thesis consists of eleven chapters. Chapter 2 reviews some of the literature on accountability. The review concentrates on and contributes mainly to arguments for the roles played by factors and discourses other than economics on the construction of

[1] The model assuming that accountability arises because one party has transferred economic resources to another.

accountability practices and patterns in organizations. The role played by management accounting in processes of accountability in business organizations is also considered.

Chapter 3 presents Laughlin's (1991) model of organizational change, which is used as a guiding tool in understanding processes of accountability change. The chapter also reviews some of the studies that have used the model and explores how they have contributed to the development of the model.

The methodology, methods and underlying theoretical framework adopted and used in conducting the study are presented in chapter 4. The study used middle range thinking as methodology, case study as method and social theory as a guiding theoretical framework. The chapter further develops and presents the skeletal model of accountability construction that was used as a guiding framework for the study. The chapter also justifies the selection of the theoretical framework, methodology and method.

Chapter 5 presents background information on the country and environment in which the research was conducted. The chapter provides information about Botswana's historical development, culture and economics.

Chapter 6 presents the first case of the study. The chapter is mainly descriptive and is followed by chapter 7, which reflects on the case material drawing on insights from relevant literature and the skeletal models guiding the study. Chapters 8 and 9 present the second case study and reflections on the case material respectively.

Chapter 10 presents overall theoretical discussions and implications of the thesis.

In chapter 11 conclusions, limitations of the thesis and potential areas of future research arising from the study are presented.

1.7. Summary

This introductory chapter has provided a general introduction to the thesis including background to the development of the research, the research objectives and research methodology.

CHAPTER TWO

Literature Review on Accountability

2.1. Introduction

This chapter reviews some of the literature on accountability. In particular, it concentrates on issues of accountability construction and forms or styles of accountability in organizations and society in general. The chapter is divided into eight main sections starting with a general definition and discussion of accountability. Section two discusses the influences of social values and norms on accountability. This will be followed by a review of the distinction between 'bond' and 'link' of accountability Section four reviews the literature distinguishing between formal and informal accountability. Section five presents and comments on Sinclair's (1995) forms of accountability. This will be followed by a brief review of Stewart's (1984) ladder of accountability. Section seven reflects on accountability and management accounting in business organizations. The chapter concludes with a summary.

2.2. Theorizing Accountability.

Accountability can be defined in the general sense as the process of explaining and justifying one's actions and conduct. Scapens and Roberts (1995) defined it as the relationship involving the giving and demanding of reasons for conduct. What is clear from the above definitions is that there has to be at least two parties involved in the accountability process. The relationship between the parties is such that one party (the 'Principal') demands the explanations and reasons for conduct while the other (the 'Agent')[1] provides them. Five questions arise from this definition; (a) how is accountability operationalised or enforced? (b) what is being accounted for? (c) why does the relationship exist? (d) who is accounting to whom and (e) when is it done? Attempting to answer these questions forms the core of analysis in this chapter.

The analysis starts by conceptualizing accountability as a power relationship between at least two parties brought together by a common interest or factor. Due to a variety of reasons related to the factor, the relationship is such that one party namely the principal, is more powerful than the other. Power in this context is conceptualized broadly following Wrong (1979) as the ability to determine or influence the behaviour and actions of others. In wider social contexts, power could arise because the Principal has some 'natural or traditional' rights to demand and get accounts from the agent and the agent in return has some 'natural' obligations to obey the principal. Such natural or traditional rights (of the principal) and obligations (of the agent) are often a result of prevailing social structures and norms of a particular society or group. In traditional Botswana societies for example, age gave older members 'natural' rights to demand and get accounts from younger members of the society and never the other way round (see for example, Mgadla, 1998). This type of accountability is developed and practiced based on values, beliefs, history, etc of the particular society. Such beliefs and values are often institutionalized in some organizations and societies. Accountability here can be both instrumentally and non-instrumentally oriented.

In other situations, power arises because of asymmetric distribution of resources among societal members. Those members with more resources use them to draw upon domination structures to demand accountability from the other parties. Such structures may include threat of sanctions/aggression and promises of rewards. In the

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[1] The terms 'Principal' and 'Agent' following Laughlin (1996) are used loosely to refer to the two parties and not necessarily within the confines of Agency theory or Principal-Agent theory.

international community for example, organizations like the UN and NATO can and often rely on their huge resource bases to demand accountability from less 'endowed' members such as Iraq and Yugoslavia. Because of the powers that the principal wields or possesses, the agent becomes accountable for a variety of reasons including fear of sanctions, continued receipt of recognition and rewards, etc. Accountability in this case is largely instrumentally oriented.

Power can also arise because one party has entrusted resources and their use to another. Such an arrangement may or may not result in formal contractual obligations. Where there are no formal contractual obligations such resources may be entrusted for purely social reasons. Parents may entrust the use of a vehicle to a child purely because of the social class with which they prefer to be identified or simply out of love for the child. The child may in turn be accountable because of fear of the privilege being withdrawn if (s)he does not comply with the parents' expectations about the use of the vehicle.

Formal contractual obligations may arise where the resources were entrusted for economic reasons. Under such circumstances, the party entrusted with the resources (invariably of an economic nature) is contractually obliged to account for them. The traditional Principal –Agent model as this situation is known in economics is perhaps the most commonly recognized form of accountability in formal business organizations. Owners of the firm delegate responsibility of running the firm to management who in turn may sub-delegate tasks to employees under them. Organizational members at different levels are normally entrusted with some resources for the performance of specific tasks and are accountable to their respective superiors. This multiple relationship of principals and agents persists throughout the organization all the way up to the relation between the chief executive and the shareholders. The relations are however not purely governed by contractual obligations regarding the organization's resources. Other obligations such as morals, beliefs and social norms may also be influential. The relationship does not stop with shareholders for they may also be accountable to other stakeholders who are mainly external to the organization. The relation between the shareholders and the various stakeholders is a dynamic one arising from a variety of factors. The shareholders are generally accountable to their families, government and other agencies, trading partners, customers, creditors and the society at large. To their families for example, individual shareholders are accountable mainly because of social norms and to a lesser extent, legal issues governing the family institution.

Underlying all reasons explicated above is the implicit assumption of acceptance by both parties of the legitimacy of the principal's power or rights. The question of what is 'legitimate' is a moral and cultural debate. The cultural and moral debate illustrates both the universal and historical character of accountability relationships because morals and culture vary among and within societies. Accountability is universal in that it exists in virtually all societies and it is historical in that it differs among and within societies. Societies as well as institutions that make them up are as Willmot (1996) observes " inherently precarious, at least when compared with natural processes, because their continuation relies upon the willingness of human beings to subscribe, account for, and (re)enact their existence" (p.27). Accountability is therefore expected to be universal as well as vary in practice from situation to situation. It will be universal in as far as it reflects underlying power relations in society but different in that the particular underlying power relations may be unique to a particular society.

2.2.1. Accountability and social values and norms I: Responsibility and culture.

Accountability is a social construction of reality; it is 'endemic' to social life (Willmot, 1996). It is a power relationship arising from social values, beliefs and expectations regarding responsible conduct. The concept of responsibility is itself a social construction dependent on context. Bovens (1998) refers to this context as a forum and argues that without it responsibility (and hence accountability) becomes difficult to uphold. How responsible an individual is, is therefore a value judgement based on values and norms of a particular society, community, group, organization, etc. These norms and values collectively influence the behaviour and hence action of members of particular groups and can be described as the particular group's culture.

Hofstede (1991) referred to culture as a collective mental software. He argued that culture was learned (from the environment in which one grew) and influenced the way individuals in a particular society or community thought, behaved and acted. Gray (1988) conceptualised culture as part of the environmental factors that determined national accounting systems. His departure point was that accounting systems differ internationally because cultural, among other factors, differed from nation to nation. In contingency theory based studies (for example, Drury and Tayles, 1995, Gordon and Miller, 1976) organizational structure, technology, and the organization's environment (economic, political, etc) are identified as instrumental in determining accounting systems. It is further argued that since these contingent factors vary from organization to organization, then accounting systems should be expected to vary as well. These studies did not go further to explore why the factors varied or why certain forms were prevalent in some cases and not in others, etc. Hofstede's (1983, 1984,1991) works on culture provided possible explanations of why these factors may vary. Environmental factors are nothing but creations of human agency and human agency is a result of human learning, experience and thinking. In as much as culture influences human action, then culture influences both factors and resulting accountability systems.

Applying this line of reasoning to studies of organizational accounting and accountability promises a richer understanding. The power relations underlying accountability can thus be understood in terms of how they are culturally rooted. Power in culture can be understood in terms of 'power distance', which is "the extent to which members of a society accept that power in institutions and organizations is distributed unequally" (Gray, 1988, p.7). Power distance affects the way both the powerful (principals) and less powerful (agents) members of society behave. Power distance can further be understood in terms of social inequality. Littlejohn (1972) defined social inequality, as the differences in levels of rights, obligations, goods and prestige possessed by different individuals or groups in a particular society. Collectively, these attributes determine an individual or group's status in society. Status which is defined as one's position or standing in society (Turner, 1988) carries with it some socially defined attributes and expectations (Abercrombie et al, 1984). Such attributes and expectations arise from a variety of factors including economic wealth, age, physical and intellectual attributes, history, ethnicity, to name but a few, all of which are distributed unequally among societal members.

It is this culturally determined inequality that leads to the existence of the powerful and less powerful in any society. Within this hierarchy, roles and expectations are embedded beliefs about relationships between the powerful and the less powerful. The powerful by virtue of their ability to "produce intended and foreseen effects on others" (Wrong, 1979, p.2) can demand and get accounts from the less powerful. The less powerful for their part may become submissive because of (social) expectations that they have learnt and internalised regarding their relations with the powerful. The argument here is that through such beliefs and values, culture already influences practices of organizational accountability in that it is the same social actors who participate in and determine organizational accountability relationships.

Finally, a study by Chew and Greer (1997) demonstrated how accountability practices demanded by the Australian government were inconsistent with Aborigine culture. The financial accountability demanded by the government in an Aborigine organization they argued, 'clashed' with Aborigine culture because the latter emphasized kinship and 'familial obligation' rather than the rational economic principles that underlie financial accountability. Further, they argued that Aboriginal organizations had culturally defined rather than financially defined goals. Overall, their study concluded that failure by the government to understand Aborigine culture and also failure to take into account that accountability is culturally determined resulted in the problems that the organization faced as a result of the clash between Aborigine culture and economic rationalization.

2.2.2. Accountability and social values and norms II: Truth and trust.

Accountability is a relationship involving both truth and trust. The principal desires the agent's account to be a true reflection of the events in question. But truth on its own is a difficult and elusive concept to define. Rather it is contextual and historical. In accounting and auditing for example, truth is often defined in terms of arithmetic or numeric accuracy and adherence to principles and standards (see for example, Chua, 1993, Parker and Nobes, 1991). Principles and standards in an accountability relationship can be expected to reflect the principal's rather than agent's objectives and desires. This expectation is based on the construction of accountability as a relationship in which the principal is more powerful than the agent. The definition of truth therefore may vary as objectives and desires (of the principal) may also vary from relationship to relationship.

Trust on the other hand can be defined following Laughlin (1996) as the degree or level to which the principal perceives the likelihood of the agent to achieve his/her (principal's) objectives and desires as well as to provide a true account. The level of trust that a principal has on the agent is based on a variety of factors including reputation, competence (Jonsson, 1996) and the potential for value conflict (Laughlin, 1996). The level of trust that the principal has on the agent is believed to be influential in determining the measures, procedures and processes adopted or deployed to enforce accountability (Laughlin, 1996).

Laughlin (1996) argued that where there was low trust, it was likely that the principal would rely on tightly defined procedures and processes to enforce accountability. The intuition behind this argument is that without tight controls and procedures, the agent is likely to 'rebel' in situations where the demands of 'higher' principals are in conflict with those of the economic principal. This argument rests on the existence of multiple principals hierarchized in order of importance to the agent. Higher principals are therefore those that the agent perceives more important than the economic principal. Implicit in this argument is the construction of the agent as a multiple actor (e.g., economic, religious, professional, etc) but at the same time (s)he considers the principal as purely an economic actor. It could be argued that as a social actor, it is unlikely that the agent will consider the principal as a purely economic principal. Though undoubtedly enjoying some economic benefit from the relationship, it remains possible that the agent may through the relationship be pursuing beliefs and values or enjoying some benefits that are not economic in nature.

Where the economic principal symbolizes or is in some way 'consistent' with the agent's values and beliefs, then (s)he may be more than just an economic principal. (S)he may in addition be a multi and higher principal in which case trust would be expected to be higher. Likewise, if the principal is 'inconsistent' with the agent's beliefs and values, then (s)he may be regarded only as an economic principal. But being regarded as an economic principal will not necessarily always lead to 'rebellion' on the part of agents. It will only lead to 'rebellion' if economic concerns are not considered primary by the agent(s). Where economic concerns are not considered to be of primary importance, then the (economic) principal as Laughlin (1996) argued is likely to rely on tight measures to enforce accountability.

Laughlin (1996) further identified religion and professionalism as examples of factors that could be considered more important than economic concerns. Framing these examples in terms of the rationalized world, economics once again becomes the central issue. The rationalized world is one in which action is means and ends oriented where the ends justify the means (Meyer et al., 1994). This framing follows from Meyer's

(1994) argument that " formal organizations are creatures of rationalized environments: They operate under norms of rationality"(p.53). For profit making organizations in particular, rationality is in reference to economic factors, the ends are economically defined. Action that is likely to be inconsistent with the organization's economic advancement motive is regarded as 'nonsensical' and irrational. This line of thinking can extend to the individual and Meyer *et al* (1994) describe the process as below:

> ..the common notion that the actor performs the action is only a half-truth –at the institutional level, action also creates the actor. Not only does the institutionalisation of certain forms of organization, such as the corporation, generate rationalized goals and action creates highly general models from which organizations draw their identity and structure. The same can be said of individuals, states and other social units. [p.19]

Following the above explication, it can be expected that organizational participants' individual decisions are also likely to be economically oriented in as far as economics is the means of survival in the rationalized Western world. Incorporating this with Laughlin's (1996) argument of value conflict and higher principals, it could be argued that rebellion (to follow demands of higher principals) would be more likely where the agent has opportunities for alternative employment. The intuition here is that with alternative employment opportunities, the agent's economic survival (in a rationalized world) would not be overly dependent on his/her present employment.

Potential for conflict of interest is likely to be at its highest and hence low trust as Laughlin (1996) predicts. But with lack of alternative opportunities, the economic principal is likely to be the 'higher' principal as well. It remains however problematic whether potential for value conflict will be high or low under such conditions. Value conflict may in fact be at its highest but agents may obey the economic principal under duress only as a matter of survival. It can perhaps only be speculated that it is unlikely that the agent will follow the demands of other principals.

The speculation is however based on the assumption that the agent is a rational person living in the "age of complex organizations" (Bovens, 1998, p.9) as opposed to the age of the 'hunter-gatherer'. In the former, individuals' survival depends largely on their participation in an organization either as economic agents or principals. But the fact that people still commit fraud and crime despite being aware that they stand to lose their means of survival (employment) if caught would clearly indicates that the current thinking is only partial. A re-thinking of Laughlin's (1996) model of higher principals, one would argue, will provide increased understanding. In addition, the agent's attitude towards risk and his/her assessment of the likelihood of being caught could be incorporated into the analysis. The likelihood of rebellion and hence need for tighter controls will then be assessed in terms of the agent's attitude towards risk and his assessment of the likelihood of being caught. Figure 2.1. below shows possible combinations of the two factors and resulting levels of trust. Where trust is low, then following Laughlin's (1996) original thinking, the principal will be better off emphasising contractual forms of accountability and likewise communal forms could be relied upon when trust levels are high. This however requires the development of a complex model for assessing both the agent's attitude towards risk and his/her assessment of the likelihood of being caught, a task that is beyond the scope of this thesis.

Figure 2.1: Agent's attitude towards risk, assessment of likelihood of being caught and risk levels

		Agent's assessment of likelihood of being caught		
		Low	**Medium**	**High**
Agent's Attitude Towards Risk	**lover**	Low	Low	Moderate
	Moderate	Moderate	Moderate	Moderate
	Averse	Moderate	High	High

Source: Adapted from Laughlin (1996, p.231)

2.2.3. Bond Versus Link of Accountability.

Stewart (1984) argued that accountability requires the capacity to exercise power. He started by distinguishing between the elements of "account" and "holding to account". The two are described as follows:

Element of account: "the need for information including the right to question and debate the information as a basis for forming judgement" (p.15)

Element of holding to account: "the judgement and action taken on the basis of that judgement, which is an exercise of power" (p.15)

Accountability can only exists if both elements are present in the relationship though the element of account can exist without the element of holding to account. In the latter case, what arises is a link rather than bond of accountability in that accounts are given but there is no associated exercise of power to hold to account. It is thus the power to hold to account that links the one who accounts to the one who holds to account and establishes a bond of accountability. What distinguishes between a link and a bond is the existence of a power relationship (between the principal and agent) in the latter.

Stewart however did not clearly explain the type(s) and source(s) of this power. Instead throughout his discussion, he alluded to the law or legislation as the source of power. So by implication, a link is a relationship of 'accountability' that lacks legal recognition or one that is not sanctioned by legislature. This would appear to imply that accountability is a product of formal legal requirements. Likewise, power is a formal and legal attribute. The problem with such understandings of both power and accountability is that they ignore the social context of human behaviour and action. As social actors, the behaviour and actions of individuals are influenced by social values and beliefs. Even the law is only a set of (formal) normative rules that govern conduct in society, with such rules evolving from social values and beliefs. The argument here is that Stewart's (1984) formulation of accountability limits understanding to formal rules only ignoring the fact that informal 'rules' may also be influential.

Laughlin (1996) described 'bond' and 'link' as 'contractual' and 'communal' forms of accountability respectively and further argued that both are forms of accountability. As forms of accountability, both "can be equally powerful in their reporting and control intentions"(p.229). The difference between the two is only that one is more defined whereas the other is not, i.e.; one is formal and the other informal.

2.2.4. Formal and informal accountability I: Formal accountability

Formal accountability as Roberts and Scapens (1985) described it, refers to the accountability relations governed by more formal agreements and expectations. Formal accountability is exclusively preoccupied with strategic consequences of action (Roberts, 1996). In business organizations, this can be understood as implying concern with economic factors. Other issues such as morality and ethics are considered to be of secondary importance. Formal accountability is thus instrumental in nature. How it affects an individual is dependent largely on the individual's position or location in a formally recognized organizational hierarchy (Sinclair, 1995). It is therefore hierarchical and draws upon existing formal organizational resources and structures to empower those located higher up the hierarchy (superiors) to demand accounts from those located below them (subordinates).

The superiors then assume the roles of principals with the power to reward compliance as well as impose sanctions or punishment for non-compliance or deviation. The accounts given are themselves often in terms of formal organizational languages like accounting. Any explanations and justifications that do not conform to hierarchy may be deemed unacceptable. Procedure and form in this context are often equally if not more important than content. Management accounting reports for example have to be presented in particular formats and at given time periods. Even explanations of variances often have to follow particular formats.

Formal accountability systems have what Roberts (1991) called an 'individualising' effect on organizational members. They compare, differentiate, heirarchize, homogenize and exclude (Roberts, 1991,1996). They tend to induce individualistic behaviour among members. Such systems because of their reward and punishment potentials tend to get individuals to act towards gaining rewards and avoiding punishment. Because each individual is judged on the basis of his/her own rather than collective efforts and output, Roberts (1996) argued that formal accountability system will induce individuals to be self-interested. They keep a check on their performance and differentiate themselves from others. 'God for us all but every man for himself'. Accordingly, the individuals become overly concerned with how they will be judged by the superior. Applied to organizations, this could be understood as implying that subordinates become preoccupied with producing accounts that are consistent with the superior's expectations. They constantly review their performance against expectations and this takes priority over concerns for others and their problems:

> Individuals internalize norms and notions of perfection, turning accountability into a system of one-way visibility: one that sees without being seen [Boland and Schultze, 1996, p.65].

Management accounting reports are thus implicated in this process. Divisional/ section heads become concerned with the performance (financial and operational) of their respective divisions/ sections. Each concentrates on his/her division/section thus paying less attention (if at all any) to co-operation among divisions and themselves as individuals. This is particularly inherent where performance of the division/section heads is evaluated on the basis of the division's/section's financial achievement. By reporting on results and holding division/section heads accountable for them, the management accounting system can be understood as serving to make visible (to top or corporate management), the otherwise invisible activities in the division/section.

Extended to Foucault's (1979) analysis of disciplinary power, the process of accountability can be understood as casting a 'disciplinary gaze' on the division's/section's and individuals concerned. Roberts (1996) borrowed from Foucault's (1979) analysis and argued that it was this feeling of constantly being 'seen' that produced and maintained discipline in individuals. Individuals become concerned with ensuring that they are seen to be conforming to expectations. Foucault's (1979), position was that it was not necessary to use force to get the 'worker to work' as long as (s)he knew that (s)he was being watched though (s)he might not see the one watching him/her:

> A real subjection is born mechanically from a fictitious relation. So it is not necessary to use force to constrain the convict to good behaviour, the madman to calm, the worker to work, the schoolboy to application, the patient to the observation of the regulations. [Foucault, 1979, p.202]

Foucault (1979) further explained that the feeling of being seen instilled discipline because the individual being watched 'took' on the constraining force of power and applied it to himself/herself and thus bringing about his/her own subjection:

> He who is subjected to a field of visibility, and who knows it, assumes responsibility for the constraints of power; he makes them play spontaneously upon himself; he inscribes in himself the power relation in which he simultaneously plays both roles; he becomes the principle of his own subjection. [pp.202-203]

Management accounting systems continuously gather information that can be used to infer the economic worth and consequences of action and decisions and reports such information in a manner that equates to watching or surveillance. Such systems see without' being seen' themselves. The information gathered by these systems is then summarized in a report and made available to those with the power to judge, reward, withhold reward, impose punishment or take corrective or disciplinary action. It is this knowledge that this type of information will be made available to those with the said powers which 'makes' individuals comply with expectations (often in terms of cost and financial objectives). In this context, formal hierarchical forms of accountability in which management accounting plays a key role can be understood as having both individualizing and disciplinary effects on organizational members.

Willmot (1996) further extended this individualization concept to issues of identity and power. He borrowed from Garfinkel's (1967) work and argued that formal hierarchical accountability systems had the effect of developing "identity" awareness among individuals. Through continuous demonstration of compliance, individuals developed certain identities. Identity is thus either confirmed or problematised through processes of accountability. "When identity is problematised, there tends to be an emotional, self-disciplining compulsion to restore normal appearances" (Willmot, 1996, p.28).

The same self-constant monitoring of action that produces individualistic behaviour also develops identity. In developing identity, the same power that individualizes is employed. Divisional managers can become committed to reporting good results because of the esteem that accompanies being identified as an excellent manager. In this case, the individuals become preoccupied with this identity and upholding it. The other side of the coin is that the preoccupation can also be with avoiding reporting poor results because nobody wants the disgrace of being identified as a 'lousy' manager.

Willmot (1996) further argued that in addition to issues of identity, individuals also complied with expectations because compliance was empowering rather than because they did not want to be associated with the identity ascribed to those who failed to comply; i.e., the individual prefers the potential (economic) benefits that may be associated with compliance. Applied to organizations, this can be understood as implying that those being 'watched' (responsible persons) can comply with cost and financial expectations because doing so can earn them rewards rather than because of fear of being identified as 'lousy' managers for example. The rewards are seen as empowering since they have potential increase one's power within the organization (recognition, promotion to higher rank, etc.) as well as increase the individual's personal wealth (through bonuses, pay rise, etc.). Perhaps identity on its own without associated rewards would not be enough to 'encourage' compliance. In this case, it is the empowerment rather than identity, which is at issue.

Power in this case is a function of resources that an individual has at his/her disposal. It is the uneven possession of resources that gives some individuals power over others. This type of power can hence be defined as "..the capacity of some persons to produce intended and foreseen effects on others" (Wrong, 1979, p.2). The question then becomes is it the power or simply the resources that the individual is interested in? Specifically, are individuals interested in dominating others for its own sake or are they really after the economic benefits they expect to derive from such domination? The answer I would argue depends on the community or society in which the participants find themselves in; in some cases, it will be the power that they are after whereas in others it will be the economic benefits. This argument once more problematises the rational economic logic assumption underlying individualizing effects of formal organizational accountability.

Another effect of formal hierarchical accountability is that individuals become 'calculative'. That is, the individuals adopt a mathematical equation like approach to problem solving (Boland and Schultze, 1996). The problem is then solved by evaluating the effects of the various formulated variables on the financial or economic implications of the action or decision. The effects of such action on other divisions and people are largely secondary to financial and cost concerns. Other modes of problem solving are ignored or trivialized. Problem solving through understanding for example is superseded. Problem solving is pursued through instrumental logic.

The processes of formal hierarchical accountability and their concern with instrumental reasoning can be understood within Habermas' (1979, 1984, 1987) works on social theory. Within the confines of Habermas' theory, the effects of formal accountability can be understood to be strategic action. That is action influenced by fear of sanctions or pursuit of self-gratification, use of force or money. Strategic action takes over control from communicative action. According to Habermas (1984,1987) communicative action is action aimed at achieving understanding. Such understanding is achieved in 'ideal speech situations' (Habermas, 1987). Formal hierarchical accountability, in which management accounting plays a key role, thus 'prevents' communicative action. Organizational hierarchy empowers the principal to impose his /her understanding. Such understanding is necessarily instrumental. Instrumental logic and strategic action thus colonize organizational life. Specifically, there is a possibility that management accounting concerns and practices colonize formal hierarchical accountability systems in organizations. Such colonization of organizational accountability and life affects members at different hierarchical levels differently.

The argument being developed here is that (i)'individualizing' effects of formal hierarchical accountability and (ii) colonizing effects of management accounting are felt more at higher levels of the organization. The effects of accountability and management accounting practices as described above are in particular limited to management personnel and those in positions to make decisions. Accountability is linked to responsibility and since responsibility levels are a function of one's position in the organizational hierarchy, then it can be expected that the effects of accountability will likewise vary with organizational level. Following this logic, one's position in the hierarchy is likely to affect the amount of supervision that (s)he is subjected to. Generally, it can be expected that the more autonomy (less supervision) one has, the more accountable he is expected to be. Depending on the circumstances of the particular organization, more technical and formal controls such as management accounting systems and practices may be utilized to enforce accountability.

Employees at the lowest level I argue are only indirectly affected by such practices because it is their superiors rather than them who have the autonomy. An unskilled labourer for example in a construction company is likely to be less concerned with accounting implications of his actions than his/her project manager would be. An explanation of why this might be the case, also leads to the development of a further argument or critique of the literature on formal accountability. First it is implicitly assumed that all organizational participants have similar understandings and appreciation of instrumental logic. Following Hofstede (1991) and Berger and

Luckmann (1967) that understanding and behaviour are a product of among others, one's education and experience, the argument is that highly skilled individuals /professionals and unskilled individuals will have different types of understandings. Professionals in particular may have specific understandings related to their expertise or profession which may be different from the principal's and other organizational participants' understanding of instrumental logic. At the other extreme, unskilled (or even illiterate) participants may not understand instrumental logic, in which case they also will not be subjected to the individualizing effects of formal accountability. Either way, participants with different understandings may not be subjected to the individualizing effects of formal accountability (see for example, Laughlin, 1996).

Finally, the literature on formal accountability also assumes that participants are rational economic persons. Further underlying this assumption is an individualistic behaviour. Both assumptions, I would argue are restrictive to understanding of accountability relations. Evidence from behavioural research as referenced by Scapens (1993) indicates that not all decisions are rational or economically based. The assumed individualistic behaviour is also restrictive in that humans are social actors whose actions and behaviour may not always be individualistic as they may be subject to social structures.

In summary, attempts to understand constructions, practices and processes of accountability in organizations purely in terms of formal accountability will only be partial. Conceptualizing management accounting practices as being limited to enforcing or facilitating formal accountability may as a result also lead to partial understandings of management accounting's role in accountability practices in organizations.

2.2.5. Formal and informal accountability II: Informal Accountability.

Informal accountability is used in this context to refer to accountability relations governed or informed by less official organizational concerns and expectations. These are concerns and expectations arising from more historical and social issues not directly related to organizational goals. These are the 'unofficial' and 'unwritten' rules of organizational life. Informal accountability can be both hierarchical and lateral. Roberts (1996) referred to the latter as socializing forms of accountability. Socializing accountability arises from interaction rather than instrumental reasoning. It is thus a product of understanding rather than hierarchical power. Socializing forms of accountability are thus only possible where formal organizational hierarchy is absent. But is it really possible to have any form of accountability in organizations without power and hierarchy 'interfering'? Roberts (1996) argued that it was possible especially between individuals of equal status or with no direct functional relationship. He further argued that under such conditions, power and hierarchy could not be used to impose a particular viewpoint or 'understanding':

> In such lateral relationships power can not be used to impose a point of view or hierarchize individual difference, but thereby the understanding that is excluded from the formal hierarchy can be more safely and openly communicated. [Roberts, 1996, p.49]

The accountability that emerges here is out of understanding rather than the individual's fear of sanctions, concern with issues of identity and pursuit of self-interest serving instrumental action. Unlike formal accountability, socializing accountability is not exclusively preoccupied with instrumental action. Rather than promoting individualism it promotes and thrives on collective effort. It is the openness of communication unhampered by hierarchy, which makes socializing accountability possible. The accountability relationship among members arises out of common understanding informed by a common concern for organizational life as well as broader social issues. In this case there is no 'permanent' principal or agent, participants are more or less equal partners in a reciprocal accountability relationship. Participants hold each other accountable for social conduct, both morally and instrumentally.

The problem with this type of reasoning is that a rather restrictive collective- type behaviour is assumed and one could argue that such an assumption is extreme, idealistic and perhaps even non-existent in real life situations. Although Roberts (1996) argued that this was a type of socializing accountability, his point of reference was still the formal organization. The conditions he described as conducive to this type of accountability (equal status and no functional relationship) are part of the formal organization. This would appear to imply the existence of a 'hierarchical' relationship between formal and informal accountability because it is the absence of formal accountability, which fosters informal accountability. Though Roberts (1996) did not argue that informal accountability was not possible between individuals of different organizational statuses, it is clear that in such cases, formal accountability will be more pronounced. I problematise this by arguing that a particular view about individuals' preference for power is assumed.

The view assumed is that individuals prefer to dominate hence their reliance on formal organizational power to 'impose a point of view or hierarchise individual difference'. Apart from the argument that such an assumption is simply restrictive, it ignores the role of social life in influencing human behaviour. It remains possible in some societies that power may be 'reserved' for certain individuals and others would not want to 'take' away that power from them even if formal organizational hierarchy was to permit. Such conditions are possible especially where the formal organization is the creation of a powerful external[2] party. In such situations, informal accountability is likely to be more pronounced in formal processes of accountability

Having problematised some of the assumptions and concepts underlying informal accountability, attention is now turned to management accounting's implication in informal accountability. Specifically attention is turned to the roles if any, that are played by management accounting in constructing and/or enforcing informal accountability relationships. Management Accounting is by convention instrumentally rather than morally oriented. Management accounting has a crucial role in 'enforcing' organizational instrumentality as already discussed in the preceding sections. Its role in socializing accountability is by inference limited to say the least. No doubt there's a possibility that management accounting information will inform some of the concerns and conduct of organizational members. But under such circumstances, accounting will not serve to impose a particular point of view or understanding. Instead it becomes part of a dialogue. The meaning and significance of accounting emerges from individuals' free (from hierarchy, power, identity etc) exchanges of views, experiences and meanings. Such free dialogue according to Roberts (1996, p.49) is 'fostered when there is frequent face-to-face contact between individuals'. A critical issue at this juncture is how realistic or possible is it to have such conditions conducive for socializing accountability? Specifically, is it realistic to assume that it is possible to have any accountability within the organization that is hierarchy and power free?

[2] External in the sense that (s)he does not share the same values on power being reserved for certain individuals only and that by 'obeying' those individuals, others are doing their share of work according to some social norm, etc. The colonization of Africa comes to mind as a good example of situations where formal organizations were the creation of external parties.

Implicit in the conceptualization of socializing accountability is the assumption or argument that only formal organizational hierarchy impedes understanding about organizational life being achieved. In fact Roberts (1996) further pointed out that it was the absence of hierarchy and the presence of others that enabled socializing accountability. Life within the informal organization is thus assumed to be hierarchy free. Insights from institutional theory (Scott, 1987, 1995) and Habermas' (1989) work on universal pragmatics however are in contrast with these assumptions and views. Habermas (1989) argued that non-distorted communication had the potential...

> ...to form the basis of a rationally grounded consensus which might then serve as a normative institutional framework within which instrumental action could be contained and directed. [Roberts, 1996, p.49]

Organizations as institutions have certain beliefs and values that bind them together and influence conduct. Such beliefs and values are both formal and informal. Formal values are associated with the formal organization whilst informal values constitute the informal organization. There is also always a possibility that the formal values will permeate and influence the informal organization.

Both formal and informal organizational values and beliefs are social constructions, which implies that they are the outcome of universal and historical social issues, concerns and structures. Organizational members being members of wider social groups get affiliated to and identified with various groups (e.g., race, class, age, culture, royalty, religion, gender, education, etc) and bring with them these affiliations and identities to the (in)formal organization(s).

An individual (organizational participant) can thus have some sort of power arising directly from his/her membership of and status in a particular social group. These social groups are often differentiated and hierarchized according to the respect and powers that they command and posses respectively in society. These differentiations and hierarchies are also brought into the informal organization.

The argument being advanced here is that there is some kind of hierarchy even in the informal organization. And once there is hierarchy, the problems of distorted communication and imposing particular viewpoints arise. For example, an organizational member belonging to a powerful social group can impose his understanding on colleagues belonging to groups located at lower levels of the social groups hierarchy. A classic example is the gender issue in communities and societies across the world. In many societies men and women have different roles with men having superior status (Hofstede, 1991).

Both men and women in everyday life may draw on this disparity to construct accountability in informal organizational settings. What happens in the informal organizational setting will inevitably influence what happens in the formal organization for it is the same individuals participating in both settings. Under such cases, it is not easy for an individual to change completely from one mind-set to another as (s)he moves between the formal and informal (Hofstede, 1991). In this way, historical and cultural values can influence the construction of accountability practices in the informal organization, which in turn can influence the formal.

Formal accountability practices in organizations can also have a role in maintaining and reproducing accountability in the informal organization as well as in society at large. Following this logic, management accounting's role in formal hierarchical accountability can thus maintain and reproduce informal accountability practices. Informal and formal accountability, hierarchical and non-hierarchical forms of accountability are therefore interdependent in at least as far as they are experienced by participants in business organizations.

2.3. Sinclair's Forms of Accountability.

Sinclair (1995) identified five forms of accountability from her empirical study of Australian public sector Chief Executives. The five forms of accountability were influential in the Chief Executives' construction of accountability. The forms are managerial, professional, personal, political and public.

2.3.1. Managerial Accountability

Stewart (1984) defined managerial accountability as the accountability between a superior and a subordinate in an organization. Managerial accountability arises by virtue of a superior having delegated some responsibilities and duties to a subordinate. The superior and subordinate assume the roles of principal and agent respectively. By virtue of the process of delegation, the superior has the right to demand and get explanations from the subordinate regarding the performance of the delegated duties. The subordinate is held accountable for producing expected outputs and the consumption or expenditure of resources entrusted to them for the performance of the duties. Sinclair (1995) summarized this below:

> Accountability defined within a managerial model requires those with delegated authority to be answerable for producing outputs or the use of resources to achieve certain ends [p.222]

Managerial accountability thus arises where there is delegation and autonomy over the resources and inputs. The duties delegated and resources entrusted are of an economic nature. This effectively implies that the superior assumes the role of economic principal. The relationship between economic principal and agent is overly dominated by issues of efficiency, cost effectiveness and generation of benefits. Sinclair (1995) described these issues along with autonomy as the values embodied in managerial accountability. The agent is thus granted some degree of managerial autonomy and in return held accountable for efficiency, cost effectiveness and (economic) benefits generation. Managerial accountability is thus hierarchical in that it affects individuals based on their location in a hierarchy. In formal business organizations, principals are higher up the hierarchy than agents.

Managerial accountability can be enforced or reproduced through management accounting practices. As already discussed in 2.2.4. above, the involvement of management accounting measures and reports can lead to the individualizing effects of accountability which can further lead to discipline. Managerial accountability in this context appears to be more suited to the formal organization. Analyzing management accountability's implication in the informal organization takes us back to two of the arguments being developed.

First, is the argument that management accounting's role in accountability is less pronounced in the informal organization. Second, is the argument that accountability affects people at different levels of the organization differently. An analysis of management accountability with its instrumental orientation carried thus far would also appear to strengthen these arguments. Management accounting's effects on managerial accountability are largely formal and more directly concern the everyday activities of those in positions of responsibility for it is their activities that are being made visible.

2.3.2. Professional Accountability

Professional accountability applies to individuals who by virtue of their qualifications, expertise and recognition are members of professional groups or bodies. Such bodies have standards and codes of conduct to which members have a duty to adhere. Professional accountability thus affects professionals only. It has its roots in educational attainment. It affects all professionals independent of their position in the organizational hierarchy but dependent on the relevant qualifications, recognition and experience that they have acquired.

Hierarchy may only arise in the professional body rather than in the employing organization. A fellow of the chartered institute of accountants may for example be subjected by the institute to accountability different from that subjected to an associate member regardless of their positions in their employing organization. The chief accountant of a company for example will be subjected to the same professional standards and codes as a junior accountant in the absence of professional body hierarchy difference where such differences exist and apply as given in the example. It can now be inferred that professional accountability can be expected to be formalized in professional organizations such as accounting and law firms. Also in organizations where members have low education attainment, professional accountability is expected to be non-existent.

Professional accountability has potential to lead to value conflict in that the professional requirements may contradict the organizational demands (Laughlin, 1996). In such situations, it is argued that the professional may 'rebel' against the organization in order to follow the demands of the profession. This prediction is consistent with principal-agent theory's assumptions that the professional (agent) is a rational economic person and that an employment market for such professionals exists (see for example, Baiman, 1990, Kaplan and Atkinson, 1994). Because of the awareness that they can easily get alternative employment and also possibly that the principal needs them more than they need him/her, professionals can afford to rebel. It remains problematic whether a professional in a saturated employment market would rebel, but I would argue that the likelihood is that (s)he would not. This is speculative as the existence of a saturated professional market may itself only be a theoretical rather than practical possibility.

2.3.3. Personal Accountability.

Personal accountability arises because of one's commitment to conscience and other personal values. Referring to the work of Harmon and Mayer (1986), Sinclair (1995) described personal accountability as:

> ..fidelity to personal conscience in basic values such as respect for human dignity and acting in a manner that accepts responsibility for affecting the lives of others. [p.230]

Personal accountability is therefore reinforced by ethical and moral values that an individual subscribes to. Individuals hold themselves accountable for adhering to and upholding those values. Individuals constantly view and review their conduct in terms of adhering to these internalized values and beliefs. Personal accountability modifies the two person skeletal model in that it brings the principal and agent to be the same person. Interdependence between principal and agent is at its highest in this form of accountability. In this case, the individual justifies the reasons for his/her conduct to himself/herself basing such justifications on the personal values and beliefs that (s)he has internalized.

These values are the products of a variety of social issues including tradition, culture (organizational and social), education, history, the environment in which one grew up and human nature (Hofstede, 1991). It is non-hierarchical, as it arises not because of an individual's position in the organizational hierarchy. But it can be inferred from its constitution that personal accountability will in one way or another be implicated in both formal and informal organizational accountability processes.

Following the assumption that organizational members are individuals with different personalities, then it can be inferred that organizational processes and activities will embrace some of the values and beliefs of the members, especially those of the more dominant and powerful. Ahrens (1996) reported differences between British and German brewers' mobilization of management accounting in accountability. The differences can be broadly understood as emanating from differences in values and beliefs held by the British and Germans. Personal accountability therefore in the broadest sense, is reflected in all forms of accountability. But how an individual's personal accountability influences his/her activities in an organization depend largely on how strongly committed (s)he is to his/her values and beliefs.

How an individual's personal accountability influences organizational accountability is a function of how powerful the individual is in the organization, how strongly committed the individual is and to what extent his/her beliefs are shared and embraced by others. Where there is strong commitment to shared values and beliefs, then it can be expected that the values will be institutionalized and hence strongly influence organizational practices (including accountability processes). Where there is strong commitment by a highly powerful individual to values not shared by others, the values may still influence organizational practices without being institutionalized.

On the issue of the potential for value conflict, again one would argue that the strength of the individual's commitment to personal values and beliefs versus the possibility of getting alternative employment is crucial. But in a rational world, it is likely that rebellion on account of personal values and beliefs will be an extreme and rare event in situations where the agent is aware that hi/her alternative employment opportunities are very limited.

2.3.4. Political Accountability.

Political accountability involves justifying one's reasons of conduct to those who by the process of elections appointed him/her to a position of responsibility. The appointed person essentially carries out the performance of tasks in which the electorate have vested interests and on their behalf. Sinclair (1995.), referring to Day and Klein (1987) explained that:

> The concept of political accountability stems from Athenian democratic and Westminster traditions of vesting responsibility in the public servant. This officer exercises authority on behalf of elected representatives who are held directly accountable to the people. [p. 225]

The electorate in this case is the principal with the officer or politician as agent. In business organizations, political accountability may arise where officially recognized staff unions or representative associations exist. In such cases, the elected staff representative is responsible and accountable to staff members for pursuing their interests with management or employers. Though existing in the formal organization as well, political accountability in this context is not hierarchical. It can be hierarchical however in the staff organization. It is however beyond the scope of the current work to explore in great detail, the accountability in such organizations.

In a different setting, political accountability can exist hierarchically in the formal organization where such is publicly or jointly owned with private investors. Where the running of such organizations comes under the responsibility of elected politicians, the public servants directly running the organization are accountable to the politician who in turn is accountable to the electorate. Though this would appear to be largely external to the organization, it can also be internal in that the objectives of the organization for which employees may be held accountable may be politically influenced or determined. Under such circumstances, political accountability like managerial accountability's individualizing and disciplinary potential, it is argued will be felt more directly by employees at higher organizational levels.

Political accountability depends for its existence or effectiveness on the electorates' understanding of their rights as regard the elected official's mandated tasks. Where there is clear and higher level understanding political accountability has the potential to be stronger than where there is unclear or no understanding at all. Stewart (1984) identified increased awareness by electorates (the general public) as one of the crucial factors that led to changes in accountability in the UK public sector in the 1980s. Stewart's (1984) finding, underlines the importance of participants' understanding in accountability practices.

2.3.5. Public Accountability.

Sinclair (1985) described public accountability as involving answering public concerns about administrative activity. Public accountability as described above, involves an external principal in the form of the public. But then again, the public includes even members of the organization who are being held to account. For public accountability to exist, there must be a recognized and legitimate public interest (Stewart, 1984). Public interest generally arises where public funds and officers are concerned. It can also arise where community or public values, beliefs and norms are concerned. Public accountability involves responsibility to the society or community in general and may include political concerns. In this regard, it can be regarded as complementary to political accountability.

But unlike political accountability, public accountability does not depend on the existence of the electorate and representative. Instead the public, who need not be the electorate are the principal and the agent is the organizational member who by virtue of existing within the community is expected to abide by its rules, and adhere to its values and beliefs. It can be formalized and hierarchized in public institutions whereas in private organizations it is largely informal and social. In private business organizations, it is unlikely that both public and political accountability will be formalized. It is also unlikely that management accounting will be a crucial factor in enforcing both.

2.4. Stewart's Ladder of Accountability.

Stewart (1984) conceptualized a ladder of accountability ranging from accountability by standards to accountability by judgement. The ladder consists of five 'steps' namely., accountability for probity and legality, process accountability performance accountability, program accountability and policy accountability. The higher one moves up the ladder, the more difficult or elusive accountability becomes. According to Stewart (1984), accounting for probity and legality is the simplest to understand since it is concerned with established and known standards and laws.

Policy accountability is the most difficult to understand since it is based on interpretation and judgement rather than on measurement. Within this framework, the financial account is sufficient only for accountability for probity and legality but becomes inadequate as one moves up the ladder (Stewart, 1984). One would challenge this assertion by arguing that the financial account is not prepared, interpreted and understood in a vacuum; it is contextual. The financial information reports performance based on the organization's targets or objectives which are themselves reflected in the policies. The financial account thus does not become adequate as one moves up the ladder, but like any other account can not adequately fulfill all requirements of accountability.

2.5. Accountability and Management Accounting in Organizations.

The reflection undertaken thus far indicates that the distinction between formal and informal accountability is not always clear-cut. The two are more like ends of a continuum with a 'grey area' in between. They are interdependent and may complement one another. Management accounting appears to be more crucial to the formal and only secondary to the informal. The distinction between hierarchical and lateral forms of accountability on the other hand is less slippery. What is problematic is whether accountability can be independent of hierarchy or hierarchy-free. The argument is that since culture and history, which are the primary influences of accountability, are themselves laden with hierarchy. It is therefore unlikely that accountability can be hierarchy free. There is always some hierarchy, though not necessarily organizational, implicated in accountability relations.

Sinclair's (1995) explications further show that accountability is multiple and that the agent in the two person skeletal model may find himself/herself in a dilemma of having to account to potentially conflicting principals. Accountability is also fragmented in both its origin and practices. Sinclair (1995) described this as a 'chameleon' like quality in that, agents found themselves continually having to switch from one accountability to the next in the performance of their duties. The construction of accountability is also influenced by a variety of factors. One such factor as hypothesized is that of general understanding. The argument is that accountability whether formal or informal, depends to a great extent on the level of understanding by participants.

Understanding here is assumed to be acquired mainly through education (formal and otherwise) and experience. Understanding is used here to mean possession and comprehension of information, knowledge, and awareness of facts relating to the accountability relationship and the general environment. Employees' understanding of what is expected of them as well as what is due to them in return will affect accountability relations in the organization. Their understanding for example, of the legal issues relating to their employment is crucial to how they invoke the law to rescue them against 'unjust' expectations by employers. Where there is a relatively low level of understanding, the argument is that accountability will most likely be based on social beliefs and values informed by a variety of factors including, history and culture.

A 'unique' form of accountability that is highly contextual can be developed and maintained under such situations. This 'unique' accountability can be institutionalized and formal organizational structures and resources (including management accounting) may be drawn upon to enforce it. Such accountability relations and practices can be expected to change when the level of understanding and/or the factors on which they are based change. Drawing on the insights of critical theory (Held, 1980) on power and domination, it is argued further that such accountability relations and practices will only be maintained if the enable the principal to unduly dominate the agent.

Alternatively where there is a higher level of understanding, accountability will most likely be based on formal issues informed directly by the 'official' requirements of the employment. Though the agent may have some power, (in the form of skill and knowledge) at a low level of understanding (and perhaps low skill and knowledge as well), this power will normally be no match to that of the principal. Increasing the agent's understanding therefore has potential to increase his/her power base and emancipate him/her from domination. Following insights from the principal-agent theory model, a highly skilled and knowledgeable agent has power in that (s)he can take up better employment if (s)he is unhappy with the current one (Baiman, 1982, 1990, Holmstrong, 1979).

The agent in this case becomes less dispensable. Developing this further in terms of the two-person skeletal accountability model brings the question of management accounting's role if any, in organizational accountability. The role of management accounting develops the model further to include a third person. The third person essentially has the task of reporting the agent's performance to the principal. Management accounting's role is thus conceptualized as 'observing' the agent's activities and to a certain extent passing judgement and then reporting the same to the principal.

Extended to complex organizations with multiple accountability relationships, it is argued that the effects of the third person are more directly felt at higher levels. Any individualizing effects of management accounting can also be expected to be observable at this level. This is because management accounting reports on the activities of sections for which the respective responsible persons are accountable. The reports are not concerned with the activities of every individual in the organization, but only with those of the responsible persons. Individuals not occupying positions of responsibility are only indirectly affected through the concerns and demands of their superiors. At lower levels, the immediate superiors can often directly observe individual performance without having to rely on reports from the third person.

2.6. Summary

Accountability in organizations is a product of many influences that are necessarily cultural and contextual. Management accounting practices as a media for organizational accountability are also subject to the influence of these factors. Analyzing accountability relationships in organizations in terms of culture and context has potential to lead to better understanding of accountability processes. The influence of culture on management accounting systems and practices as implicated in organizational accountability also has potential to increase understanding on the construction of management accounting practices. In particular, the role(s) played by participants' perceptions in accountability provides an opportunity to understand management accounting and accountability systems in their cultural contexts. It also allows the opportunity to study and understand changes in organizational accountability in terms of changes in cultural values.

Finally, the role(s) played by management accounting practices and processes in maintaining and reinforcing accountability relations in unique cultural and historical settings can be appreciated. The arguments and comments made in this chapter will be explored further and used to inform the framework of this research in chapter 4.

CHAPTER THREE

Organizational Change Models

3.1. Introduction

This chapter presents the skeletal model that will be used to study and trace the process of change in the case studies. The model as originally proposed by Laughlin (1991) and enriched by others (e.g., Broadbent, 1992, Richardson et al., 1996) provides first an analytical tool for studying the changes in organizational processes of accountability as outlined in chapter 1. The chapter is divided into five other sections. The first briefly reviews the organizational development theory based change models. This will be followed by a review of yet another organizational change model, that of Greenwood and Hinings (1988). The objective here is not to provide a comprehensive literature review. Rather it is to highlight some of the potentials and limitations of the models that were considered but not adopted to guide the study. The third section presents Laughlin's (1991) model as adopted as an analytical tool for this study. The models' limitations and potentials for this study are also highlighted in this section. The fourth section reviews some of the studies that have adopted Laughlin's (1991) models to study organizational change. The chapter ends with a summary of the potential contributions to knowledge that adopting Laughlin's models is expected to make to our understanding of organizational change and to the development of the models.

3.2 Organization Development (OD) theory based models.

Organization development theories traditionally associated change with growth (Dunphy and Stace, 1988). Change is either assumed to be evolutionary or revolutionary. Evolutionary change essentially involves careful research, planning and cautious implementation over a long time frame. Such change is thus assumed to be purposefully aimed at introducing improvement(s) in the organization by way of growth or expansion. Evolutionary change theory generally advocates an incremental type organizational change where the process is by way of "small incremental adjustments" (Dunphy and Stace, 1988, p317). The change emphasised here is planned and in a non-crisis situation or stable environment (Gagliardi, 1986). The change strategy normally associated with incremental change is one of organizational consultation and consensus. It rests on employee participation, persuasiveness of expert knowledge and minimal conflict.

Proponents (e.g., Quinn, 1980) argued that incremental change increases employee confidence and is likely to succeed because appropriate information accumulated over a long period is utilized. The latter argument is a subject of debate in that it assumes the ability and capability of both management and employees to accumulate, analyse, comprehend and utilize ‘appropriate information (Dunphy and Stace, 1988).

The argument here is not that such a scenario is not possible, but rather that it certainly will not be possible in some cases. Certainly the occupation of a managerial post is not necessarily dependent on the possession of the analytical skills and capabilities required to undertake such tasks. A similar critique is levelled at employee participation. Both critiques are potentially significant in environments plagued by shortage of skills, such as the one in which this research is based (see chapter 5).

Another critique levelled at incremental change models that is also relevant to this research is that a relatively stable environment is assumed. Such an environment allows collection of data over a long time period, long term forecasting and implementation of change incrementally over time. The developing economy environment in which this research is based is hardly characterised by any such conditions (see chapter 5, 6 and 8).

Revolutionary change on the other hand is the anti-thesis of evolutionary change. It occurs over a relatively short time frame and in large adjustments. Rather than being a result of careful research and planning, revolutionary change is often a result of a crisis and often has little or no time to proceed in small steps before the organization collapses. It is viewed more as an outcome of forced environmental (external) rather than internal factors (Beer and Walton, 1987). Often associated with revolutionary change is an implementation strategy of coercion rather than participation.

Proponents argued that in volatile and crises situations, the organization has to act swiftly to avoid collapse (Dunphy and Stace, 1988). It is this requirement of swift action that rules out the possibility of long term planning, incrementalism and participation. The revolutionary change model thus solves some of the limitations of the incremental model by allowing for an unstable environment, which many studies have reported is more realistic of the situation faced by most organizations. Most importantly, this description would be (in comparison to one of stability) more appropriate to the environment in which this research is based.

But the model still implicitly assumes that organizations are managed by intelligent and honest individuals. Through such an assumption, the model ignores the possibility of internally generated crises or problems such as mismanagement or misadministration and outright corrupt practices. There is evidence of such problems in Botswana as revealed by several presidential commission reports such as the one on the Botswana Housing Corporation[1] in 1992. The details of the case are that acting upon suspicions of malpractices in the corporation, the State President ordered that the affairs of the corporation be investigated. The findings of the commission were that there was widespread mismanagement and corrupt practices in the corporation and at the recommendation of the commissioners, the President (of the country) ordered changes that could be described as revolutionary. Richardson *et al.,* (1996) provided another good example (although not necessarily one of crisis) of how such internally generated problems could provide the impetus for change (refer to 3.5.4. below). The change can be imposed or dictated by a powerful external stakeholder, a possibility often ignored by the OD models.

Overall, the OD theory based models emphasize the contingent environmental factors as providing the impetus for change. The wider social, political and cultural aspects are trivialised. In this study however, such factors are considered crucial for any organizational activity because the organization itself is only a creation of social actors whose behaviour and actions are influenced by a wide range of social beliefs and values. There is also evidence as discussed above which shows that it is not only environmental factors that can provide impetus for change. Adopting the OD theory

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[1] The Botswana Housing Corporation is a public organization charged with the responsibility of providing housing to the nation.

based models as the overall guide for understanding change will thus lead to partial understanding and will also be inconsistent with the objectives of this study.

3.3. Greenwood and Hinings Model of Organizational Change.

The model is generally concerned with tracing and explaining the occurrence, nature and influences of organizational change. It starts by conceptualising the organization as operating with "structural designs given meaning and coherence by underlying sets of ideas, beliefs and values.." (p.313). Greenwood and Hinings (1988) termed the underlying ideas, beliefs and values 'interpretive schemes'. The interpretive schemes are generally beliefs and values about the nature of operations, appropriate principles of organizing and performance evaluation criteria. The combination and coherence of interpretive schemes and structural designs make up the organization's 'design archetype'. The organization's design archetype can therefore be defined as:

> ".. a set of ideas, beliefs and values that shape prevailing conceptions of what an organization should be doing, of how it should be doing it and how it should be judged, combined with structures and processes that serve to implement and reinforce those ideas" [Greenwood and Hinings, 1988, p.295]

The coherence between interpretive schemes, structures and processes is what determines the design archetype. The design archetype is over time either in a state of stability or change. Change (or lack of it) can occur either within or between archetypes and the emphasis of the model is with the latter. Such changes (or lack of them) between archetypes are referred to as 'tracks'. Tracks are determined by the level of coherence and changes in the underlying interpretive schemes over time. If there is no loss of coherence and no changes in interpretive schemes, then the organization experiences stability or inertia. Inertia is hence one possible track where constantly over time the organization operates within one design archetype. Any changes will tend to be adjustments within the confines of the existing archetype. Greenwood and Hinings (1988) labelled this as "Inertia or Track A"

Change from one archetype to another on the other hand occurs first when coherence between the interpretive schemes and design structures is lost. This process is referred to as 'de-coupling'. This loss of coherence or de-coupling results in an 'embryonic' state where the design structures still reflect the interpretive schemes but not quite as consistently as before. From the embryonic state as the organization attempts to 're-couple', movement can follow any of the three tracks of (i) aborted excursions, (ii) reorientations and (iii) unresolved excursions.

3.3.1. Track B: Aborted Excursions.

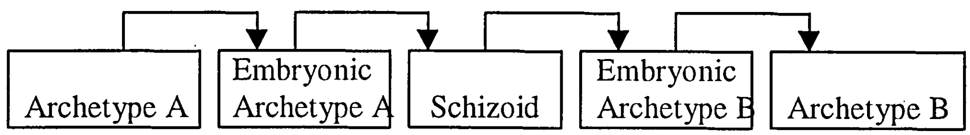
This is when the organization for some reason reverts to the original design archetype and retains that position over time.

3.3.2. Track C: Reorientations (Transformations)

Reorientation occurs when the organization ultimately ends up with a new design archetype. Reorientations are further subdivided into three types based on the pattern of the movement.

(i) *Linear Progression:* In this track, movement is from the embryonic of the original archetype, to the 'Schizoid' position, then to the embryonic of the new archetype and finally to the new archetype. The 'schizoid' is when the design structures reflect two different interpretive schemes, i.e.; the organization is caught between the original and new archetypes. The linear progression track can be represented by figure 3.1 below.

Figure 3.1. Linear Progression.



Source: Greenwood and Hinings (1988, p.305).

(ii) *Oscillations:* Oscillations track is when movement from the embryonic state of the original archetype proceeds to the embryonic state of the new archetype then reverts back to the embryonic state of the original archetype and finally to the new archetype.

(iii) *Delayed change:* With this track, the organization spends an extended period of time in the embryonic state of the original archetype before finally moving to the new archetype.

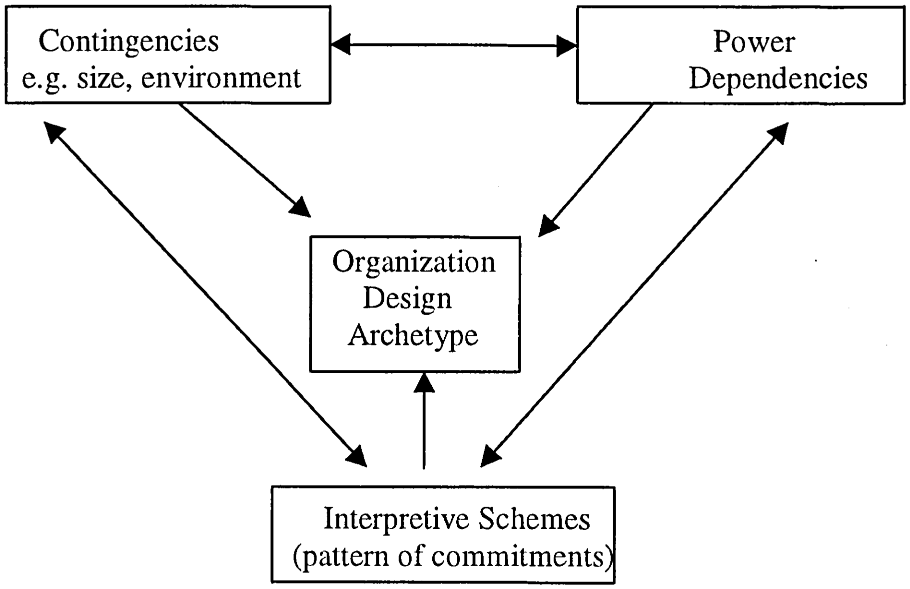
3.3.3. Track D: Unresolved Excursions.

This is a situation where the organization moves from the original archetype but fails to move to a new one. The pattern of progression is that from the embryonic of the original archetype, the organization proceeds to the schizoid position, then to the embryonic of the archetype but then reverts back to the schizoid position and remains there for prolonged periods of time.

3.3.4. Causes of or Potentials for Change.

Three potential causes of change are identified. First are organizational contingencies such as environment and size. Following the insights of contingency theory, the model asserts that the organization's structures and processes must be compatible with the situations under which it operates. Loss of compatibility is therefore a potential cause of change. The second potential cause of change is the level of commitment by dominant organizational members to the underlying interpretive schemes. A high level of commitment to the current interpretive scheme results in inertia and vice versa. Finally, there is the concept of 'power dependencies'. This refers to the extent to which the prevailing structures accommodate the interests of the dominant organizational members. Change will thus be more likely if the current structures do not accommodate such interests. The inclination will be to change to structures that would accommodate the interests. The relationships between the contingencies, commitment to interpretive schemes, power dependencies and the design archetype are depicted in Figure 3.2 below.

Figure 3.2: Dynamics of change.



Source: Adapted from Greenwood and Hinings (1988, p.311)

In summary, the model attempts to explain organizational change in terms of the relationships between organizational processes and structures on the one hand and contingencies, interpretive schemes and power dependencies on the other. It thus provides a powerful analytical tool for studying change in organizations. The concepts of design archetypes and interpretive schemes in particular enable the contextual and sometimes institutional character of organizational practices and structures to be understood. Laughlin (1991) developed these concepts further and together with insights from other works (e.g. Levy, 1986 and Hinings and Greenwood, 1988) proposed a more comprehensive but epistemologically different model to which attention turns in the next section.

3.4. Laughlin's (1991) Skeletal Organizational Change Models

Laughlin's (1991) model is based on the works of the German critical theorists, in particular the thinking of Jurgen Habermas (1984, 1987) and specifically his model of societal development. Laughlin's (1991) model starts by conceptualising the organization as an "amalgam of 'interpretive schemes', 'design archetypes' and 'sub-systems'..." (Laughlin, 1991, p.211).

3.4.1. Interpretive Schemes.

Interpretive schemes are the dimensions which give direction, meaning and nature to the organization as a whole. Laughlin (1991) further sub-divided the interpretive schemes into three levels. Level one is made up of the beliefs, values and norms dominant/prevailing in the organization. These values and beliefs (culture) need not necessarily be held by all organizational members (Broadbent, 1992). Broadbent (1992) further argued that the organization is able to absorb and survive with 'tension' at the cultural level (of the interpretive scheme) as long as there is congruence at higher levels of the interpretive schemes (i.e., levels 1 and 2). But the question of how much tension an organization can survive with remains one requiring more empirical research. Level two consists of the mission or purpose of the organization. Finally, level three is made up of the metarules that give direction for action.

Following on the works of Broadbent (1992) on fragmentation and tension, (Richardson *et al.*, 1996) suggested that fragmentation could also occur at levels 2 and 3 of the interpretive schemes as well without the organization disintegrating. Such situations, they argued, were possible where there was only one dominant or powerful decision-maker. This inevitably brings in the notion of power into the analysis. The level of power held by the dominant decision-maker prevents the organization from disintegrating. The issue of the origins of such power is however not well researched in studies adopting this model. In Richardson et al, (1996) for example the power of the dominant decision-maker was implicitly assumed to arise from his ownership of the organization.

3.4.2. Design Archetypes.

The design archetype refers to the organization structure, processes and systems (including accounting and production etc). Design archetypes are also intangible although inter-subjective agreement about them is less problematic (compared to interpretive schemes).

3.4.3. Sub-systems.

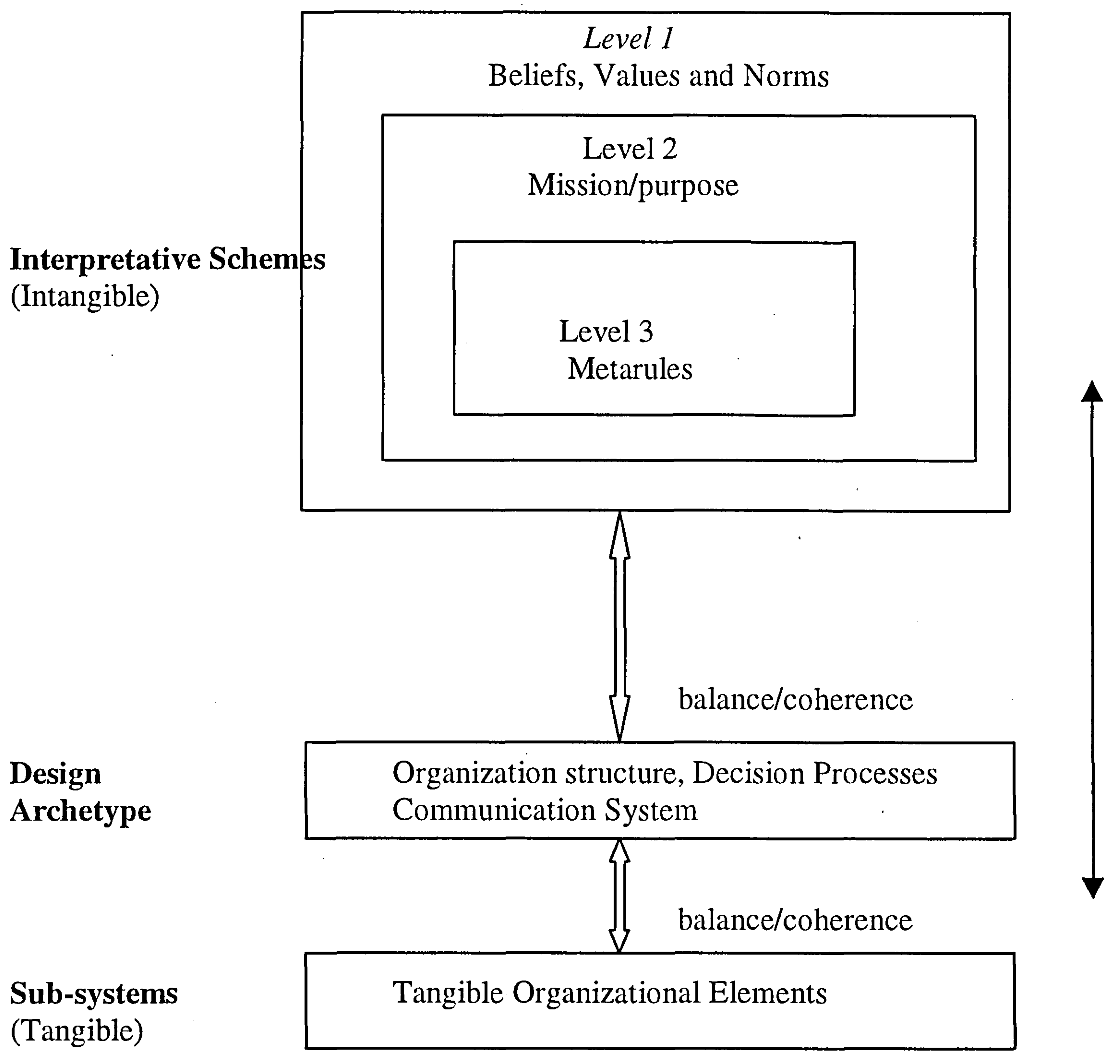
The subsystems are the tangible parts of the organization. These include assets and organizational members.

3.4.4. Interpretive Schemes, Design Archetype and Subsystems.

The relationship between the interpretive schemes, design archetypes and subsystems is shown in figure 3.3 below. The interpretive schemes being at the apex of the organizational hierarchy can be thought of as ultimately directing and shaping the organization. The design archetypes for their part are the intervening variables through which the interpretive schemes control the sub-systems:

> They (*the design archetype*) are the intervening variable between higher-level values and the tangible sub-systems and are intended to guide the design of the latter to express the perspectives of the former. They thus have a common purpose and a resulting pattern coherence. [Laughlin, 1991, p.412, italics inserted]

Figure 3.3. The three organizational levels.



Source: Laughlin (1991, p.211).

There is at any point in time, first internal coherence/balance between the various components of the interpretive schemes, design archetype, and sub-systems. Secondly there is some sort of 'external' coherence between the interpretive schemes, design archetype and the sub-systems. It is through this coherence that the various components operate together as an organization. The concept of coherence should however not be misunderstood as implying that there are no conflicts within organizations, rather that the effects of any conflicts are at that point overshadowed by common perspectives and characteristics:

> Such a picture is not intended to belittle the conflict and disagreements which pervade organizational life. Rather, it is to suggest that, at some level there will be certain characteristics which bind the organization together and make it a coherent whole, albeit with disagreements and conflicts openly or subsumed in its make up [Laughlin, 1991, p.413]

Following the discussion on interpretive schemes fragmentation, Broadbent (1992) suggested that design archetypes were flexible enough to allow for the different interpretations associated with the different cultures that may exist at the interpretive schemes level. Richardson *et al* (1996) added to this argument by demonstrating that the same design archetypes could be interpreted differently by different organizational participants with different interpretive schemes (see 3.5. below).

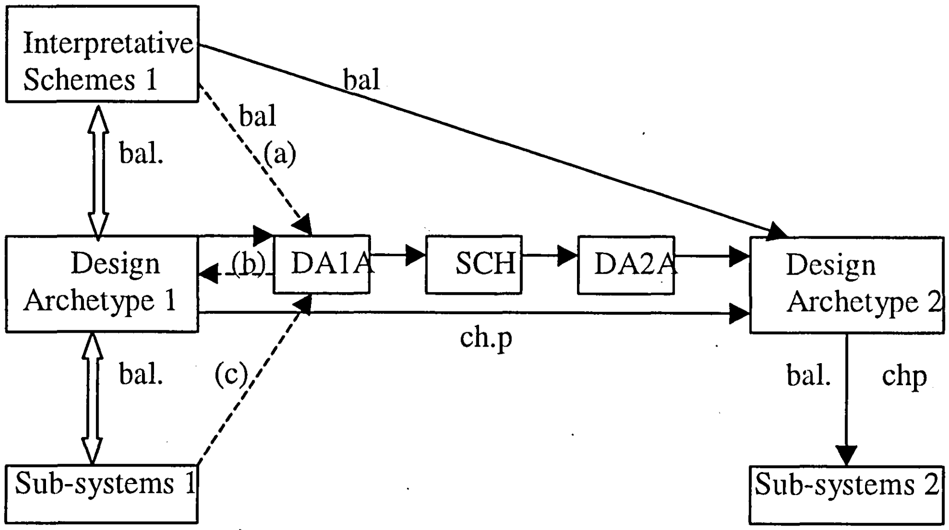
3.4.5. The impetus for change.

Laughlin (1991) further stated that a change in these dominant perspectives that bring about coherence would result in organizational change. But because organizations are 'naturally change resistant" only a strong environmental disturbance or kick will affect this coherence and hence induce change in the organization (p.410). A 'kick' is thus conceptualised as any event or incident that causes coherence between and/or within any or all of the three elements to be lost. Depending on the strength of the kick, the resulting change will be either of a ‘first or second order’. In addition there is a possibility of a 'schizoid position.

3.4.5.1. First Order Changes:

First order changes are deemed to have occurred if only the design archetypes and sub-systems were affected. Laughlin (1991) proposed ‘rebuttal’ and re-orientation’ as two possible outcomes of first order changes. Change of rebuttal type is deemed to have occurred when only minor changes in the design archetype were affected. Everything else remains pretty much the same. This can be likened to Greenwood and Hinings' (1988) 'inertia' or 'track A' change. The organization reflects only a slightly different design archetype. Re-orientation is deemed to have occurred if major changes in the design archetypes have been effected such that a new design archetype emerges. This new design archetype will cause major changes to be effected in the sub-systems such that a new sub-system also emerges. This can be understood within the framework of Greenwood and Hinings' (1988) transformations or 'tack C' change model. The interpretive schemes remain unaltered. Figure 3.4. below shows the two possible first order change models (original models shown in appendix 1).

Figure 3.4. First order changes



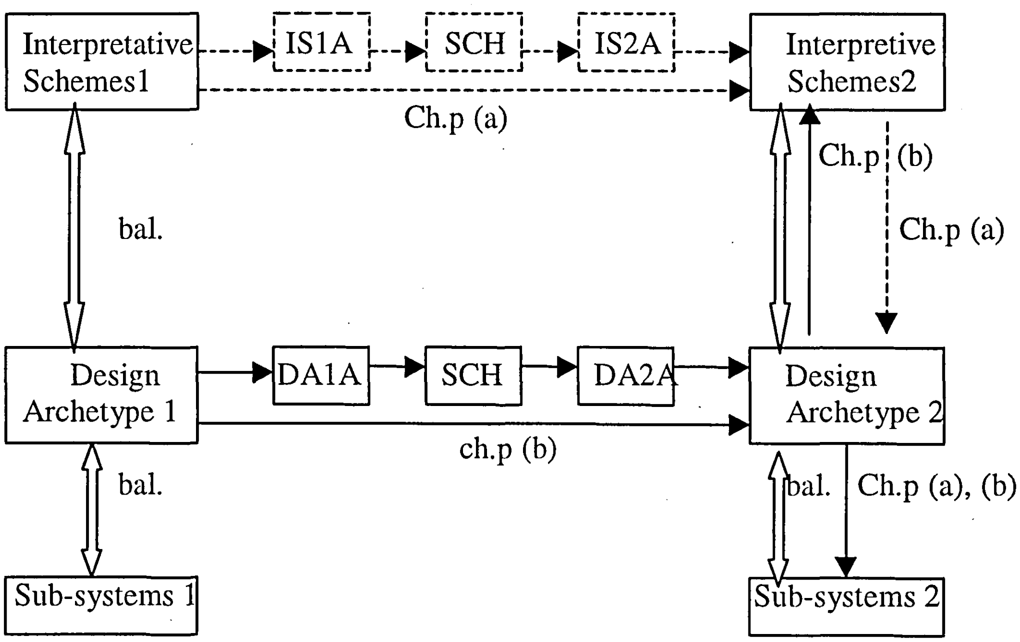
Source: Adapted from Laughlin (1991, pp.216-217)

The dotted arrows labelled (a), (b) and (c) represent the rebuttal model and all solid arrows represent the reorientation model. DA1A and DA2A represent the embryonic design archetypes 1 and 2 respectively whereas SCH represent the schizoid position. The original rebuttal and reorientation models are reproduced separately in appendix 1.

3.4.5.2. Second Order Changes.

Second order changes are deemed to have occurred when interpretive schemes, design archetypes and subsystems have all been affected. Again Laughlin (1991) proposed two types of change models namely, 'colonization' and 'evolution' as possible outcomes of second order changes. In both colonization and evolution, major changes occur such that new interpretative schemes, design archetype and subsystems emerge. The difference between colonization and evolution lies with (i) whether changes occurred first in the design archetypes or interpretive schemes and (ii) whether the changes were chosen by all organizational participants. For colonization type changes, changes occur first at the interpretive schemes and these are forced on the majority of participants by a powerful minority. For evolution type change, changes occur first at the interpretive schemes and are chosen by all organizational participants. In both colonization and evolution, a new organization emerges. Figure 3.5 below represents the second order change models.

Figure 3.5. Second order changes



Source: Adapted from Laughlin (1991, pp.219-221)

The dotted arrows labelled ch.p (a) represent evolution type change where changes originally occur at the interpretive schemes level and they in turn result in changes in the design archetypes and sub-systems. The process involves moving through IS1A and IS2A, which are the embryonic stages of the original and new interpretive schemes respectively. The solid arrows represent colonization type change where the process goes through DA1A and DA2A, the embryonic stages of the original and new design archetypes respectively. SCH in both models represents the 'schizoid' position. The original colonization and evolution models are reproduced separately in appendix 1.

3.4.5.3. The Schizoid position.

The schizoid position occurs when the change process is incomplete. In this position, the organization reflects the characteristics of more than one interpretive scheme or design archetype. The schizoid is only a temporary or transitional position with the possibility that the organization could revert to its original position. It is possible though for an organization to be in a schizoid position for long periods of time (Greenwood and Hinings, 1988)

3.4.6. The model, its potentials and limitations for this study.

Laughlin's (1991) model as adopted, comes with several benefits that the other models do not. Firstly, it is middle range rather than predictive. As already alluded to in chapter 1, the middle range approach offers several benefits including flexibility during the research process. The researcher can consider alternatives instead of 'religiously' following the model. The model further improves on the Greenwood and Hinings (1988) model on three major elements. Greenwood and Hinings's (1988) model concentrate on the design archetype on tracing change within the organization. Laughlin's (1991) model in addition introduces the sub-systems and traces change through the three elements instead of just one. Also the introduction of the interpretive schemes as an area to be considered when analysing change provides the opportunity for a richer understanding. Broadbent (1992) illustrated that change could not be evidenced by consideration of the design archetype alone. This she argued was because change "may take place before the design archetype is adjusted"(p.364). Change could also occur in the way the same design archetypes were interpreted. In this regard, Laughlin's (1991) model presents a more comprehensive and appropriate analytical tool for this research.

Although Greenwood and Hinings (1988) did take the human element into account, their model is deterministic in that it attempts to predict the type of change that is likely to occur given certain conditions. Laughlin's (1991) model on the other hand, only assumes that change occurs as a result of a 'kick' but keeps options open as to the origins of the kick and the nature of the change that it is likely to bring. The model further emphasises the importance of the interpretive schemes in shaping and directing organizational life. This brings in the human and social elements into the model because the all-important interpretive schemes are actually the beliefs, values and knowledge of organizational members. This emphasis on the human and social aspect, I would argue, presents a more realistic picture of organizations. Organizations are not independent of humans; rather they are created, maintained and run by humans who are of course social actors. Ignoring the social and human aspect of organizational life I argue, would lead to partial organizational analysis.

This study is primarily concerned with accountability changes in organizational contexts. Laughlin's (1991) conceptualisation of the organization (as already described above) enables the location of accounting and accountability practices and systems within the design archetype. The (social) ideals and values underlying accountability practices and systems on the other hand can be located as part of the interpretive schemes. Accounting and accountability practices and systems can be viewed as being in coherence with other control systems as well as reflecting the interpretive schemes of the dominant organizational members. Any changes in observable accounting and accountability practices and systems can be studied in relation to the interpretive schemes. The changes could either be a result of changes in the interpretive schemes (ideals and values underlying accountability relations) or result in changes to the interpretive schemes. However, bearing in mind that the interpretive schemes guide the design archetype, then any changes in the design archetype can never be independent of the interpretive schemes, which are created and maintained by past and present (perhaps dominant) organizational members (management in our case). Changes in control systems (such as accounting) will inherently reflect changes in the way management interpret the organizational environment, both internal and external. This relationship between accountability ideals and practices will be elaborated further in chapter 4 when the model for studying accountability construction and change will be developed.

In general Laughlin's (1991) model was considered appropriate for this study because it draws from and improves on a number of models (e.g., Levy, 1986, Greenwood and Hinings, 1988 and Hinings and Greenwood, 1988,). The model is also consistent with the middle range methodology of the study.

The skeletal nature of the model however has its limitations. It leaves the researcher without guidance in some aspects. The alternative pathways for example have possible multiple stopping points, the identification of which is not precisely defined. The colonization model for example has two embryonic stages (IS1A and IS2A) and the schizoid position (SCH) as possible stopping points. Other than that IS1A is characterised by reflecting more of the original interpretive schemes whereas IS2A reflects more of the emerging interpretive schemes, no precise guidance is provided on how to differentiate between them.

The subject of balance/coherence is also not well described or explained. Laughlin (1991) further explained that balance/coherence could still be achieved despite the existence of alternative views and values. This explanation makes it difficult to determine when the change process can be deemed complete because as explained in the preceding paragraph, it is already difficult to precisely distinguish between IS1A, SCH and IS2A.

But as already argued, this lack of precision is the strength of the model as well; it does not restrict analysis by drawing close boundaries around the subject. It is through adopting the models in empirical studies that the problems can be addressed and the model developed into coherent theory. Some of the studies that have adopted the model and hence developed it are reviewed in the next section.

3.5 Review of case studies using Laughlin's models.

This section reviews the contributions and extensions made to Laughlin's (1991) original models by some of the studies that adopted the models. The section starts by considering the studies conducted by Laughlin himself and in collaboration with other researchers. Studies conducted by other researcher are also reviewed.

3.5.1. Laughlin's original demonstration and development of the models.

Laughlin in his original work used the models to explain organizational change in earlier studies by himself (Laughlin, 1984, 1988) and Dent (1986). In his studies of the Church of England, Laughlin (1991) demonstrated the reorientation change model. The Church faced funding difficulties when the government stopped the taxes that had been providing funds for the Church. This stopping of taxes was a disturbance that the Church had to absorb or face bankruptcy and possible closure. This effectively meant that the Church had to find alternative ways of raising funds that at the same time would not jeopardise the Church's original objectives. The problem was solved when it was decided that 'ordinary' Church members should contribute towards maintaining the Church and finance boards were set up. In terms of Laughlin's (1991) models, the changes observed did not affect the interpretive schemes of the Church: the Church continued with it spiritual functions and philosophy as before. The establishment of the boards of finance and their duties and functions represented changes in the design archetypes of the Church. The involvement of ordinary members in fund raising and the Church's own direct involvement in funding represented changes in the sub-systems.

In his analysis of Dent (1986), Laughlin (1991) demonstrated colonization type of change in a railway company. The changes in the company were a direct result of the British government's directive to impose economic policies in the public and private sectors. The company started by appointing business directors to help the chief executives with pursuing economic objectives. These appointments represented only adjustments at the design archetypes level, but soon, the business directors began imposing their views on the chief executives and other participants. A process of colonization began as the business directors won the battle to change the company's interpretive schemes from railway to business orientation almost single-handedly.

What was worthy of note in both studies was that the 'kick' was imposed by a powerful external party namely, the government. The perceptions of organizational participants on the demands of or disturbances created by the external party dictated the nature of the changes. The disturbances in both cases were in the form of economic pressure. In the case of the Church, the participants had the choice of not doing anything to absorb the disturbance, but that would have resulted in the inevitable collapse of the organization. In the case of the Railway Company, participants did not have the option of not changing. The demands of the external stakeholder were that change should occur and the circumstances were that the demands could not be ignored.

Laughlin's (1991) analyses of the two studies thus highlighted the different types of power that external stakeholders can have in providing the impetus for organizational change. In one case the external stakeholder had power in that perceptions of organizational participants were that ignoring the stakeholder's action or recommendation had potential to result in the collapse of the organization. In the other case, the external stakeholder had 'absolute' power in that their demands could simply not be ignored. Participants who wished to ignore the demands could only do so if they ceased to be participants.

3.5.2. Laughlin *et al* (1994a, 1994b)

Laughlin, Broadbent and Willig-Atherton (Laughlin *et al.*, 1994a), studied the accounting-led financial and administrative changes that were occurring in the General Practitioners' (GP) practices in the United Kingdom. Their study was based on the experiences of six GP practices. The changes were understood to be responses to the UK government's directive known as financial management initiative (p.97). As a result of the directive, five major managerial changes were introduced in GP practices. Of these changes, four were described as 'required' while only one was considered voluntary. The findings of the researchers were that first order changes were occurring in the GP practices. The classification of the changes as first order was informed by the observation that only the design archetypes and subsystems were affected. The new government directives required changes in the way the practices were run and managed to ensure efficiency. The interpretive schemes of the GPs however remained unaffected by the changes effected. Instead, the GPs delegated the carrying out of the new requirements and their related tasks to the practice managers and nurses. Laughlin, *et al.,* (1994a) described this delegation as absorption of the disturbance..

They also observed that the practice managers and nurses had not (yet) "tried to exert their influence over the direction of the dominant ethos.." (p.121). They however questioned whether the practice managers and nurses would not do so in the future. In their own words, only time could tell whether this strategy in which a small group was set aside to absorb the changes could be sustained in the long run (p.121). Though they did not specifically state so, their observations and interpretations identified a reorientation type change emerging. But they left open the possibility that a colonization type second order change could develop over time given the potential of the absorbing group to exert their influence on the GPs.

The work and role of the absorbing group in organizational change was explored further in the study of the local management of schools by Laughlin, Broadbent, Shearn and Willig-Atherton (Laughlin *et al.,* 1994b). The local management of schools (LMS) was also traceable to the UK government's financial management initiative mentioned in the case of the GPs above. Just as was the case with the GPs, the LMS programme devolved financial management and responsibility to the schools. This effectively meant schools had to pay attention to financial in addition to educational issues. The researchers' observations were that this was largely an unwelcome development on the part of teachers and head teachers. The teachers and head teachers clearly felt that the programme was putting education secondary to 'the purse'. To control the LMS 'disturbance', small groups were formed within the design archetype. But unlike with the case of the GP practices, participant members of the small groups were committed to the existing interpretive schemes. The model observed thus represented that of reorientation.

But from their observations, the researchers developed the models (of organizational change) further by proposing alternative types of and roles for the absorbing groups. These alternative types and roles were shown to have been based largely on the perceptions of the organization regarding the disturbance. The perceptions of the organization determined the roles that the absorbing group would have. The roles of the group depended on whether the environmental disturbance was perceived as an opportunity or a problem. Their argument is summarised below:

> The organization's perception of the opportunity or problem arising from the environmental disturbance has a distinct effect on the perceived functional role and design of any newly created organizational group and hence on the resulting changing nature of the design archetype. Where an opportunity is perceived, the resulting group will be closely aligned to other functionally specialist groups. Where the environmental disturbance is perceived to be a problem, then the group will inevitably be somewhat functionally distinct from other groups being set up primarily to protect the workings of these latter groups. [p.62]

The type of group however depended on the 'occupation' of the dominant decision-maker in the organization and on whether (s)he perceived the disturbance as an opportunity or threat. Where the disturbance is perceived as a 'threat' to the dominant decision maker's occupation as was the case in Laughlin *et al* (1994b), then an absorber group would emerge. The role of the absorber group would be to manage the disturbance such that it does not 'dilute' the occupation of the dominant decision maker.

3.5.3. Broadbent (1992)

Broadbent (1992) used Laughlin's (1991) models to study accounting changes in one district (District D) of the National Health Services (NHS). The changes in the case were imposed by the demands of an external party; the Department of Health. The changes were traceable to the series of managerial changes imposed on the NHS following the UK government's desire to introduce private sector like 'managerialism' in the public sector (p.348). In particular, the changes were aimed at introducing a new culture in the NHS in "line with commercial organizations" (p.349). The initial changes observed were the appointment of general managers at unit, district and regional levels.

Broadbent's (1992) study focused on the accounting changes involving the construction of a new budget for the catering department. The decision to construct the new budget was internal though it was influenced by the external pressures referred to above. The criteria used for constructing the budget were also determined internally and notably different from the one recommended by agents of the external stakeholder. However, the changes that followed the construction of the new budget affected the interpretive schemes of the different participants differently.

At the metarules and missions levels, the interpretive schemes of all concerned participants remained unchanged as there was general consensus and common commitment to the metarules and missions existing prior to the change process. There was however lack of coherence at the cultural level. Different participants had different perceptions and beliefs about how "health care should be provided; what the style of management is and the relationships attached to the roles" (Broadbent, 1992, p.357). The importance and contribution of this finding to Laughlin's (1991) original models is that it provides evidence that organizational members need not hold identical interpretive schemes. In our conceptualisation of the organization, we need not assume agreement at the cultural level of the interpretive schemes. 'Cultural fragmentation' as Broadbent (1992) described this position will not *necessarily* lead to organizational collapse as long as there is agreement at the metarules and missions levels. This agreement at higher levels allows the organization to 'absorb' any tension at cultural level. Broadbent (1992) summarized this argument below:

> Because of the agreement that exists at higher levels of the interpretive schemes, differences at the lower cultural levels do not cause the organization to disintegrate or break up. The organization is instead able to absorb some level of organizational tension. (p.362)

Broadbent (1992) however made no claim that organizations would always be able to absorb cultural fragmentation. Instead she identified the need for more research to investigate the conditions and situations under which cultural fragmentation could lead to organizational disintegration.

Another question emerging from cultural fragmentation was what type of change was observed in the organization? Laughlin's (1991) original models assume a second order change to have occurred if the interpretive schemes have been affected/changed. Broadbent (1992) questioned whether cultural fragmentation alone was sufficient for a second order change when the higher levels of the interpretive schemes were unchanged as was the case in her study. Instead she suggested considering cultural fragmentation as a schizoid position.

Broadbent's (1992) study thus extended analysis of the interpretive schemes and hence conceptualisation of the organization. It also extended our understanding of the schizoid position to include cultural fragmentation. Finally, the study provided guidance on identifying the organization's interpretive schemes. Broadbent argued that the interpretive schemes can be inferred from the design archetype if the organization is in a state of balance because the design archetypes are a tangible manifestation of the interpretive schemes.

3.5.4. Richardson *et al.,* (1996)

Richardson *et al.*, (1996) studied changes in a small company that was controlled by its owner-manager. The study focused on the changes that were occurring in the company mainly to prevent the 'self-gratifying behaviour' of the owner-manager from leading to the collapse of the organization (p.8). This self-gratifying behaviour created liquidity problems for the company. It was the liquidity problems along with the company's worsening profitability that provided the impetus for change. The company was granted a new overdraft limit by its bankers on condition that the company submitted timely management accounts to the bank. This demand from the bank ultimately led to the company appointing a management accountant.

The accountant introduced several measures and systems aimed at improving the company's liquidity situation but other participants did not support the changes, particularly the owner-manager who continued with business as before. But several personnel changes helped the new accountant gain support from other participants. Information from the new accounting systems helped the owner-manager make 'more informed' decisions and consequently improve the situation. The change process observed at that stage was one of reorientation as the interpretive schemes remained as before. However, the bank was still concerned about the liquidity situation and demanded more information on cash forecasts and reduced the overdraft limit. Richardson *et al* (1996) described the bank's latest concerns and demands as the second kick.

The changes that followed responses to new demands from the bank. These further changes 'forced' the owner-manager to work in close consultation with and follow advice from the accountant. Richardson *et al* (1996) described these latest changes as 'pseudo-colonization'. Their description was informed by the observation that despite the owner-manager following the accountant's advice, it was still clear that he still held his original interpretive schemes. They built onto Broadbent's (1992) work on cultural fragmentation and argued that their observations identified fragmentation at all levels of the interpretive schemes. The company was operating with two different sets of interpretive schemes (those of the accountant and those of the owner-manager). They thus extended Broadbent's (1992) analysis of fragmentation beyond the cultural to all levels of the interpretive schemes.

But as the company's profitability improved, the manager reverted to his 'old ways' and as a result the liquidity problems once more persisted. And once more, these problems led to the bank expressing concern. The accountant left the company as a result of this reversion to the previous ways and with all participants who had supported her changes leaving as well or having already left, the organization was back at its original position. Following this observation, Richardson *et al.*, (1996) described the company as having been in a schizoid position. Their observations and arguments corroborated and extended Broadbent's (1992) argument that fragmentation at interpretive schemes level was a schizoid position, which was unlikely to be maintained for long periods. But they further argued that disintegration of the organization could be avoided if (external) powerful stakeholders could impose and sustain 'powerful control mechanisms' (Richardson *et al*, 1996, *p*.28).

Richardson *et al* (1996) also argued that for a change to occur at the interpretive schemes level, "the kick must be aimed at the dominant decision makers in the organization" (p.28).

Finally, the study also provided guidance on interpretive schemes identification in organizations where there is only one (dominant) decision-maker. They argued that in such cases, the organization's interpretive schemes could be inferred from those of the (dominant) decision-maker

3.5.5. Soin (1996).

Soin (1996) studied the introduction of activity based costing in a bank as a result of the general changes that had occurred in the United Kingdom banking environment. Soin's (1996) findings developed the models in three main areas. First she identified power as a key issue in organizational change. The levels of power held by those supporting and obstructing change were critical to the process of change. There was also evidence of power struggles between those in positions of authority also affecting the design archetypes. Secondly, the study identified the role of organizational actors as central to cultural and organizational change. The experiences and orientations of dominant decision-makers who were transferred from other divisions were shown to be crucial to changing the culture. The new culture was shaped to reflect their experiences. Lastly, she argued that fragmentation was also possible at the design archetypes level. This was in addition to the possibility of cultural fragmentation already identified by Broadbent (1992). Her study provided evidence of conflicting design archetypes being developed in the bank.

In addition, Soin (1996) raised further issues regarding the notions of balance/coherence and the type of change pathway that followed. Following from her observations of fragmentation at both interpretive schemes and design archetypes levels, she concluded that balance had not been achieved in the organization.

Finally, Soin (1996) proposed a new pathway model of 'imperialism' as a transitional stage towards a possible colonisation. Imperialism, she argued was characterised by changed interpretive schemes of the powerful elite while those (interpretive schemes) of other participants remaining unchanged.

3.6. Summary.

Laughlin's (1991) models as discussed and outlined in this chapter provide not only an analytical tool, but also stand to be enriched and extended through application in an environment different from the one in which they were originally developed. The studies reviewed above were all carried out in the UK environment, which is in many respects different from the one in which this study is based. Despite the fact that the studies reviewed above were carried out in one country, their contexts and findings were different. By applying the models to organizations in a different environment, their applicability in a different environment will be appraised and this provides a potential contribution to knowledge for this research. The studies reviewed also have a common feature in that the changes were all traceable to the actions or demands of powerful external stakeholders. With the exception of Richardson *et al*, (1996) the demands of the UK government were implicated in all studies. This provides the opportunity for this study to appraise and demonstrate the models' applicability to changes in which the demands of the government or powerful external stakeholders are minimal to say the least.

The skeletal nature of the models also allows for them to be modified, developed and interpreted in context. Finally, there is no intention to force the data into the models or to follow them 'religiously'. Insights from other theories and models may be considered as the data interpretation may dictate. This is in line with and an advantage of the middle range thinking methodology, which is discussed in the next chapter.

CHAPTER FOUR

Research Methods and Methodology.

4.1. Introduction.

This chapter outlines, discusses and justifies the methodology underlying the thesis and the methods adopted in gathering, analysing, interpreting and making sense of the data. The objectives of the thesis as described in chapter 1 are to use empirical data to explain accountability practices and changes in organizations. The thesis adopts case study as a research method and gathers data from two different organizations. The case study method follows the model developed by Stake (1995) in its use of the data to generate theoretical explanations. The primary aim of using two cases is to avail more data and richness and not necessarily for comparative analysis. The thesis also adopts a middle range thinking methodology as articulated by Laughlin (1995). A critical social theory perspective informed and guided by Berger and Luckmann's (1967) social construction theory also benefits the thesis.

The chapter starts by discussing the case study method as used in the research. This is followed by an account of the actual data analysis and interpretation. The chapter continues with a discussion of the middle range thinking methodology and the social construction theory. This is followed by a development of the skeletal model that guides the study. The chapter concludes with a summary.

4.2. Case Study method.

4.2.1. Justification for selecting case study method.

The study adopts a longitudinal qualitative case study method. The case study method is considered appropriate because it allows for a detailed study of accounting and accountability practices in a particular situation. Methods utilising arm's length analyses will not allow the researcher to understand the necessary details of practices in an organisational context. Such an objective calls for "closer engagement in the research setting" (Dent, 1991, p.710). The researcher needs to be closer to the organisation and research participants and also be flexible in his/her investigation more than can be allowed by other methods (e.g., surveys, experimental methods, etc). According to Ryan, et, al, (1993):

> ..case studies offer us the possibility of understanding the nature of accounting in practice; both in terms of the techniques, procedures, systems, etc. which are used and the way in which they are used. [pp. 113-114]

The objective of the study is not to provide generalisations or explanations at abstract levels. Rather it is primarily to provide theoretical explanations of observations in particular rather than general settings. The importance of the specific for accounting lies in the fact that it is a social practice and not natural phenomena. Natural phenomena can be explained in terms of general laws for they do not depend on human action for their existence. For social practices such as accounting, general laws fall short because social phenomena are created, maintained and furthered by human action. Human action in turn is guided by how the concerned individual(s) interpret the situation(s) they find themselves in (Easterby-Smith *et al.,* 1991). Human action is also contextual. The nature, meanings and significance of socially constructed practices can therefore only be understood when taken in contexts. The contexts in which such practices are utilised vary from situation to situation; hence general laws cannot cover all situations. They only "indicate statistical regularities which may or may not apply in specific cases" (Ryan *et al.,* 1993, p.119). As Scapens and Roberts (1993) pointed out, all reproduction of social practice is historical and contingent. Although no simple causal link between the various contingencies and the nature of practice is claimed, it is however clear that understanding of accounting practice can not be achieved by studying it out of context as contexts vary. As already explained in chapter 1, this research places emphasis on both context and explaining the particular and hence case study method is appropriate.

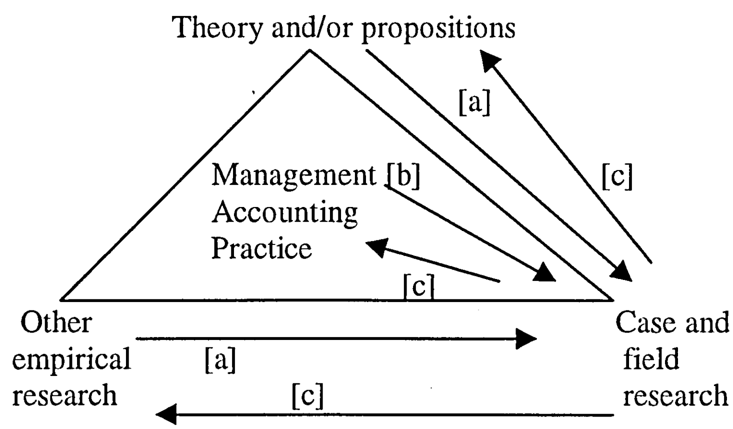
As already alluded to above, the study utilises qualitative data. The qualitative approach is consistent with the guiding methodology of the study in that it allows the researcher to understand the complexities of accounting and accountability practices. This study generally concurs with Scapens and Roberts (1993, p.2) observation that "accounting is no longer seen as a disinterested technical activity, but as one in which various potentially conflicting interests become intertwined." To capture this complexity, qualitative rather than quantitative data is more appropriate (Lee, 1998). Stake (1995) further explained that the difference between quantitative and qualitative research was that the former searched for explanations and control whilst the latter searched for "understanding the complex interrelationships among all that exists"(p.36). In addition, Miles and Huberman (1994) argued that if context was important to the study, then qualitative data would be more appropriate. This study as already argued, falls into the categories described above and thus stood to benefit by adopting a qualitative research design.

4.2.2. The case model.

Ryan et al, (1992) distinguished between descriptive, illustrative, experimental, explanatory, and exploratory type accounting case studies. They described a descriptive accounting case study as one that largely described accounting systems, techniques and procedures currently used in practice. Descriptive case studies normally involve a number of cases and often seek to identify similarities and/ or differences among the cases. Illustrative case studies are concerned with illustrating "new and possibly innovative practices developed by particular companies" (p.114). Experimental case studies are used to appraise new accounting procedures and techniques in practice. The objective is to demonstrate the limitations, benefits and implementation issues associated with the new systems. Exploratory case studies are concerned with understanding the reasons why particular systems are used. Lastly, explanatory studies focus on explaining the reasons for observed practices.

Though acknowledging that the distinction between the five different types of case studies is not clear-cut, the objectives of this research as explained in chapter 1 are inconsistent with those of experimental and illustrative case studies. The objectives rather straddle those of the descriptive, exploratory and explanatory types. The study is descriptive in as far as both exploration and explanation include and start with descriptive accounts of practice. It is from the descriptive accounts that explorations of the reasons are pursued. The explorations then generate ideas that inform explanation (Scapens, 1990). The objective of the study is therefore to generate and modify theory "in the light of data" (Otley and Berry, 1994). But the data is itself informed and modified by theory in that as Otley and Berry (1994) explained, studies are not theory-free because that they start from theoretical propositions. This link between theory and data in case research is explained by Spicer (1992) in figure 4.1 below:

Figure 4.1. The link between theory, data and practice in case research



Source: Spicer, (1992, p.24)

According to Spicer (1992), existing theories, propositions and other empirical research (arrows labelled [a]) can be used firstly to help focus the research inquiries. Case research is then used to study practice (arrow [b]). Arrow [c] indicates that case research findings can be used firstly, to inform practice, theory and further research and secondly, to provide explanations of observed practices. The type and extent to which theory informs the case study and is used in interpreting the findings is dependent on both the type of study and the methodology adopted. For studies concerned with hypothesis testing, tightly defined propositions are tested against patterns observed in the case. This research is however concerned with generating explanations of observed phenomena. This involves loosely defined propositions being used firstly to guide the investigation. But interpretation and explanation of the observations is not restricted to falsifying or confirming the initial propositions; it is open to alternative and even new propositions. This model/ approach is discussed further under the middle range thinking methodology section below.

4.2.3. Selection of the cases.

As already discussed above, the use of two cases was not primarily to search for similarities or differences among them. The cases were also not meant to be representative of others. Each case was selected for its uniqueness and the intention of selecting more than one was primarily to enhance understanding. Stake (1995) argued that:

> ..case research is not sampling research. We do not study a case primarily to understand other cases. Our first obligation is to understand this one case. [p.4]

The selection of cases for this study was based on theoretical but subject to practical concerns and restrictions. The apparent uniqueness of events taking place in the company was a key factor in deciding to include the case in that it promised a richer or even unique learning. For Oxo Ltd, the uniqueness lay with its environment, (lean) structure and the apparent perennial changes taking place in the company. For DC ltd., the potential lay with the company's widely publicised restructuring programme, its unique product, operations and market. These factors are outlined in chapters 6 and 8 for Oxo and DC ltd respectively. On practical grounds, the issues of access and timing were major factors. Of all companies approached, access was only possible to these two. Initially, the intention had been to study three organizations but access to a third was not possible.

4.3. The research process.

Because the data was collected from two different companies, the section will not outline the actual research process of collecting data. This is deferred to chapters six and eight. This section instead only provides an overview of the analysis and interpretation of the data.

4.3.1. Analysis and interpretation

Analysis and interpretation started as soon as the first piece of data was available (see Appendix 2 for data collection instruments and guides). Because the interviews and discussions were not tape recorded at participants' requests, I had to rely on field notes. Upon leaving the interview or discussion, I immediately wrote a contact summary highlighting any issues directly or indirectly related to accountability practices, construction and change. From this summary, I searched for and noted direct meanings of the participants' statements as well as of my own observations and impressions during the interview. These meanings and impressions were compared among summaries and from this exercise, similarities, differences and patterns of meanings began to emerge. I then critically reflected on the differences and patterns and more often than not, follow up interviews were necessary to understand and explain these differences and emerging patterns. The follow up interviews also served to cross check my initial impressions against participants' meanings as well as to corroborate among the participants' own views. Follow up interviews did not always clarify issues as some participants often denied their original statements or simply retracted them. From these emerging meanings and patterns, I then began to write a critical commentary of my observations.

Following the critical commentary, I then began to compare my patterns and observations with those reported in the literature reviewed in chapters two and three. The idea here was to see how well the patterns observed could be explained in terms of the existing theories and the skeletal model used as a guiding framework for this study (the skeletal model is presented in 4.6 below). Again the process here was cumbersome and difficult. I started by comparing accountability relationships and patterns in the data with those in the literature and skeletal model. The arguments for and against certain practices and patterns were embedded in arguments for and against change. Participants talked of and justified their preferences for certain accountability practices by juxtaposing the present with the past or the present and past with the proposed.

These narratives of the present, past and proposed inevitably forced me to focus on the reasons for and processes of the changes in practice. The difficulty throughout this process was that not all data could be explained adequately in terms of existing accountability and organizational change theories. The arguments especially at lower organizational levels, for and against both change and certain practices often reflected traditional and cultural concerns rather than economic concerns. The patterns of accountability and organizational change emerging also were different from those in the literature. These differences forced me to develop alternative interpretations and explanations, a process that involved seemingly endless dialectical interplay between the data and literature. This is perhaps the area where the study benefited immensely from the flexibility offered by the middle range thinking methodology. Appendix 3 provides a diagrammatic overview of the research process.

4.3.2. Limitations associated with adopting case study research methods.

As is the case with all research, this study is subject to the limitations associated with adopting a particular research method. The first limitation relating to this study is that of approximating boundaries around the subject. Ryan et al, (1992) summarized this problem in the following passage:

> The holistic perspective emphasizes the importance of relating parts of social systems to the larger systems of which they are a part. But how far should a researcher expand the case in studying interrelations with larger systems? [p.125]

The problem of boundaries in this research was encountered with reference to culture and wider social practices. One of the key issues in the study was that of culture as an influence in the construction of accountability practices. The subject of culture itself is enormous and elusive. The difficulty in this case was how far should the study dwell on understanding culture both at organizational and national levels and what would constitute a full or adequate study of the topic? The strategy (I) adopted to go round this problem was to consider and follow only those aspects of culture that were raised both by participants and myself (through critical reflection) as reasons or justifications for particular practices and patterns. There is therefore the possibility that other researchers adopting more involvement at the cultural level will produce even richer accounts and explanations. But then no claim is made that this research has produced the richest and absolute accounts and explanations. Any such claim by any researcher will be extravagant.

4.4. Research methodology.

This section outlines and discusses the methodology adopted for the thesis. The section starts with a discussion of the philosophical underpinnings and concludes with a discussion of the middle range thinking (MRT) methodology as developed by Laughlin (1995) and adopted for this study.

4.4.1. Philosophical Underpinnings.

This section discusses some of the underlying philosophical assumptions guiding the study. The discussion considers mainly perspectives surrounding ontology, epistemology, human nature and methodology as articulated by Burrell and Morgan (1979).

4.4.1.1. Ontology.

"Ontology refers to the nature of being or reality" (Dillard, 1991). The core ontological arguments are centred on 'realism' and 'nominalism'. Realism generally assumes that situations and objects exist in their own right externally and independently of the observer's perceiving mind. It is assumed that subjects of research can be:

> ..talked of in an objective way and the constructions we place on that reality are, at least at some level, independent of our personal beliefs, ideologies and values [Ryan, *et al.*, 1992, pp.7]

The realist position believes firmly in objectivity. It assumes that the researcher's view of the world is unaffected by his/her beliefs and prior knowledge. Any researcher will come to the same conclusions about a similar problem in a similar situation regardless of their prior knowledge, tacit or otherwise. Generalisations about the phenomena being studied are therefore possible. There is thus no room for (subjective) interpretations about the reality of a subject.

The subjectivist position on the other end of the spectrum assumes an opposite view. It starts by arguing that situations and objects are not independent of the researcher's prior knowledge and perceiving mind. The researcher's view of the world is influenced by where (s)he is viewing from:

> Our perception of 'reality' is like gazing into a mirrored surface. We can only see what is reflected back to us. Different surfaces (ideological frames) reflect a different reality. [Dillard, 1991, p.9]

It is assumed that researcher's with different ideological backgrounds can come to different conclusions about the same subject. The conclusions drawn are also subject to how the researcher interprets and understands the subject. Generalisations about the phenomena being investigated are therefore not possible. Research is therefore subjective.

My own view on the ontological debate is that both views are applicable to differing degrees in different situations. The realist and objectivist view would be particularly appropriate to natural science research. Although prior knowledge cannot be easily dispensed with, agreements about natural phenomena/objects are less problematic. Natural phenomena generally exist independently of conscious human action or perception. General propositions can be drawn about them. The nominalist position on the other hand would be less appropriate since it places emphasis on conscious human action. It would more appropriate to studies concerning social phenomena for unlike natural phenomena; they are a product of human action. In this study, accounting and accountability practices are regarded as products of human action, and hence it (the study) largely identifies with the nominalist position. The study relies heavily on the researcher's interpretations of the meanings of the researched's own interpretations of their situations. The contextual and sometimes institutional meanings of accounting practice can only be understood from the organisational participants' viewpoint. The study however differs with the nominalists' view on generalisations. It is believed that generalisations about social phenomena can only be made about the likelihood of occurrence in a given population.

The generalisation cannot however cover or apply to all units in the population in all situations. They are to borrow Laughlin (1995)'s metaphor only 'skeletons' which can be refined and enriched with empirical 'flesh'. General theories are only limited to providing general explanations. This study therefore adopts a middle point view in that it accepts broad generalisations but also emphasises the specific.

4.4.1.2. Human Nature.

Closely related to the ontology debate is the one on 'human nature'. Human nature refers to whether humans are deterministic or voluntary when they act. The deterministic position assumes that human action can be understood as a direct response to external stimuli. It seeks to establish a 'cause and effect' relationship between stimulus and action. Voluntarism on the other hand assumes that humans are free willed and act independently of external stimuli.

This study strongly opposes the view that human action can be explained purely in terms of cause and effect relations between external stimuli and action. It (human action) is in addition influenced by logic, which involves the individual's (subjective) understanding and interpretation of the situation. Easterby-Smith, *et al.*, (1991, p.24) explained that "human action arises from the sense that people make of different situations, rather than as a direct response from external stimuli". This subjective behaviour of humans makes it difficult if at all possible to explain and interpret their behaviour and actions purely in terms of causal relationships.

Natural (as in natural sciences) or inanimate objects however can be studied and their behaviour explained in terms of causal relationships because they are not cognitive. It can for example be predicted with relative ease that if a ball resting on a level surface is poked with a certain amount of pressure, it will move and come to rest at a different position. The distance that it will move and the new rest position can also be predicted relatively accurately.

With humans however we can only (generally) know for certain whether the pressure applied is sufficient to push the individual to a new position. A lot will also depend on how the individual will interpret being poked in a particular situation. It can only be vaguely predicted, taking into account the individual's character, mood, temper, experience, culture, etc (all uncertainties) whether (s)he is likely to react or not but how and to what extent is a matter of speculation. Similarly, accounting and accountability practices are regarded as products of how particular concerned individuals interpret the need for such practices in the organisational situation. To conceptualise the nature of accounting practice as purely determined by the demands or dictates of the organisational environment would only be partial. Equally, regarding it as a product of human wills independent of the demands of the organisational environment would also be partial. A richer picture is given by regarding it as a product of how organisational stakeholders interpret the organisational environment and respond to it.

4.4.1.3. Epistemology.

Epistemology is the theory of knowledge. It is concerned with how 'true' knowledge is acquired. Epistemological debates are concerned with the appropriateness of procedures and methods in the process of knowledge acquisition. One such debate is the one concerning induction and deduction. The induction/deduction debate is concerned with whether knowledge is acquired by observation alone or through theorising. Induction assumes that true knowledge starts with observations from which theory can be inferred. This general theory is then used to make explanations about the behaviour of similar objects in similar situations.

The particular attraction of this approach is that the resulting theories/explanations are grounded in observations and are hence likely to be plausible (Glaser and Strauss, 1967, Strauss and Corbin, 1990). It is further argued that "explanations of social phenomena are relatively worthless unless they are grounded in observation and experience" (Gill and Johnson, 1991, p.33). This is because social phenomena cannot be predicted off hand (without any prior observations) because it is subject to the subjective interpretations of humans. This subjective behaviour of humans makes it difficult to theorise without first observing. The implicit assumption being made here is that the researcher who has no prior theories and or beliefs about the phenomena being observed makes such observations. That is, the observations are made from a neutral point of view. This takes us back to the question of whether observations can be made without the researcher having some prior-theory in mind. Is there such a thing as theory independent observations? Gill and Johnson (1991) argued that such a position was not likely. Their view was that:

> ...although we might not be immediately aware of it, our everyday lives are fundamentally interwoven with theory. One important aspect of this 'theory dependent' character relates to the way in which the various practical activities, in which we routinely engage, might be seen as involving regular attempts to create, apply and evaluate theory. [p.23]

Research is an attempt to answer some question or improve on a situation. The starting point of such an attempt is itself informed by some underlying proposition no matter how vague, which invariably unfolds to guide and plan the methods applied to find the solution. This preceding of research with theories/propositions is the basis of the alternative approach of deduction. The deduction approach typically starts by formulating tentative theories (hypotheses) and proceeds to determine procedures and rules for testing them with observations. Hypotheses that fit observed data are accepted as 'tested' theories and those that do not are either modified to fit or rejected outright. Two major problems arise from this approach. The first is that by establishing procedures and rules for testing hypotheses empirically, the researcher is actually determining what is to be observed (Gill and Johnson, 1991). This would appear to be against the 'researcher independence' of observations, which this tradition embraces. The second problem relates to the predictive and causal analysis approach of deductive theories in social sciences. It is argued that causal analysis is more appropriate to natural sciences because natural objects, unlike humans do not have conscience and the capacity to act on their own.

The position adopted for this study is again hybrid. The study starts with 'skeletal' propositions, which then guide and focus the inquiry. Data from observations are not used to test, verify or falsify the propositions. Rather they will be used to refine, enrich, modify and possibly develop the propositions into coherent theory.

4.4.1.4. Methodology.

Methodology refers to the methods and ways that are used to conduct research. Methodological positions are determined mainly by ontological, epistemological and human nature assumptions. Two extreme positions are advanced namely, nomothetic and ideographic methods. Table 4.1 below summarizes the characteristics of and differences between nomothetic and ideographic methods.

Table 4.1. Nomothetic and Ideographic methods.

Nomothetic methods		Ideographic methods
1. Deduction	*vs*	Induction
2. Explanation via analysis of causal relationships and explanations by covering-laws (etic)	*vs*	Explanation of subjective meaning systems and explanation by understanding (emic)
3. Generation and use of quantitative data	*vs*	Generation and use of qualitative data
4. Use of various controls, physical everyday or statistical, so as to allow testing of hypotheses	*vs*	Commitment to research in settings, to allow access to, and minimize reactivity among the subjects of research
5. Highly structured research and To ensure replicability of 1,2,3 and 4	*vs.*	Minimum structure to ensure 2,3 4 (as a result of 1)

Source: Gill and Johnson (1991, p.37)

Nomothetic methods adopt a deductive approach concerned with analysing causal relationships and uncovering universal laws through the use of quantitative data. Ideographic methods on the other end of the continuum emphasize an inductive approach concerned with explanations based on subjective meanings and understanding using mainly qualitative data. This study's position as already discussed above and in the section on research methods clearly indicates that it is mainly 'mid-point.' This mid-point position underlies what Laughlin (1995) referred to as the 'middle range thinking' methodology, which is discussed in the next section.

4.4.2. Middle range- thinking methodology.

Broadbent (1992) defined the middle range thinking approach as:

> ..one in which a theoretical framework is used to inform empirical studies, the data gathered, in turn, being used to enrich the theoretical model. [p.344]

The middle range thinking methodology hence allows the researcher to use 'skeletal' theoretical models as a 'stepping stone' into focusing and understanding empirical observations. Both empirical data and theoretical models are complementary to understanding in that neither can constitute understanding on their own. Richardson et al, (1996) further explain that unlike ethnography, middle range thinking does not dismiss prior theorization:

> It [*middle range thinking*] recognizes that "skeletal" theoretical models can be used to enhance understanding but cannot stand alone from the empirical situation in which they are applied. Middle range thinking therefore recognizes the importance of both "skeletal" theory and empirical data. [Richardson, *et al,* 1996, p.10., italics inserted]

Laughlin (1995) hailed this interplay between skeletal theory and data as a strength of the middle range thinking approach. This is a strength in that the approach benefits from the insights of prior theory but without letting prior theory to prevent alternative propositions being considered and developed (see 4.3.1.3. above). Table 4.2 below summarises the key characteristics of the middle range position as articulated by Laughlin (1995) and adopted by this study. These characteristics except the last one ('change characteristic) have all been discussed in 4.3 above. The middle range view on change is that the researcher's objective is not to introduce radical change nor maintain the status quo. Rather (s)he keeps an open mind regarding the two possibilities. This study identifies with this position by virtue of the fact that its objectives are silent on the change characteristic.

Table 4.2: Key characteristics of middle range thinking

1. Theory Characteristics (a) **Ontological Belief:** "Skeletal" generalizations possible (b) **Role of Theory:** "Skeletal" theory with some broad understanding of Relationships
2. Methodology Characteristics (a) **Role of Observer and human nature belief:** Observer important and always part of the process of discovery (b)**Nature of Method:** Definable approach but subject to refinement in Actual situations, invariably qualitative (c) **Data Sought:** Longitudinal, case study based. Heavily descriptive but also analytical. (d) **Conclusions Derived:** Reasonably conclusive tied to "skeletal" theory and empirical richness (e) **Validity Criteria:** Meanings: Researchers + researched
3. *Change Characteristics*: Medium emphasis open to radical change *and* maintenance of status quo

Source: Adapted from Laughlin (1995, p.80)

4.5. The choice of social theory.

As mentioned briefly in chapter one, I opted to adopt social theory ahead of economic theory as a guiding perspective for the study. Economic theory generally regards the organization as an economic unit. Social theory on the other hand regards organizations as products of human agency. As products of human agency, organizations are maintained and changed by human actors. Social theory also regards humans as social actors whose actions and behaviour are influenced and sometimes constrained by social concerns and structures. Hofstede (1991) argued that an individual's mental program (patterns of thinking, feeling and potential acting) is derived from the "the social environment in which one grew up and collected one's life experiences" (p.4). The social environment and experiences are plagued with rules (formal and informal) developed from and based on theories, views, and ideologies, etc about social life (Meyer *et al.,* 1994). Theories and knowledge about social life are themselves socially constructed. Berger and Luckmann (1967) argued that "all human action is subject to habitualization" (p.70). They further argued that:

> Habitualized actions, of course, retain their meaningful character for the individual although the meanings involved become embedded as routines in his general stock of knowledge, taken for granted by him and at hand for his projects into the future. [Berger and Luckmann, 1967, p.71]

Berger and Luckmann (1967) further explained that habitualized actions that are cast into a pattern and shared by members of a particular group become an institution. Institutions then guide and even control human behaviour by establishing patterns of thinking and conduct to be followed by members of particular groups in particular situations. Organizations and societies can thus be institutions in as much as they have established patterns of thinking and acting that their members follow or are expected to follow.

Adopting social theory rather than economic theory hence has potential to enable a richer understanding to be achieved for two reasons. Firstly, social theory does not restrict analysis and understanding to economic reasoning only. Secondly, economics is itself a social construction, hence its concerns and reasoning are encompassed in social theory.

Having decided to adopt social theory, the next task was to determine (and make explicit) in line with the middle range thinking methodology, the skeletal theories that would guide the research. Because the research objectives as explained in 1.2, were to understand the role of alternative factors and discourses in the construction and change of accountability practices, I needed skeletal theories to guide in studying both concepts of construction and change.

On the subject of accountability construction, several models were considered. At the basic level, all the models assume accountability to be a relationship involving two parties. The traditional model according to Laughlin (1996) assumes that the relationship arises because one party has transferred resources to another and that it is this transfer that gives the transferor rights to demand accounts from the transferee. But the traditional model is heavily laden with and restricts analysis to economic theory, which as argued above would lead to partial understanding. To capture the social theory perspective, the study needed to adopt a basic theoretical model that conceptualised accountability as a power relationship between two parties arising from different factors and discourses including culture, economics and human agency. This model will be developed and presented in section 4.6. below.

Laughlin's (1991) skeletal models of organizational change will be used to conceptualise accountability practices and the factors and discourses influencing their construction in an organizational context. The models will also used to trace and understand how changes in accountability practices are affected by changes in the factors and discourses influencing their construction in organizations.

4.6. Developing a skeletal model of accountability construction.

Chapters 2 and 3 considered the literature and theories of accountability and organizational change. In both chapters, the importance of the influence of the human social actor on both accountability and organizational change were emphasised. Section 4.5, above also argued the case for adopting social theory as a guiding framework. This section pursues this focus further and develops the conceptual framework and argument of the thesis.

Chapter 2 (section 2.1.) theorized accountability as a power relationship between the principal and agent. The principal's power and rights to demand and get accounts and justifications from the agent and the latter's obligation to supply the accounts and justifications, were shown to arise from various factors. In wider social settings, cultural values, beliefs and ideals (culture) were identified as underlying this power relationship. In organizational settings, organizational objectives (e.g., economic or financial) were in addition to culture identified as influential.

The idea of culture being influential in the organization developed from the argument that organizational participants are also social participants and therefore their behaviour and actions in organizational settings will inevitably be influenced by their culture. The organization is itself also a product of human action and human actors are social actors. As social actors, organizational participants carry with them into the organization, cultural ideals about accountability.

To understand accountability practices in organizations, there is therefore a need to understand how accountability relations are constructed in wider social settings. This will help trace how such relations are reproduced, maintained and changed in organizational settings by participants. Participants' perceptions (e.g., trust, professionalism, personal values, etc) and activities both in and outside the organization (e.g., being members of professional bodies) were shown to be determinants of the nature of the observable practices in organizations. However, the perceptions were themselves traceable to culture, social structures, the general social and organizational environment and experiences of the participants

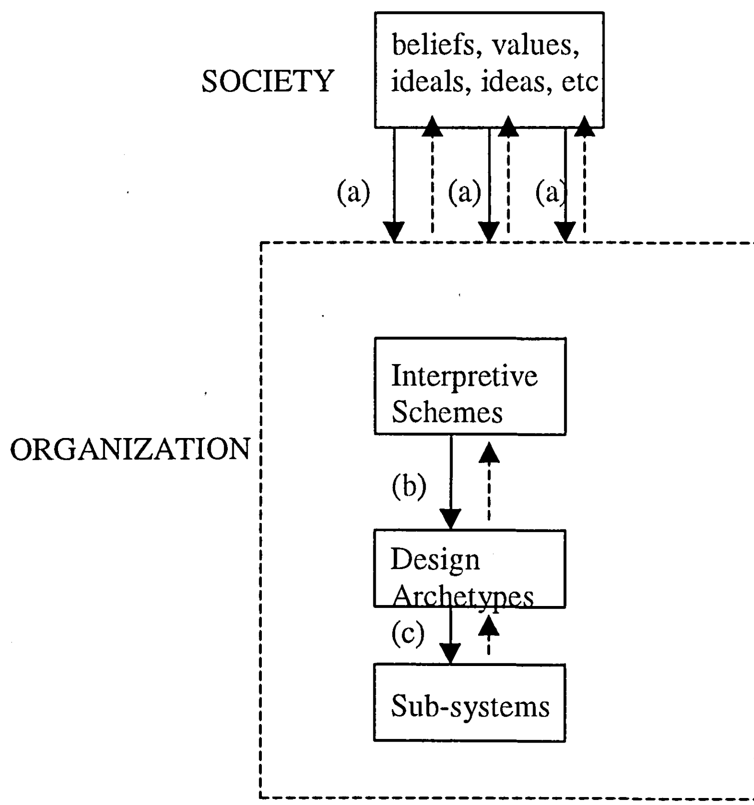
Three key factors namely, cultural ideals, participants' perceptions and organizational objectives have thus emerged as having key roles in accountability construction in organizations. This section follows the thinking behind these arguments to develop a skeletal model of accountability construction in organizations. The model developed will be used together with Laughlin's models as a framework for analysing and understanding the construction and change of accountability practices in the case studies.

4.6.1. Issues of Construction.

Throughout chapter 2, it has been held that accountability is a social construction whose functioning and meanings are grounded in the beliefs, ideas and ideals of society in general. In any society, accountability relationships exist based on such beliefs and it is the same beliefs and values underlying relations in society that influence relations in organizations. This is because organizational participants are social participants and actors as well: how they behave and act in organizations is influenced by their knowledge and experiences as social actors as well. Organizations are themselves creations of social actors (Meyer, 1994). Organizations develop from social participants' desires and intentions to achieve specific objectives (e.g., the provision of health services, carrying out of sporting activities, furthering religion, gaining economic profits, etc). These desires and intentions carry with them firstly ideals about the organization and about how its participants should relate to one another as well as to other members of society. Public accountability for example is based on the ideal that the organization should engage in activities that are consistent with public expectations (Sinclair, 1995, Stewart, 1984). The public in this case are entitled to accounts and explanations to check that activities of the organization are consistent with their expectations. The public's expectations vary among societies and dependent on the particular society's culture.

Secondly, the organizational objectives and desires carry with them ideals about how different participants in the organization should relate to one another in organizational situations. Managerial accountability for example is based on ideals about participants located at higher levels in the organizational hierarchy being entitled to receive accounts and explanations (about conduct in the organization) from those located at lower levels. Again these ideals differ from situation to situation and depend on culture. In the Western culture, which underlies managerial accountability for example, the relationship between superior and subordinate is based on the superior's ownership or quasi-ownership of economic resources. In the Aboriginal culture as reported by Chew and Greer (1997), relations between organizational participants were based kinship and familial obligations rather than on the ownership of economic resources or one's location in the organizational hierarchy. Following this line of thinking, this thesis takes the position that accountability practices in organizations are influenced and constructed from the culture of the society in which the organization operates and is also part of. This relationship between culture and accountability practices in organizations is depicted in figure 4.2. below.

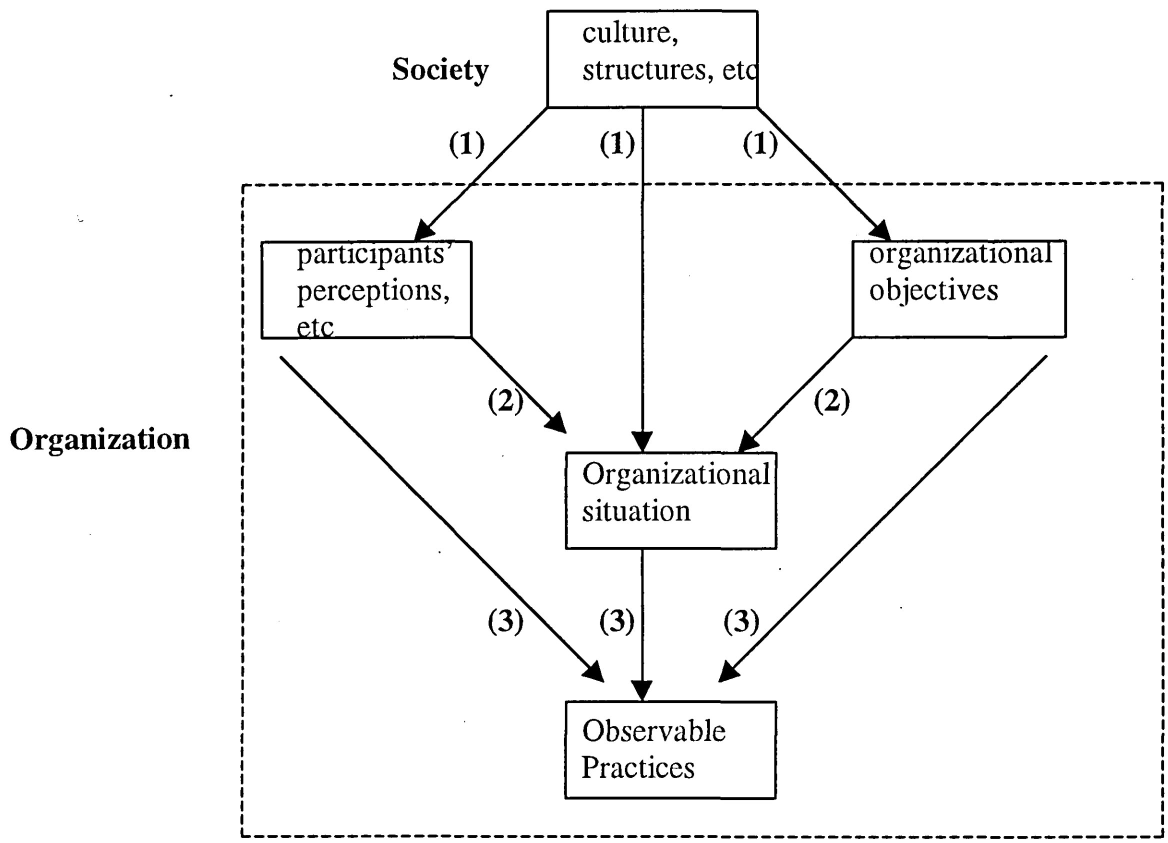
<u>Figure 4.2.</u> Relations between society and the organization.



The figure starts by conceptualising the organization in terms of Laughlin's (1991) model as an amalgam of interpretive schemes, design archetypes and sub-systems (see chapter 3). The solid arrows labelled (a) indicate the broad argument that organizations and their activities are influenced by social beliefs, values, ideas and ideals, etc (social concerns). These social concerns inform and influence the underlying organizational concerns as held at the interpretive schemes level of the organization. The dotted arrows acknowledge that since the organization is part of society (Tinker and Niemark, 1986), then what happens in it has potential to refine or even change the society's culture as well. Solid arrow (b) indicates that organizational participants, guided by the interpretive schemes, devise structures, processes, methods and systems (the design archetypes) that enable them to use and manipulate the assets and resources to achieve the organization's objectives. The dotted arrow acknowledges that through practice and over time, the design archetypes also have potential to influence, refine and even change the interpretive schemes. The solid arrow labelled (c) shows that the design archetypes are the intervening variables through which the sub-systems are controlled. The dotted arrow acknowledges that the nature of the sub-systems is also influential in the construction of the systems through which they are controlled.

Adopting the thinking depicted in figure 4.2. to the concept of accountability, locates accountability practices as part of the design archetypes. Practices such as management accounting which often serve the function of reinforcing accountability form part of the design archetypes. As part of the design archetypes, they are thus determined, given form, significance and meaning by accountability ideals held at the interpretive schemes level. The accountability practices and forms 'observable' at the design archetypes level are thus only 'tangible manifestations' (Broadbent, 1992) of the accountability ideals held at the interpretive schemes level. The exact nature of the observable practices will however be determined by how the participants interpret the ideals held at the interpretive schemes and also how they interpret the organizational situation (other practices, processes, products, etc). Participants' interpretations and hence constructions of accountability practices and systems will in addition to the organizational situation and interpretive schemes be influenced by social culture, experiences and structures (e.g. education, legal requirements, etc). This relationship between 'observable' accountability practices and the factors determining them is modelled in figure 4.3. below.

<u>Figure 4.3.</u> **Accountability construction model.**



The arrows labelled (1) indicate that participants' perceptions about accountability relations, the organizational situation and organizational objectives are all influenced by social culture, structures, etc. The ideals about accountability embedded in organizational objectives and held by participants are influenced by ideals about accountability underlying social relations. These ideals form part of the organization's interpretive schemes. Arrows labelled (2) indicate that these ideals held at the interpretive schemes levels will influence the construction of organizational systems, structures, etc. Arrows (1) and (2) can be likened to arrows (a) and (b) respectively in figure 4.2. above. In 4.2., arrows (a) emphasize the broad relationship between organizational practices and society: societal ideals inevitably influence organizational ideals. Arrows (b) on the other hand emphasize that practices observed in the organization are determined by the interpretive schemes, the latter which consists ideals about the organization, which ideals are based on those existing in the society.

Figure 4.3. adds a further dimension to figure 4.2 by highlighting that the exact nature of the observed practices are dependent on the participants' perceptions and capabilities, the organizational situation and the organizational objectives. Specifically, the nature of the accountability practices observed are determined by participants' interpretations, aspirations and capabilities, etc, other organizational structures, practices and concerns as well as the organizational objectives. This is depicted in figure 4.3. by the arrows labelled (3). The model depicted in figure 4.3. hence allows for the observed accountability practices to be analysed and understood in terms of their underlying influences. In line with the middle range thinking methodology (see 4.4.2. above), the model is adopted as an analytical tool for understanding the case data. The objective is to use the model to guide data collection and analyses and the analyses and data in turn used to refine and develop the model further. For purposes of understanding the observed practices, Sinclair's (1995) forms of accountability are used to analyse and understand the observed accountability practices.

4.6.2. Issues of Change.

The observable accountability practices are maintained through preserving or maintaining the status quo as far as the factors influencing them are concerned as articulated in figure 4.3. above. As long as 'balance' or 'coherence' (Laughlin, 1991) exists between the observable accountability practices and the underlying factors, then the status quo will be maintained. Loss of balance can be expected to result in changes. A change in any of the influencing factors can lead to loss of balance, which can thus lead to changes in the observed accountability practices. Changes in observable practices do not however always indicate changes in the influencing factors. It remains possible that such changes in observable practices may only be effected as 'operational' improvements in accordance with existing factors. Such changes following Laughlin's (1991) models can be understood as being of the 'first order' type (see 3.4.2.1). First order changes will be either of rebuttal or reorientation. Rebuttal would be deemed to have occurred if only minor adjustments to existing accountability practices were effected. Reorientation would be deemed to have occurred if major changes to existing practices were effected such as the introduction of a new and totally different management accounting and control system. Following Laughlin's (1991) terminology, first order accountability changes thus occur if the loss of balance or 'kick' was contained through making adjustments in the existing practices only. If the observable practices have changed but no changes are detected in the cultural ideals, participants' perceptions and organizational objectives regarding accountability, then a first order change has occurred.

Where changes in observable practices are associated with changes in the influencing factors, then a second order change has occurred. Where the kick has necessitated the need for the accountability ideals held at the interpretive levels to be changed, then the organization will undergo a second order accountability change. Laughlin (1991) again proposed two second order change models namely evolution and colonization (see

3.4.2.2). Evolution type change occurs when there is consensus among participants that the underlying ideals about accountability will not enable the kick to be contained and hence need to be changed. As a result of this consensus led change to the interpretive schemes (underlying values and ideals), further changes are implemented in the observable practices.

Colonization type change on the other hand occurs as a result of changes in the underlying ideals being 'forced' upon participants. There is thus no consensus and there is likely to be resistance to the changes by some participants or even the majority. The changes are necessarily led by the minority. Laughlin (1991) further pointed out that the changes occur first in observable practices (at the design archetype levels) and as a result, these changes force changes on the influencing factors. Colonization can be thought of as the opposite or anti-thesis of evolution.

4.6.3. Potentials and limitations of the model.

The model overall is skeletal and is not proposed as a general model for understanding accountability practices out of context. It's skeletal nature gives it potential as a guiding instrument or framework for studying and understanding the factors influential in the construction of accountability practices in organizational settings. As a 'lens' through which organizational data can be gathered and analysed, the model has potential to guide researchers to consider the influence and importance of non-economic based rationalizations on the construction of accountability. In particular, it enables the role of culture and social structures to be captured and appreciated. The model also underlines the need to capture and understand the role played by human actors and their perceptions in determining the exact nature of practices of accountability in organizations. By emphasizing the influence of culture and the role of the social human actor, the model captures the underlying argument that accountability practices are contextual and vary among situations.

On the other hand, it could be argued that a limitation of the model is its basic nature and heavy reliance on data. But then, accountability and culture are themselves context specific so it is only appropriate that no attempts be made to understand them in abstraction. Another limitation could be that applying the model in actual research situations could be very difficult because no precise guidelines of how to apply it are included. Though true, this is deliberate and in line with the middle range thinking methodology. In accordance with the middle range thinking approach, the model serves only to provide guidelines and the actual process is subject to refinement in the actual situation (see 4.4.2, above). Clear guidelines will develop over time as researchers use the model and share insights.

4.7. Summary.

The chapter has presented and justified the methods and methodology used in the study. The chapter has also developed and presented a skeletal model that is used as a guiding framework for the study in accordance with the middle range thinking methodology. Chapters 6 and 8 will present the accounts of the observations at the two companies, produced following the methods discussed in this chapter. Chapters seven and nine present theoretical interpretations and explanations of the observations. I must impress at this point that the case accounts are not definitive; they represent the researcher's observations and understanding and hence must be read and understood as such.

CHAPTER FIVE

The Research Setting.

5.1. Introduction.

This chapter provides an overview of Botswana, the country on which the case studies are based. The objectives of the overview are two fold: firstly it is to highlight and identify factors that have potential to affect organizational practices in general and accountability practices in particular. Secondly, the overview will help put the case studies in context of the environment which they constitute and are part of as well.

Botswana is a fairly large but sparsely populated country. The enumerated population as per the last census (1991) stood at 1,326,796 (one million, three hundred and twenty six thousand, seven hundred and ninety six) and with an estimated area of 600,000 square kilometres, this translates to a density of roughly two people per square kilometre. 47.5% of the enumerated population lived in urban areas. The projected population for the year 2001 is just under 1,700,000 (statistical bulletin, 2000)[1].

The unit of currency in Botswana is known as the **PULA**, where P1 was at the end of January 2002 equivalent to £. 105 (published bank rates). Citizens of Botswana are known as "*Batswana*" (singular: "*Motswana*") or simply referred to as "*Tswana*" people. The main local language is known as "Setswana" and it is the official language along with English.

Apart from being a developing economy, Botswana is characterised by multiple cultural influences. To start with, the local accountancy body (Botswana Institute of

[1] Census was conducted in August 2001 and preliminary results as at 29/10/2001reported 1695482 persons.

Accountants) does not set its own professional examinations. Candidates sit for the United Kingdom based ACCA and CIMA examinations. Accountants qualified with other professional bodies can also issued with licences to practice in the country. The business community is also characterised by multiple influences with the presence of multinational corporations and other investments from virtually all over the world. Amidst these potentially conflicting influences is the local culture, politics and tradition all of which have potential to influence patterns of accountability in different ways in business organizations as well as in the general society. These factors are described in the following sections.

5.2. Historical and political development.

Botswana is situated in Southern Africa and shares borders with the Republics of South Africa in the South, Namibia in the West and Zimbabwe and Zambia in the North east and North respectively. The country attained independence from Britain in September 1966. Prior to that, the country had been under British protectorate and rule since 1885 and was then known as Bechuanaland Protectorate. Prior to 1885, the region (not country) was occupied by different tribes, each ruled by its own chief. Tribal disputes and wars over mainly cattle and land were common. These tribes collectively known as *Batswana* (speakers of a common language known as Tswana) were also often subject to attacks from other African tribes in the region, most notably the Ndebele who occupied the area that later become known as Rhodesia and then Zimbabwe.

The arrival and settling of the Europeans in the then Rhodesia (British), South Africa (British and Dutch), Angola (Portuguese) and Namibia (Germans) led to the 'birth' of

Bechuanaland protectorate. The Europeans (predominantly farmers and miners) were constantly prospecting for minerals in the region and hence 'threatening' occupation and colonialism. It was against these threats of occupation by the Europeans as well as aggression from other African tribes that the Tswana chiefs decided to seek 'protection' from the British government. In 1876, one of the chiefs asked for British protection amidst fears of his land being taken over (forcefully) by the Boers, but the British never responded to his request. Between the years 1878 and 1885, the British preferred to limit their involvement with Tswana peoples to an advisory capacity. A series of events during the same period which the British considered threatening to their interests in the region, led to the area now constituting Southern Botswana to be declared a protectorate in 1885 (Ramsay, 1998a). Between the years 1885 and 1890, the protectorate was extended to cover the area now known as Botswana. During the same period, the British did not exercise full colonial control because the colonial office believed that:

> ..their interests North of the Molopo [*Botswana*] were limited, they saw little purpose in spending money to establish a full –fledged colonial administration. Therefore at first they interfered little in the domestic affairs of the polities. [Ramsay, 1998a. pp.68-69, italics inserted]

The British view of the protectorate as a 'buffer-zone' between the Boers and Germans however changed by 1890. In addition, they viewed the region as a base from which their (British) imperialism into Central Africa could be expanded. This changed view resulted in the 'indirect rule' evolving into a fully-fledged colonial administration (Ramsay, 1998a). The new colonial rule was not an entirely welcome development by the chiefs because it effectively took away most of their powers. The chiefs were also particularly worried at the imminent transfer of the protectorate's administration to the British South Africa Company (BSACo.) headed by Cecil John Rhodes. Rhodes was already Prime minister of Cape colony (Cape Province in modern day Republic of

South Africa) and also in control of Rhodesia and Southern Rhodesia (now Zimbabwe and Zambia respectively). Rhodes' interests in Bechuanaland Protectorate were linked to his desire to take over Transvaal (Gauteng Province in modern day Republic of South Africa) and Bechuanaland offered a better (compared to the Rhodesias) place from which to attack and oust the Boers:

> By 1895, Rhodes was at the height of his power, being the Prime minister of the Cape Colony as well as master of the Rhodesias. For him direct control of Bechuanaland was now a stepping-stone to the realization of his great ambition- to seize the gold-rich Transvaal. [Ramsay, 1998a, p.75]

With assistance from the London Missionary Society, three Tswana chiefs travelled to Britain between September and November 1895 to protest to the Queen against BSACo rule. The wishes of the chiefs were not immediately granted by the British Government. In January 1896, Rhodes' mercenaries' unsuccessful attempt to conquer Transvaal ultimately resulted in the control of the protectorate being restored to imperial rule. The years between 1896 and 1902 were marked with ecological crises and war. Famine and disease ravaged people, crops, livestock and wildlife. To cope with the crises, the people resorted to employment as migrant labour in the mines and farms of South Africa and Rhodesia. The colonial government also introduced the Hut Tax in 1899, which further 'forced' more people to join the migrant labour force. The hut tax, along with the ecological crises is believed to have been crucial in changing Batswana from farmers to labourers.

Whilst still recovering from the crises, the second Anglo-Boer war (1899 –1902) broke out in which Batswana along with most Africans in the region, fought on the side of the British. Shortly after the war, the British and their enemy turned ally Boers[2], started

[2] Descendent of the original Dutch settlers who had since developed a new language known as Afrikaans. Afrikaans is now one of the official languages in the Republic of South Africa.

working towards establishing the Union of South Africa, which was to be ruled independently (from Britain) by the white settlers. Initially, the Union was to be made up of the existing settler states of Cape Colony (British), Transvaal, Orange Free State and Natal (all Boer controlled). There were also plans to eventually incorporate Bechuanaland Protectorate into the Union and it was this latter move that the Tswana chiefs and people opposed. Already in the Union states was a blossoming racism facilitated by the economic power and sheer numbers of white settlers. Between 1907 and 1910, the Tswana Chiefs were involved in dialogue with the British government on the subject of incorporation and it was perhaps these dialogues that led to Bechuanaland Protectorate being left out when the Union was eventually formed in 1910.

The threat of incorporation continued for some time after 1910 and it was this threat that made Batswana appear to favour British rule:

> At least until the last decade of the colonial era, nationalist sentiment was commonly equated with retention rather than rejection of British occupation. This was because there long existed a consensus among protectorate Batswana from across the social spectrum that British overrule was preferable to the likely alternative of incorporation into the white minority-dominated states of South Africa and or Southern Rhodesia [Ramsay, 1998b, p.101]

The preference for British rule did not however mean that Batswana did not have problems with their 'masters'. The hut tax was one such problem, but it is believed that the brutality with which the British had quelled protests against the tax by other Batswana in Cape Colony deterred any rebellion (Ramsay, 1988b). There were also incidents in which the colonial rulers' taking over the Chiefs' powers were challenged. Incidents in which the people and Chiefs challenged the legitimacy and authority of the British were also recorded, notably between 1906 and 1933. 1923 also saw an incident in which the actions of one Chief were interpreted as blatant defiance of the British.

The particulars of the incident in question are that the 'offending' Chief had tried, found guilty and flogged one Scottish National living amongst his people. The Chief's actions were interpreted as blatant disregard for the laws of the protectorate, which clearly stipulated that Chiefs had no jurisdiction to preside over cases involving white men (Sanders, 1992). The concerned Chief was publicly tried and deposed by the British. The British also deposed one Chief as late as 1958 for being "anti-Christian" and this did not go well with the people. The British had already made it clear as early as 1901 that they had ultimate authority. Ramsay, (1998b) quotes a speech made by a colonial official addressing a traditional assembly on the issue of Chieftainship in 1901:

> When the government thinks that a Chief is unfit to rule his people the government will remove him and say who shall be Chief, but it is not for you to say. There is a proclamation which provides that persons disturbing the peace of the country may be removed from it; the High Commissioner will not hesitate to enforce it upon you if he thinks it appropriate [p.106]

Incidents such as alluded to above, are believed to have been influential in leading towards the 'struggle' for independence. The 'struggle' for Botswana's independence was different from those of many other African countries in that a war or rebellion never broke out (Maundeni, 1998).

Perhaps the coming of independence can be traced to the establishment of the Joint Advisory Council (the "council") in 1950 whose membership consisted of eight representatives of each of (i) royal African Advisory Council (ii) European Advisory council and (iii) Colonial officials. This multi-racial council, which started as a workshop forum, according to Ramsay (1998b), "evolved into an effective forum for reaching consensus between local Whites and the traditional indigenous ruling class"(p102).

The 1950s and 60s also saw increased political activities among the ordinary citizens. The Chiefs in particular and some traditionalists were unhappy with the colonial government's views on chieftainship and they mobilised groups to seek the restoration of the Chiefs' powers. A small but growing number of intellectuals also mobilised groups to oppose both colonial rule and the Chiefs' autocratic rule. Chieftaincy thus faced challenges from the colonial government and political awareness and activity among the people. Whilst there was not much that they could do against the government, the Chiefs responded by taking measures against the emerging politicians. In one (in)famous incident in the early 1960's one Chief served a deportation order on a certain individual because of his political activities. However with assistance from fellow politicians and the government, the politician, a certain Q.K.J. Masire, who later became Botswana's first Vice President in 1966 and subsequently second President in 1980 was able to stay in the village.

Formal political parties were formed which institutionalised the 'struggle' against Chieftaincy, colonial rule and racism. Maundeni (1998) summarizes the parties' position below:

> In the place of both hereditary or appointee chiefs and racially separated communal representation, the parties suggested an open election based on a common voter's roll. They challenged the authority of the chiefs, the dominant position occupied by the colonial government and racial practices. [p.118]

In 1965, the first elections were held and in 1966, the country got its independence and changed name from Bechuanaland Protectorate to Botswana. The country continues to be a multi-party democracy and elections are held every five years and seven have been held so far and only one party, the Botswana Democratic Party, has won a majority in all. Since independence, the country has had three elected presidents but all have been from one party. Carroll and Carroll (1997) argued that though the ruling party has "occasionally acted in ways that represent modest departures from democratic norms", it can be concluded that on the whole "Botswana has been a remarkably successful democratic system..." (pp.466-7)

The role played by the Chiefs in the modern-day Politician-controlled legislature is far less powerful than was the case during the pre-colonial and colonial eras. Though they have their own house (House of Chiefs) which advises parliament, the chiefs serve under the ministry of Local government and in the context of the Chieftainship Act of 1987.

5.3. National Culture.

No attempt is made here to describe the national culture in detail or in full`. Instead only a snapshot limited to the broad concepts of responsibility and accountability is attempted. In traditional pre-colonial Tswana societies, chiefs were "natural born leaders". They were charged with the responsibility of creating and maintaining law and order among the tribes. One's occupation of the position strictly depended on being a (male) member of the royal family:

> This position was strictly hereditary and only in the male line, usually passing from the father to the eldest son. [Mgadla, 1998, p.3]

The chief thus had a customary and traditional right to lead and be followed. He normally had the assistance of councillors and headmen. The councillors were closer to the chief and usually his brothers though "deeds of experience and age qualified men for selection" (Mgadla, 1998, p.6). The councillors advised the chief and he often consulted them before making important decisions. Headmen served as the chief's representatives in settlements outside the main village and reported to the chief and councillors. Despite this apparent democratic social organization, the chief still had the final word and could if he so desired ignore the advice of his councillors and headmen. Such behaviour however often resulted in dissent:

> There were autocratic chiefs who did little or no consultation concerning the devolution of power and whose word was final. Such chiefs invariably faced secessions from dissenting sectors of the polity. Most Batswana polities faced such secessions, precisely because some chiefs thought that they were above the law and thus did not conform to the traditional norms of chieftainship. [Mgadla, 1998, p.7]

There were thus expectations by the people that the chiefs conform to the norm. There is a traditional saying "*Kgosi ke Kgosi ka batho*" – which directly translates as "A chief is a chief by the people" which clearly indicates that despite having the traditional right to lead and be followed, the chief maintains that right by leading in an 'acceptable' manner.

Immediately following the councillors and headmen in the social hierarchy were the ordinary men (commoners) and servants. The servants were normally the poor members of the society. These were mostly members of subject tribes and groups. It is not clear why tribes such as Bushmen and Kalanga were regarded as subject groups but they were generally poor and tended to settle amongst or in the periphery of the 'master' tribes. A rich family (from the master tribe) normally hired a member of a poor family to work in the fields or look after livestock. At the end of the harvest, those who worked in the fields were rewarded with grain while those who looked after livestock were normally rewarded with a beast (Mgadla, 1998).

Among the commoners, status and power were dependent on wealth, which was largely determined by ownership of cattle (Carroll and Carroll, 1997). Wealth gave one the power to hire and control the poor. This system is still observable in modern day Botswana especially amongst the rural population. In urban Botswana, the pattern is slightly different. Power and status are in addition influenced by one's level of education, position held in formal employment, politics, etc (see for example, Parsons, 1990). Wealth is also influenced by shareholding and other financing activities (Othata, 1994). The poor in urban areas are still employed by the rich but mostly as housekeepers, security guards and gardeners. Many indigenous urban rich still maintain large herds of cattle and continue to employ the poor, but payment is now mostly in money rather than cattle or grain (Othata, 1994).

The traditional Tswana society was thus complex in that the chiefs had ultimate authority though they were expected to consider the wishes of the people. They were also expected to be strong willed and kind, although too much kindness could be considered as "weakness". The chiefs were responsible to and for the people and selectively accountable. They were accountable in as far as conforming to the traditional norms was concerned.

Somolekae and Lekorwe (1998) quoted an incident in which the people 'stopped' their chief from discontinuing a particular traditional practice:

> When Linchwe decided to become a Christian (1892), he summoned a veld assembly and told the tribe of his intention. He added that he also wanted to send away two of his wives and to "stop all old heathen customs such as bogwera and bojale (the circumcision rites)". The people replied he could do as he liked with his wives, "that is your own private affair", but would not agree to discard circumcision. [pp.187-188].

Age in the Tswana society was and continues to be an important factor. In the traditional society, age qualified men to chieftainship, councillorship and headmenship. Younger members of society and children were also expected to respect and obey elder members. It was and still is in some sections of the population, acceptable for an adult to reprimand a child he does not know as long as he (the adult) believed the child had erred. Children were also expected to grow up knowing that older persons were wise, intelligent, experienced, and hence always right.

Younger people and children were and continue to be important and respected in society. There is a common traditional saying, which translates to "The adult should respect the child so that the child can respect the adult in return". Adults were and are still largely identified by their children as a sign of respect. Somebody whose first child was Jack or Jill for example, would be referred to as Jack or Jill's father or mother. It was unheard of and even punishable for a child to address an adult by his/her first name.

Though the traditional social hierarchy still exists to a certain extant in today's society, the colonial era can be credited with the alterations that are observable. The white man by virtue of being colonial officer was above the chiefs in the social hierarchy. The British infamous acts of deposing chiefs clearly demonstrated that they were the most powerful members of the community. The white man's imposed hut tax referred to in preceding sections also forced men to seek employment in white owned farms and mines. In the mines and farms, they worked under the white man in slave-like conditions, which further consolidated the white man's power. The rise of the apartheid regimes in neighbouring South Africa and Zimbabwe and the racial practices and attitudes of white settlers in Botswana all institutionalised the white man's supreme position in history, social hierarchy and culture.

With the coming of independence and democracy, the new legislation elevated politicians to power above the chiefs. In addition, education, urbanization and Westernisation[3] also elevated women, commoners, servants and the young to powerful position in the social hierarchy. The white man however continues to be more powerful especially in rural Botswana and among the, traditionalists, uneducated and lowly educated populations.

5.3.1 Accountability in Tswana culture.

Certain elements of Tswana culture as discussed above underlie some of the accountability practices observable in society and organizations. These are discussed and put into perspective in this sub-section. Firstly, the historical relationship between blacks and whites has come a long way as one in which the whites are more powerful (see for example Sanders, 1992). By virtue of being more powerful, the white man can demand and get explanations from the black man. The white man's rights to get accounts and explanations from the black man is consolidated in Tswana culture such that many traditional sayings embrace it. For example, the word "white man" is a very common metaphor or synonym for manager, leader or boss. Already existing in

[3] The general influence of Western (especially American and British) values and beliefs.

Tswana culture is the ideal that leaders, by virtue of their positions, are entitled to get accounts from those that they lead. There are thus expectations within Tswana culture that the white man is entitled to demand and get accounts and explanations from the black man.

Another element relates to the relationship between young and old. By virtue of being old, a member of society is entitled to be obeyed by younger members (see for example, Schapera and Comaroff, 1991). It is common practice in communities for senior citizens to act as advisors, arbitrators and custodians of tradition and culture. Members of the concerned community 'normally' have particular senior citizens whom they approach for arbitration and under such conditions, those senior citizens are entitled to accounts and justifications. There are no formal reasons for this practice; it is based purely on the Tswana beliefs that "old is wiser" and "old is to be accorded respect".

A similar treatment can be accorded other younger citizens who are generally regarded as "honourable and respectable". There are various qualities that qualify one as "honourable and respectable" and perhaps the most common include relation to another respectable person (e.g. son of the president), general good conduct and behaviour (e.g., 'a good Samaritan'), wealth, academic and professional qualifications (e.g., doctors, professors, etc) position in a formal organization (e.g., Managing director, Bishop, etc) and general intelligence.

In families, the man is regarded as the head. As head, he is held responsible (by the society and family) and accountable for his family in two major ways. Firstly, there is a primary expectation that he provides for the general welfare and security of his family.

As a husband, he is expected to respect his wife. Specifically, he is expected not to engage in adulterous and other scandalous activities that might otherwise be unjust to his wife (Schapera, 1938, 1953, and Schapera and Comaroff, 1991). As a father, he is expected to ensure that his children are brought up in an "appropriate" manner. Secondly, as head of the family, he is responsible and held accountable for the behaviour and conduct of members of the family. Failure on the family man's part to meet these expectations can result in him being brought to task, formally or informally. In a formal setting, he can for example be brought before the District Commissioner or tribal Chief to explain why he has not met these expectations (see for example, Odell, 1985). In informal settings, he can be brought before a senior citizen or "respectable person" (see preceding paragraph).

As a result of these expectations, there are further expectations that members of the family be accountable to the head. The man hence is entitled to demand and receive accounts from members of his family regarding their conduct (Schapera and Comaroff, 1991, Schapera, 1938)

However despite these predetermined expectations, the Tswana culture also embraces reciprocal accountability. Those in positions of power in society are also expected to abide by certain norms and principles. One such principle is that of fairness and 'democracy.' There is an expectation in the society that the use of power or the demands of those in power should be "reasonable" fair and consistent with existing norms and practices. Where this principle appears breached, those concerned have a 'right' to demand explanations and justifications or even seek retribution and arbitration. Children can for example question their father's demands where such demands appear unfair. The society or tribe can also take their chief to task. Schapera and Comaroff, 1991 reported that:

> If his own (*the Chief's)* conduct was unsatisfactory, he could be warned or reprimanded by his advisors or at the public assemblies..[p.46, Italics inserted]

These accountability relationships, practices and patterns as observable in society, this thesis argues, influence those observable in organizations. The beliefs and ideals (embraced in Tswana culture) underlying these relationships and practices as argued in Chapter 4, transcend beliefs and ideals underlying practices in organizations.

5.4. Economic Snapshot and Indicators.

Traditionally Batswana were subsistence farmers. The ecological crises and the hut tax were crucial into turning Batswana into labourers. The white settlers started both mining and commercial farming in which Batswana got involved in as economic participants. The South African mines continued to provide employment for years after independence though the figures have been steadily declining. For example in 1994 when South Africa gained independence, the number of Batswana employed in South African mines was slightly above twelve thousand (12,000) whereas in 1999 the figure stood at less than one thousand four hundred (statistical bulletin, 2000). The country also continued to use South African currency for up to ten years after independence.

The discovery of rich mineral deposits, especially diamonds after independence virtually turned the country's fortunes around. At independence, Botswana was one of the poorer countries in Africa (Carroll and Carroll, 1997) and had less than fifteen kilometres of tarred road (Othata, 1994), but to date all major cities and towns are connected by tarred roads and boast internal road networks. The country was the fastest growing economy between 1965 and 1990.

> Not only was Botswana the fastest growing economy in the world between 1965 and 1990, but it has also been reasonably successful in translating economic growth into social development. The main social indicators all showed dramatic improvement between 1970 and 1990, so that according to the UNDP[4]'s human development index (which combines both economic and social measures of development), by 1992 Botswana had the highest level of human development in mainland sub-Saharan Africa [Jefferis, 1998, p.300]

Other than diamonds (which accounted for 74.5% of exports in 1999), vehicles and vehicle parts (7.6%), other minerals (6.1%) and meat and meat products (2.77%) were the major exports and earners of foreign revenue (Statistical bulletin, 2000). The Country' Gross Domestic Product (GDP) increased in the fiscal year 1998/1999 from the previous year by 14.2%. The per capita GDP increased by 11.4% to P14, 495 (roughly £2070.)

Finally, being an open market economy, Botswana has a stock exchange (Botswana Stock Exchange) which was only started in June 1989, with only five companies listed (Othata, 1994). The listing has since grown to twenty-three as at December 2000.

5.5. Summary.

This chapter has identified some of the key characteristics about Botswana that need to be borne in mind whilst reading the case material presented in Chapters six and eight. In particular, certain elements of Tswana culture that underlie accountability relationships have been highlighted. These are vital especially for understanding and

[4] United Nations Development Programme

contextualising the construction of accountability practices in the cases. Other information is supplemental and important for contextualising the general environment on which the study is based.

CHAPTER SIX

Case History. – Oxo Ltd.

6.1. Introduction.

This chapter introduces and discusses the accountability practices and changes that occurred at Oxo Ltd. (Oxo) between January 1987 and December 1994. The practices and changes are cantered on four key individuals who were crucial to the processes. The period of focus was selected because it corresponds with the activities and involvement of the concerned individuals in the company. The types of changes that occurred during this period also fall within the objectives and scope of the research question. The chapter starts by providing a brief description of how data for the case was collected, followed by a description of the company and its operating environment. It continues by describing and exploring the practices and changes in detail. This is followed by a critical reflection and commentary section in which issues of accountability construction and change are elaborated and reflected upon. This will provide the stepping-stone for the (theoretical) analyses, which will be carried out in the next chapter. The chapter concludes by highlighting some of the key findings.

6.2. Data collection.

6.2.1. Background

Access to the company's data was simple in that for the period covered by the study, I had contacts with the company in various capacities. Shortly after my initial contact with the company in March 1987, I began compiling data about what at that time I believed were important or critical incidents. The objective at that time was to write an autobiography at some stage concentrating on my experiences with various organizations. In particular, the emphasis was with accounting systems and techniques and organizational behaviour and decision-making. The data was collected mainly through conversational interviews, discussions and observations of practices. The data was collected in a haphazard manner by keeping diary like records of critical events between March and September 1987. This was a very selective process in that only events and incidents that appeared to 'breach' expectations were noted and explored.

In April 1994, I got back in touch with the company this time seeking assistance with a study I was doing (see Othata, 1994). This latter contact also added to the already existing data. In January 1999, I got back in contact with the company for assistance with data for this study. My 'knowledge' of the company proved to be both a big advantage as well as a disadvantage. It was a big advantage in that I already had some of the information that I required for the study. However, this was also a problem because of two reasons. The first was that the focus of my initial acquisition of the knowledge was different from that of this study. But this provided the opportunity for me to critically reflect on the information I already had but this time with a different focus and emphasis. This reflection was often confusing and difficult, but at times it was fulfilling as it confirmed or questioned the validity of my accounts. The reflection also identified areas where my original information was weak or silent.

The second difficulty was with how not to let what I thought I already knew influence what I learned during this study. To solve the problem I had to rely on corroborating my accounts with the views of other participants. This is however a problem not unique to this study as all qualitative research are the researcher's own accounts and not 'the definitive' account. But in this case, I believe that my rich prior knowledge was more of an advantage than a disadvantage because the study ended up with rich rather than lean data.

6.2.2. The actual research process.

Actual data collection for this case study started during the period May - June 1999. I had my first series of discussions with the manager, who also happened to be an acquaintance. The focus of these discussions was mainly the factual information about the company such as structures and nature of business etc (see Appendix 2). The discussions also focused on the changes that had occurred since I last had contact with the company in 1994. During the same period I held further discussions with three other employees and two former employees, the latter, including a former manager and also acquaintance of the researcher.

Discussions with this latter group focused on accountability practices (both present and past) and the reasons and rationales underlying the practices. The choice of interviewees other than the manager and former manager was random. I then started producing sketchy narrative accounts of the company and the events that occurred in it. With the sketchy accounts, I left the research site and used them to reflect on further data collection during the months between July and October 1999. It was also during the same period that the data collection guide and general research strategy were refined.

Between November 1999 and February 2000, I made visits to the research site and held further discussions with the manager, one former manager and a few other employees[1] again. The discussions this time were heavily influenced by the data collection guide reproduced in Appendix 2. In addition, some of the data collected during May-June was validated by crosschecking ideas and impressions with other participants. Documentary evidence such as forms, files, letters, memoranda, etc was also inspected. By the end of January 2000, I had produced the first draft of the case as presented in this chapter and presented it to the manager for reflection and comment. I made my final visit to the site in which I discussed my draft with the manager and two other employees (separately). These discussions did not reveal any major discrepancies in my draft.

6.3. The Company.

The company, Oxo Botswana Limited specialized in industrial corrosion control and painting. The company's main service was the painting of mining plant to protect against corrosion. It also provided painting and decorating services for offices, industrial and residential buildings. Oxo was a private company incorporated in Botswana but wholly owned by two of its directors and Oxo South Africa Limited (Oxo RSA). The company's head office and directors were in the republic of South Africa. Its offices and premises were situated within the mining lease area, which was a restricted area, and under the sole control of the mining company. All business in the lease area was cantered on the mining company and its operations. With the exception of government and parastatal departments, a private garage and petrol station, one shop and a number of kiosks, all businesses depended directly on jobs from the mining company for survival.

[1]Only a handful of the current labour force had been with the company prior to December 1994.

The law regulating conduct within the lease area (Precious and semi-precious Stones (Protection) Act, Cap.66: 03) required all individuals and organizations intent on establishing businesses in the area to seek the permission and approval of the mining company. The continued presence of such businesses was also left to the mining company's discretion. Any buildings or immovable assets erected by any other person or organization within the lease area was in the event of the 'owner' leaving the area to become the property of the mining company if not destroyed by the 'owner'. It was however at the discretion of the mining company to pay compensation or not for such properties taken over.

Oxo's main business came from providing corrosion protection and control services to the diamond mining company. For large jobs, the company often had to compete with others through the tendering process. For smaller jobs, the mining company awarded work at its discretion and sometimes without first requiring a quotation. In general, the level of competition among companies within the lease area was not intense. Strong competition for large jobs was normally from companies situated outside the lease area and sometimes outside the country as well. In most cases however, the resident companies still ended up with 'a slice of the cake' through sub-contracting arrangements even though the job might be awarded to a foreign-based company. This high dependence of Oxo on the mining company was clearly not very healthy, as there have been occasions in the past when the mining company awarded them very little or no work at all. In times like those, the company often resorted to retrenchments or simply 'asked' some employees to go on extended unpaid leave. The company did occasionally get jobs from elsewhere in the country but these were normally 'one off' though they could be of substantial value.

6.4. The practices and changes

The practices and changes are traced in the company following Laughlin's (1991) conceptualisation of the organization as an amalgam of interpretive schemes, design archetypes and subsystems (see chapters 3 and 4). The practices and changes are traced through each of the three elements separately in considerable detail. To trace and understand the changes in accountability practices, an analysis of the company at the beginning of the study before the changes is undertaken first. Tables 6.1 and 6.2. below present a summary of key events and a list of key players and respectively. For ease of reference the changes have been documented under the heading of 'Kicks' following from Laughlin (1991) and each kick in this case (for ease of reference) represents a change of top management personnel.

Table 6.1. Summary of Key Events

The First Kick: October 1987 – August 1991

October /November1987: Joseph leaves and is replaced by Raymond as manager

Nov./December 1987: Construction of new office block and staff dwellings commences

June 1988: Introduction of bookkeeping/financial accounting function
Monthly head office report discontinued

Sept.-November 1988: Vehicle agency and auto body workshop opened.

Feb.- April 1989: Plumbing subsidiary starts operations

January 1990- June 1991: Overdraft limit continually breached, bank threatens to dishonour cheques.
Operating losses accumulate

June 1991: Administration manager's post created

The Second Kick: August 1991 – January 1992

August 1991: Raymond resigns and Peter replaces him as manager
Patrick becomes more involved in company management
Philip 'asked' to assist in general management

The Third Kick: January 1992 – January 1993

January 1992: Peter is dismissed and Tim replaces him as manager
Administration manager's post is frozen

Mar. – July 1992: Bookkeeper resigns and is not replaced, post frozen
Vehicle agency and auto body workshop discontinued
Emergence of economic/business orientation
Tight cost control regime emerges
Operating profits reported

The Fourth Kick: January 1993

January 1993: Tim resigns and John replaces him as manager
Patrick even more involved
Bookkeeping/financial accounting function collapses
Cost control regime and economic/business orientation collapse

Table 6.2. Key Players

1. Patrick	Chairman of the board of directors, principal shareholder and co-founder of the company. An engineer by profession and based at the company's head office in the Republic of South Africa (RSA). South African by origin. Was involved with the company throughout the entire period covered by the research.
2. Joseph	Manager from January to November 1987. Left to take up a managerial post within the group in RSA. A former member of the Police Force in the then apartheid RSA. South African by origin.
3. Raymond	Manager from November 1987 to August 1991. Left to pursue a career in private business after 'disagreements' with the board of directors. Had managed the company before but had left to pursue a private business. He re-joined the company after his business went under. South African by origin.
4. Simon	Trainee manager and later became manager of the new branch in April 1987. Recruited from a financial institution where he held a managerial post. Botswana national.
Philip	Manager of the Plumbing subsidiary from 1989. A plumber by trade and South African by origin.
6. Peter	Recruited as auto-electrician at the end of 1990 and was manager from August 1991 to January 1992 when he was asked to leave. Scottish by origin.
7. Tim	Recruited as clerk in January 1987 but left in August to pursue studies. Served as temporary employee until finally returning as administration manager in June 1991. Was manager from January 1992 to January 1993. Left the company to change career. An accounting graduate and Botswana national.
8. John	Joined the company as storekeeper in 1988 and later served as safety officer and supervisor under the last three managers. Manager since January 1993. Botswana national.

6.4.1. The interpretive schemes.

6.4.1.1. Before the changes.

Richardson *et al* (1996) provided guidance on identifying the interpretive schemes of a small organization dominated by one individual. They identified the interpretive schemes of the company as reflected in those of the dominant individual in that they subdued any alternative or competing interpretive schemes that might have existed (p.25). Broadbent (1992) also argued that the interpretive schemes could be inferred from the design archetypes. In this regard, reference will occasionally be made to observable practices in analysing the interpretive schemes. The company, Oxo Ltd., also had one dominant individual (the manager) and following Richardson *et al*, s (1996) logic, the company's interpretive schemes could be inferred from those of the manager.

Being the only dominant resident member of the company, Joseph effectively ran the company and controlled virtually every aspect of it. A former policeman, he maintained tight control over both assets and employees. His employees regarded him as a strict man and were visibly afraid of him. Even the trainee manager, Simon was also visibly uncomfortable in his presence. The structure of the company also facilitated and reflected his domination. As the chief executive, he was assisted by Simon the trainee manager who had no authority to make decisions and worked under instruction. The trainee manager's main responsibilities were safety and supervision. The manager and trainee manager were assisted clerically and administratively by Tim, the clerk. The maintained very little two-way communication between himself and the employees.

The main mode of communication was by way of instructions and orders from him to the employees. In terms of authority, the company's interpretive schemes clearly exhibited an autocratic "one man show".

The company was also run more along 'painting' rather than business concerns. By painting concerns, reference is made to the preoccupation with providing corrosion control and painting and decorating services. Joseph's main concern was delivering good service with apparent little regard to cost implications. Even the structures he had in place and the decisions he took reflected this. Once a project had been started, there was never any post audit or job in progress cost calculations and analyses. There was also no way of knowing whether a certain project had netted a profit or loss. The only visible concerns for costs were the occasional complaints about material and time wasting on the part of employees. This apparent limited attention to cost implication was happening despite the fact that Simon, the trainee manager was a former middle manager in charge of customer accounts in a financial institution. This observation further strengthens the argument that the company was a "one man show". Everything was dominated by a concern for painting even to the extent that Joseph occasionally expected both Simon and Tim to "physically" get involved in the manual work. This preoccupation with painting was extreme amongst the employees some of whom expressed the belief that they were better placed to be managers than both Simon and Tim because the latter did not have hands on painting experience.

6.4.1.2. The first kick.

In November 1987, Joseph left to take up appointment in another branch in the Republic of South Africa. He was replaced by Raymond who had previously served as manager before leaving to run his own business. His business venture had subsequently failed and as a result was re-employed by Oxo RSA Ltd. It was rumoured but unsubstantiated that his re-employment had been made possible by the fact that he was a relative to one of the directors

Unlike his predecessor, Raymond was not 'overly' tough nor did he manage employees by intimidation. Shortly after his arrival, he established regular meetings between himself and the foremen who also doubled as employee representatives. The agenda at those meetings included company business and employee concerns. He also took a number of employees into his confidence and formed strong friendships with them.

But like Joseph, he also was very dominant and literally controlled everything in the company. Even those he had taken into his confidence and elevated to positions of power (foremen and supervisor) operated strictly under his instructions. But unlike his predecessor, he had a very lavish lifestyle, which he was not afraid to sponsor with company funds. His generosity with company funds extended to his friends both within and outside the company. It was for example, common for him to 'lend' company vehicles to his friends outside the company. The company and its employees suddenly appeared to exist to serve his needs. His personal needs, as manager of the company appeared to come ahead of the company's own concerns and objectives. Increasingly company resources were used to meet his personal needs with very little regard for the company and sometimes the mining company (the biggest client). It was even common for him to be absent from the office without any of his staff knowing his whereabouts.

It was also not easy to distinguish between his personal assets and those of the company. For example, there was equipment and assets that he had purchased with his own funds that were used exclusively for company business. Equally, there were some (assets and equipment) that had been purchased with company funds that he used exclusively for his private purposes. Also there were some of his personal assets that were kept at the company's premises as well as some company assets kept at his house. When he left the company, there were disputes between him and new management regarding the ownership of some assets.

The company's preoccupation with painting concerns still existed though it was being overshadowed by the manager's personal interest in and preoccupation with the vehicle agency that he had started in 1988. His preoccupation was also at the expense of profitability as evidenced by the unprofitable[2] prices that he often charged for services that the agency provided. The manager's preoccupation with the vehicle agency ultimately led to his departure as it was among the list of concerns that the directors raised when giving him the choice of changing his ways or leaving. The company was by May 1991 in deep cash flow and financial problems and the directors told Raymond that they believed his close involvement in the agency and hence reduced attention to painting were the key reasons for the problems. Raymond resigned formally in August 1991 to pursue a vehicle agency business similar to the one he had started at Oxo.

6.4.1.3. The second kick.

Following Raymond's resignation in August 1991, the directors appointed Peter as his successor. Peter, a young Scots in his early twenties had been with the company for just

[2] Services were sometimes offered freely especially to 'customers' known to the manager

over a year. He had been employed as an auto electrician in the vehicle agency. Patrick, the chairman of the board of directors (chairman) based at head office, was also to be closely involved in the running of the company, taking control of the bank accounts. The chairman was also to be responsible for all the technical specifications as well as pricing of major projects and jobs. However he was still resident in the RSA and visited every fortnight for a day or two. The directors also appointed Tim administration manager and general supervisor. Tim who had just graduated from university with an accounting qualification had been involved with the company in various capacities since January 1987. He was originally recruited by Joseph as a clerk but with the intention that he would eventually become the first local to be appointed manager of the company.

The directors also told John that as supervisor and safety officer, they expected him to be closely involved in the general management of the company as well. Phil, the manager of the Plumbing subsidiary was also asked to assist in the general management of Oxo. This new arrangement effectively meant that power and responsibility were divided among three people instead of just one. The three managers (Peter, Tim and John) all had 'broad' responsibilities and authority to represent the company and liase with clients. Previously this had been the prerogative of one individual, the manager. This was a first for the company and also foreign to many employees.

Both Peter and John who had been close to Raymond tended to embrace his philosophy, management style and the culture that he had cultivated in the company. Peter in particular demonstrated strong commitment to Raymond's ways and appeared determined to continue where Raymond had left off. He for example, also drew a thin line between his personal assets and those of the company. But unlike Raymond, he was not dominant or overly preoccupied with either the vehicle agency or painting. Instead he appeared comfortable with letting his two colleagues get on with the job while he played the role of 'ceremonial'[3] manager. John did not however appear as strongly committed as Peter. He was more of a pragmatist adopting a 'mid point position' between Peter and Tim. He chose to 'tread carefully' and not to disagree with either. Tim on the other hand probably because of his training was more business oriented. Financial concerns were top of his priority list. He made it known to his colleagues and the chairman that his most immediate task was to work towards restoring the company's cash flow situation through tight cost control.

Phil, the plumbing subsidiary manager for his part preferred only to be involved when the Plumbing subsidiary was implicated or in an advisory capacity. It was also an open secret that Phil did not approve of Peter's appointment. The differences in ideals and aspirations between Peter and Tim effectively meant that the two were on a collision course with confrontations inevitable. The first of a series of such confrontations occurred within a month of their assuming office. The particulars of the incident were that Peter had an accident while driving one of the employees' cars for private purposes. The car was badly damaged and was as a result to be out of service for quite some time. Peter then gave the said employee one of the company's vehicles to use (for private purposes) whilst the damaged car was being repaired. The car was also to be repaired in the company's workshop during company time. Tim wrote Peter a formal complaint in which he stated that though the employee's use of the vehicle created no transport problem, it was still "improper". Peter withdrew his authority for the concerned

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[3] Tim's description.

employee to use the company vehicle for private purposes. The damaged car was however repaired at the company's expense.

It became clear that the company was now being run by people with opposing ideologies and orientations. The chairman perhaps helped fuel this battle between his managers. On the one hand, he appeared to have faith in Peter and preferred not to keep a close eye on him. On the other hand he supported Tim's initiatives to turn the company into a profit making concern. He also had more contact with Tim than with Peter. One can only speculate that maybe the chairman believed that the two opposing views would neutralize each other and result in a moderate and healthy position for the company. Perhaps this was working because the company reported a profit for the half year. The employees for their part were divided as to which of the two managers to embrace. A 'vocal' majority however preferred Peter for two main reasons; firstly compared to Tim, he was not 'radical' in his approach and general management style. In open meetings, some employees had expressed sentiments that Tim was 'vindictive' because he "followed people around their jobs". Secondly, Peter was white; a white man was preferable to a black man. The few who preferred Tim expressed views that unlike Peter and Raymond, he did not have friends in the company and hence treated everybody equally. In a meeting that they held with the chairman (for the first time ever) the employees wanted the issue of "the real manager" clarified. In their opinion, a company could have only one manager, not two as they were being led to believe and hence implored the chairman to identify the "real manager". His response was that the company was managed by a team rather than one individual. This response did little to ease the concerns of those who were used to and preferred a clear one-man show.

Unlike Raymond before him, Peter did not get involved a lot with production issues and the employees on a daily basis. This was perhaps his demise for unlike Raymond or other previous managers, he did not have the control of the company's bank accounts. Only the chairman had signing powers. Tim's involvement in pricing (mainly small) jobs for clients got him increasingly involved with both clients and employees on a routine basis. This gave him the opportunity to 'convert' some of the foremen and employees into his business orientation. Also some of the systems he introduced and his approach to production involved the foremen taking a more active and responsible role in the scheduling and performance of work. He normally held discussions with John and the foremen prior to the commencement of work at new sites to discuss how best to complete the tasks. By the end of the year, John was also converted and expressed a very critical view of Peter's approach to management.

Still Peter and those strongly committed to the 'old way' (still an apparent overwhelming majority) continued to be a 'stumbling block' to the emerging orientation. Peter disregarded the procedures and systems that Tim was trying to implement in order to control costs and Tim was helpless to 'force' him to comply. Early in the New Year (1992) Peter's commitment to the old way and its associated philosophy of drawing a thin line between the company's assets and those of the manager caught up with him. The chairman expressed unhappiness at Peter's (mis)use of company resources for his personal benefit. He was dismissed in January amidst such complaints. Some employees including Peter himself expressed opinions that the "vindictive Tim" had convinced the chairman to sack Peter.

6.4.1.4. The third kick.

Tim was appointed general manager[4] in January 1992 following Peter's departure. In an unprecedented move, the signing powers that Peter had over orders from certain local suppliers were not transferred to Tim. Instead it was decided that Phil who already had such powers in his capacity as manager of the plumbing subsidiary would authorize such orders for Tim. By April of the same year, Tim's business or profit orientation was beginning to dominate the organization. This was evidenced by the decisions and actions he took. He for example made a decision that overtime work be dedicated only to projects that were running behind schedule, projects that included overtime premium in their initial pricing and emergency situations. None-income generating activities such as cleaning of premises, etc were also strictly not eligible for overtime work. Authority for overtime work was to be expressly sought from him. He explained that the new approach would help minimize costs. He had also managed to convince the directors that the vehicle agency and auto body workshop were generating losses and should therefore be shut down.

This developing emphasis on cost minimization and profitability was often resisted as it resulted in a series of events that directly affected individuals. For example, those employed in the sections that were shut down had to be re-deployed, an exercise that many found unacceptable and confronted the manager about. The manager gave those concerned the option to re-deploy or quit and all chose to re-deploy. There were also complaints about the cut on overtime work as employees expressed concerns that their earnings were being interfered with. A serious confrontation between the majority of

[4] The designation 'general manager was used for the first time

employees (almost all) and the manager arose in April of the same year regarding pay rises.

The particulars of the incidents were that the employees embarked on a strike for two days following the manager's announcement that their annual pay rises were only going to be effective April and not January as they had expected. The company's practice in the past had been to backdate the increments to January, though the government's directive, on which the company acted, clearly specified that the increments were to be effective April. Tim explained this to the employees and further that the company was not obliged to award increments across the board but only to those whose wages would fall below the new minimum on April 1st. The company, at management's discretion was however prepared to increase wages across the board but not to backdate them because of the poor financial situation. The employees believed this to be unfair and lodged an appeal with the department of labour. In their verbal petition to the labour officer, the employees complained that their manager was breaching the directive on minimum wages as issued by the minister. The labour officer explained that the company was only obliged to increase the wages of those whose earnings were below the new minimum wage and further that any other action was at the company's discretion. The company, he further explained, had not broken any law. Following the labour officer's explanation-cum ruling, Tim further informed the employees that they would not be paid for the two days that they were on strike because "they had instead of generating income, caused the company to lose the opportunity to earn income".

The dispute about the wages was to be the last between Tim and his employees. By June 1992, it became apparent that the manager's battle to impose a profit regime had been won. Employees were either resigned or converted to the new regime. John and the foremen also demonstrated changed behaviour as cases in which they complained and took action against the wasteful behaviour of employees increased. Tim tendered notice in October 1992 and the chairman, John and two of the five foremen tried to convince him to stay but to no avail. He finally left at the beginning of January 1993, to pursue a career in professional accountancy.

6.4.1.5. The fourth kick.

Tim's departure in January 1993 resulted in John being appointed manager. The chairman also got more involved in the daily management of the company than before and made visits more frequently. The business orientation that Tim had fostered in the company appeared to collapse almost immediately. The procedures and systems that reinforced the orientation were abandoned. According to John, though he liked the 'orientation that Tim had fostered, he was unable to continue with it because he lacked the technical expertise to maintain and use the systems that fostered it. He however maintained control over overtime work and still involved the foremen in production planning. The company's accounts and other administrative activities became the responsibilities of Head office as was the case prior to the first kick. There was thus a reversion to the original concerns with painting dominating the organization.

This 'reversion' was not resisted by both the chairman and employees. The chairman (according to John) understood the reasons and had never actually himself fully understood how Tim reinforced his orientation. The employees on the other hand welcomed this return to the 'norm'.

The interpretive schemes of the company remained unchanged and appeared to be in a state of equilibrium up until the end of the period covered by the study.

6.4.2. The design archetypes and sub-systems.

6.4.2.1. The management accounting, accountability and control systems.

6.4.2.1.1 The original practices

In 1987, the company's management accounting, accountability and control systems were very simple and limited in scope to say the least. The company did not have an accounting department or accounting staff; the manager handled all issues relating to accounts. The manager kept no formal accounting records other than the cashbook and invoice files. All payments to creditors were made against invoices and the cheque details recorded in the cashbook. The invoices against which payments were been made were simply marked "PAID" and filed in the "Invoices Paid File". Payments from debtors were also accounted for in a similar manner. The company also had a unique petty cash system. The manager spent his own cash and then (at month end or whenever he desired) filled in a pre printed 'petty cash return' sheet and then wrote out a cheque for himself.

The stock control system was also manual and composed of stock registers, which recorded quantities received, issued and in stock. At month end, a physical stock check was undertaken and reconciled with the book balance. This was at first done by the manager and later by the trainee manager and clerk. In most cases however, the manager demanded an on the spot physical balance of a particular item and rarely consulted the records.

The company also kept time sheets specifically for wage preparation as well as for keeping track of absenteeism. The wages were prepared manually on a wage book and paid out weekly in cash. Other than for the calculation of wages, the time sheet also served as an attendance register. The foreman, who prepared the time sheet, was responsible for reporting incidents of absenteeism to the manager. The control of attendance was stricter over weekends and public holidays because it was mostly during those times that some employees preferred to be away from work. The company normally required only skeletal staff to work during such periods, but when there were not enough 'volunteers' the foreman was authorized to select people. Some of those selected however often rebelled against such selection and stayed away.

Control of production on site was the foreman's responsibility. He was charged with ensuring good workmanship and timely completion of projects and was often called on to explain where problems were encountered on site. In one incident in April 1987, Joseph and Patrick carried out an inspection of a project that was supposedly complete and discovered serious defects, which they attributed to poor workmanship and negligence. As a result, the foreman was summoned to the manager's office and asked to explain. Apparently his explanation was not satisfactory and he was given a written warning for failing to ensure that the work carried out was of the required standard.

On a monthly basis, the manager prepared a summary report, which he sent to head office. The summary report consisted of mainly the following items;

Total wages paid – figure calculated from cashbook and photocopies of relevant pages of the wage book also enclosed

Total petty cash spent – figure calculated from cashbook and copy of petty cash return sheet and all receipts to be enclosed.

Bank balance and copies of relevant cashbook page(s) and bank statement enclosed.

Total invoices received and issued including copies of such invoices. Copies of cancelled invoices enclosed as well.

This information was filled in a pre-printed form. Head office however never used to query or demand explanations of most of the items except the invoices issued. The invoices were sequentially numbered and queries were mostly regarding the sequence.

The systems and practices in place started to change following the arrival of Raymond, the new manager.

6.4.2.1.2. The first kick.

By June 1988, Raymond (the new manager) had almost done away with the head office cost summary report referred to in 6.4.2.1.1. above. Photocopies of the cashbook, wages book and petty cash returns were no longer sent to head office on a regular basis. Only copies of invoices issued were still sent mostly by fax instead of post. Raymond expressed the view that head office were only interested in invoices issued and that they "dumped everything else in a dusty heap at the corner of the secretaries office". He had also mandated Tim (who was on a vacation job) to start debtors and creditors ledger accounts. A bookkeeper was also employed for the first time to take over when Tim's vacation ended at the end of August. The bookkeeper apart from the manager's house-keeper was also the first female in the company's payroll. She was also to double as wage clerk and secretary. The cashbook was also now kept by the bookkeeper although the manager still carried the chequebook with him. In fact, entries in the cashbook were made mostly at month end from cheque counterfoils after receipt of the bank statement. Occasionally the manager made entries in the cashbook himself mainly to ascertain the balance. Even though he initiated the start of the accounting records, the manager still preferred to consult the invoices unpaid file to ascertain how much was due from debtors. On receipt of creditors' statements, he only demanded that they be reconciled with the ledger accounts if he felt the amount was higher than expected. He still largely made payments against invoices and statements.

The company occasionally received confirmation of account balance requests from creditors' auditors. The manager usually confirmed the balances without consulting the records or bookkeeper. The company was also involved in a large 'capital' project (the construction of office and dwelling buildings) for which a file rather than an account was maintained. The file contained expenditure invoices and other information relating to the project. Information on labour time and costs expended in the project was not included[5]. A loss was reported for the year.

[5] Information in this section based heavily on the narratives of Tim and the former bookkeeper, who incidentally were the two people involved in the activities of the new accounting "department".

In 1989, a more experienced bookkeeper was employed to allow the other to concentrate on secretarial duties. The group Auditor (from RSA) visited the company for the first time in August. His assignment was to collect the information needed to produce the company's financial report. Previously he had been doing this using information contained in the monthly summary report. A full time stores clerk was also employed to take charge of the materials store. The existing stock registers were also supplemented by a weekly stock movement summary sheet. The summary sheet was still in quantities but in addition, it gave details of who collected the stock. The company also had many employees working in different sites, which necessitated a change in the time keeping system. Each site had its own foreman who kept a timesheet for his site only (previously there had only been one foreman and one timesheet for all sites). At the end of the week, the timesheets were submitted to the bookkeeper who compiled a 'master time' sheet before proceeding with the preparation of wages.

At the end of the year, the bookkeeper was replaced though the post had not been advertised. The manager had expressed dissatisfaction at the work done by the incumbent. The petty cash system was also changed. The bookkeeper now kept a petty cash float and was authorized to make payments from the float for minor office expenses, such as office tea, stationery, postage etc. The manager still spent his own money and claimed it in cash from the float by presenting receipt or simply wrote himself a cheque if the amount was high. The manager also had a key to the petty cash box and sometimes took money out without the bookkeeper's knowledge and occasionally forgot to bring back receipts. A personal loan account was opened for the manager in which he himself made entries. The introduction of the Plumbing subsidiary also resulted in an "Inter Company Account" being opened. The account recorded transactions between Oxo and the subsidiary.

1990 did not see much change in the accounting department apart from the bookkeepers resignation (for 'greener pastures') in August and replacement a month later. An even greater loss was reported. In June 1991, a computerised wage system was introduced by the newly appointed administration manager Tim. The system was introduced to "..improve accuracy on wage calculation as well as to make the task of wage preparation easier" (Tim).

6.4.2.1.3. The second kick.

The resignation of Raymond in August 1991 resulted in the appointment of a three-man management team in which the administration manager's authority was increased. This increased authority of the administration manager resulted in the more formal functioning of the accounts department. Payments were now scheduled and prepared by the administration manager as per the ledger accounts. Debtor invoicing was also done by the administration manager and the chairman of the board. Expenditures for large amounts were authorized by the chairman of the board of directors whereas for smaller amounts, authority was from the manager and administration manager.

Between October and December 1991, Tim started experimenting with various accounting procedures, controls and systems. Of particular significance was the cost control system, which virtually required the involvement of every employee in the company. The system required that every resource belonging to the company be accounted for in a register and all movement be documented as well. The objectives of the system (according to Tim) were to collect information for project and other costing purposes as well as to control pilferage and wastage. The system was also meant to improve transparency and reinforce accountability. By recording resource movement and identifying the person responsible, the system enabled management better control. Tim also expected and believed that the knowledge that records existed might influence employees to be more responsible for resources. Peter, the manager was however not supportive of the system as evidenced by his continual 'breaching' of its requirements. For example he did not record and sign for equipment that he (re)moved from the company's premises. The system thus remained only experimental and selective. Ironically it was the transparency being fostered by the system that ultimately contributed in the decision to his dismissal in January 1992.

6.4.2.1.4. The third kick.

It was perhaps inevitable that following his appointment as manager in January 1992, Tim would formally introduce the systems he had been experimenting with (see 6.4.2.1.3 above). By June 1992, the systems were firmly operationalised and established as part of everyday organizational activity. Accounts were opened for all projects and these resulted in and necessitated several changes. Firstly, the foremen's site time sheets were altered to include details of all equipment and materials on site. Any movement of materials or equipment and personnel between sites were to be noted as well as any downtime.

The storekeeper's stock movement sheets were also altered to include details of the sites to which materials and equipment were issued or moved. The duties of the security guard at the main gate also included the collection of 'waybills' which were to be crosschecked against the stock movement sheet. Information on materials and equipment movement was thus recorded by the storekeeper (stores movement sheet), security guard (waybills) and foremen (site sheets). Any discrepancies between the three source documents were queried and explanations demanded by the manager. The manager also often called on foremen to explain cases where he felt excessive resources were consumed at their sites based on information contained in their site reports.

The system, Tim believed, helped reinforce the discipline and accountability that he so much wanted. In fact he believed that incidents in which Foremen complained about the wasteful behaviour and non-compliance of employees at sites were becoming common because the system 'forced' them to be more vigilant and accountable.

6.4.2.1.5. The fourth kick.

Tim's departure in January 1993 resulted in the collapse of the changes that he had introduced. The accounting and control system referred to in 6.4.2.1.4 was abandoned. The company's practices were almost reversed to those observable in the periods prior to Tim taking over as manager. But in addition, the chairman assumed the responsibilities of scheduling payments and authorizing expenditures and got more involved in the daily running of the company. By late 1994, the secretary had been retrenched and as a direct result the computerized wage system was abandoned. The storekeeper was also retrenched and again as a direct result, the stores record keeping function was abandoned. The practice of submitting the head office monthly report was 'resurrected'.

6.4.2.2. Operations and structures.

6.4.2.2.1 The original practices

At the commencement of the period covered by the study, the company was involved in corrosion control mainly of the mining company's plant. The company's premises, which consisted of movable porta-camps, were situated in the 'mining blue area'.[6] Its structure was very lean consisting of the manager, trainee manager, clerk, foremen and employees. The highest number of employees that the company had during this period was thirty-four. The employees lived in hostels rented from another private company while the manager, trainee manager and foreman lived in houses rented from the mining company. Within three months however, the trainee manager took up a full managerial post at the newly established branch in another mining town.

Towards the end of the year, the mining company ordered Oxo (and other companies in a similar position) to move their offices and premises from the blue to the white area. The blue area was to be reserved for the mining operations future expansion. They were also ordered to construct housing for their staff and vacate the mining company's houses. The private company from whom Oxo rented hostels for employees also expected Oxo to vacate them. Construction of the new dwellings and office block was to be financed internally as the legal technicalities pertaining to the lease area were that

[6] For security purposes, the mining town is divided into three areas. The white area consists of the township where entry is restricted to simple permit holders. The blue area is nearer to the actual mining and entry is restricted to blue and red area permit holders. The red area is where diamonds are actually mined and entry is restricted to red area permit holders only.

only the mining company could 'own' immovable property in the lease area. The effect of this was that the only form of external financing for such projects would be unsecured loans, which by virtue of the large amounts involved were difficult to obtain. A decision was thus taken to self- finance the projects and use own labour.

6.4.2.2.2 The first kick.

In early 1988, the new manager scrapped the clerk's post and instead established three new ones; safety officer, supervisor and storekeeper. In addition, there were three foremen and several charge-hands as opposed to one of each in 1987. The company started an agency in 1989 for the supply and service of vehicles. This necessitated the construction of a workshop and hiring of additional personnel. The workshop was also to be used for auto body works and vehicle spray painting. The vehicle agency however only supplied very few vehicles during its existence. In fact, no new vehicles were ever sold to outside customers. Only three such vehicles were sold, one to the manager himself, another to the chairman of the board and the third for use in the company. The agency instead reconditioned and sold second- hand vehicles. Most of the time however, the agency sent vehicle engines (from customers' vehicles) for reconditioning in the capital city some five hundred and fifty kilometres away.

Prices charged to customers for this exercise were often unprofitable; in fact in some cases they were less than the cost of re-conditioning. In general, the bulk of the workshop's time was spent on non-income generating activities like 'cosmetic repairs' to company vehicles and employee vehicles. In some cases, repairs were done for customers at low prices (in comparison to the local service station) or even for free.

Again in comparison to 1987, the company worked a lot of overtime. In 1987 for example, overtime work was restricted to jobs that were running behind schedule, emergencies and those jobs that could only be carried out during weekends when the mining plant was not operating at full capacity. After 1987 however, virtually all jobs were carried out during weekends as well regardless of the conditions guiding overtime work as used in 1987. Overtime was spent even on non-income generating jobs (such as cleaning the premises) and jobs that were on schedule or not urgent.

The Plumbing subsidiary was established in late 1989. It was headed by its own manager and operated from the same premises as Oxo. Some employees (mostly labourers) were transferred to the subsidiary. The two companies were run as separate entities with neither manager getting involved in the other's business unnecessarily. It had been agreed however that the two companies were to share resources with the subsidiary being charged for its share of the cost of resources. But control on the part of Oxo was loose and as a result the Plumbing subsidiary were often not charged for some services. For example, invoices issued to the subsidiary did not include charges for administrative and secretarial services[7] thought the subsidiary benefited from such services.

Overall, the new manager was a man with ambition and who had embarked on expanding the company's business base to include plumbing, auto body works and a vehicle agency. Coupled with the construction of the new office block (which had to be self-financed), this expansion and the lavish spending forced the company's cash flow to be of concern to the bank. In one incident, the bank threatened to dishonour cheques

[7] For example, the wages and safety reports and returns for the subsidiary were prepared by Oxo personnel.

unless the overdraft was reduced. Under this threat of being dishonoured was a wages cheque for less than P10,000[8]. On the particular payday, Raymond managed to get advance payment for some jobs still in progress. The funds were deposited at noon and the employees were paid an hour later. This episode did little to change Raymond's attitude towards spending as he continued to breach the overdraft limit. Occasionally the bank threatened similar action and the company had to produce copies of invoices issued to ensure that the bank did not carry out its threat. The chairman of the board of directors, (who visited on a monthly basis) had a meeting with the bank manager in one of his visits and was made aware of the bank's threats and developing financial crisis.

By April 1991, the company was in serious financial difficulties and struggled to pay its creditors. Head office who were the company's major creditors for material supplies and services[9] were among those heavily affected by the company's situation. As a result of the crisis, the board of directors gave Raymond an alternative. They felt that he was not managing the company as diligently as they expected. In particular they raised concern that his efforts were concentrated on the vehicle agency instead of on the company's main business of corrosion control. They also believed that he was personally responsible for the crisis that the company was now facing. They asked him to either re-focus his efforts or leave[10]. He chose to leave.

6.4.2.2.3. The second kick.

Not many changes were effected in the company's operations during the five-month period immediately following Raymond's departure and Peter's appointment as

[8] At the time, this was approximately equivalent to £2500.
[9] Head office purchased material and equipment abroad that Oxo could not get locally.

manager. Even the organization structure remained pretty much the same except that some of the responsibilities that were shouldered by the manager were shared by the chairman of the board of directors, administration manager and supervisor as described above. The vehicle agency continued to operate in the same manner.

6.4.2.2.4. The third kick.

The appointment of Tim as general manager in January 1992 resulted in the "freezing" of the administration manager's post. The administration manager's duties were still performed by the now general manager. The new organizational hierarchy consisted of the general manager, supervisor, foremen and employees. Phil, the plumbing subsidiary manager continued in an advisory role. The bookkeeper also resigned in April for greener pastures and was not replaced. Instead, her duties were divided between the general manager and the secretary. The inter company account was made very active with the Plumbing subsidiary being frequently charged for administrative services and support rendered.

In June 1992, the vehicle agency and the auto body works sections were discontinued. An assessment by Tim had indicated that substantial resource investment was needed to make the sections profitable. Employees in the two sections were re-deployed to corrosion control. Only the mechanic remained in the workshop, which was now used exclusively for servicing and repairing company vehicles and equipment. Twenty four-hour security was also established. Under this new security system, the gate security guard was to allow equipment to leave the premises only if accompanied by an

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[10] Raymond's own explanation.

authorized waybill. The waybills (collected by the security guard at the gate) were compared with the weekly equipment and materials movement summary and any discrepancies investigated. The guard was also empowered to search all vehicles leaving the premises and visitors' vehicles were not allowed to enter the premises. According to the then general manager, the security system was introduced mainly as a direct response to the pilferage problem, which was costing the company a lot of money. It was also intended to increase transparency, reinforce accountability as well as to provide (supplementary) information for costing purposes. A profit was reported for the year ended June 1992.

6.4.2.2.4 The fourth kick.

Other than the change of managerial personnel, only one major personnel change that affected the company's operations was observed. This was the departure of the mechanic. This effectively meant that the workshop seized to be formally operational. Company vehicles were repaired and serviced at the local service station. In terms of operations and structures, the company had almost reverted to its original position.

6.5. Critical Reflection and Commentary.

This section reflects on and comments on the key issues emerging from the data. The objective of the exercise is to provide a stepping-stone into theoretical interpretation of the data to follow in chapter 7. It also brings in supplementary information, which also will help in interpreting and understanding the case.

6.5.1. The original accountability practices and patterns.

An analysis of the events and changes that took place in Oxo Ltd's management personnel shows associated changes in structures and accounting and accountability systems, practices and patterns. The systems in place in 1987 largely involved information being passed from the subordinate to the superior and being used by the latter to inform and guide action. Two distinct relationships can be conceptualised; between the manager and the directors ('higher level relationship) and another one between the manager and the employees ('lower level relationship'). At lower levels, the foreman passed on information on time worked (in the form of timesheets) to management. Management in turn used this information to prepare wages as well as to keep a check on attendance. The time sheet system thus represented a particular type of accountability since it reported (to management) the whereabouts and related activities of the employees. It was one medium through which management enforced the accountability relationship between them and the employees. In addition to keeping the timesheet, the foreman's responsibilities included observing the employees' general conduct on site and ensuring that they carried out work to the required standard. The incident of the foreman being 'disciplined for poor workmanship (elaborated in 6.4.2.1.1 above) indicates that the foreman was accountable and not just responsible.

At higher levels, the manager's submission of a monthly cost summary report to the directors can also be conceptualised as another form of accountability. The report served among others, to make the manager's conduct 'visible' to the directors. It served as a medium through which the manager provided an account of his conduct in the company. Where the 'account' was deemed unsatisfactory or inconsistent with expectations further information or explanation was demanded. The type of accountability exhibited was hierarchical since how it affected an individual was dependent on the concerned individual's (formal) position in the organization (Sinclair, 1995).

Having identified the original accountability relationships as hierarchical, attention is now turned to the patterns or forms that were observable and also how they were affected by the changes observed in the general organization.

6.5.1.1. At lower levels.

A 'weak' form of administrative accountability existed between the manager and employees. The manager's concern with time worked or time in attendance clearly could be thought of as a form of monitoring the (labour) process through which the company produced. Management also often used the information as a basis for taking disciplinary action against absenteeism, which was considered a hindrance to production and income generation. Pay was strictly on a time worked basis and absenteeism resulted in low pay. Perhaps an appeal can be made to the insights of principal-agent theory given this set up where pay was totally dependent on time worked/in attendance. In a principal-agent theory framework setting, the time sheet could be thought of as a medium through which management inferred the efforts expended by the employees on the job. The manager as principal had delegated the performance of the job as well as entrusted resources (labour, time, equipment and materials) to the foreman. The foreman was charged with ensuring that the employees got paid for doing work. The time sheet was thus a statement of account through which the foreman reported on time worked.

An accountability relationship thus arose because of the entrusted resources (Laughlin, 1996). It was this transfer of resources that gave the manager "rights to specify action expectations and demand reasons for conduct undertaken by the agent" (Grey, 1983 as referenced by Laughlin, 1996, p.226). In the context of Oxo, the manager could be thought of as an 'economic' principal because the resources concerned were of an economic nature. The relationship was also contractual since it was subject to the employment agreement or contract and labour laws.

But further analyses indicate a violation of the 'rational economic person assumption', one of principal-agent theory's underlying assumptions. Under that assumption, the employees (agents) would be expected to prefer working more hours in order to maximize their wages. But evidence from the case (see for example, 6.4.2.1.1. above) is that there were incidents where employees declined to 'volunteer' to work overtime despite knowing that working would increase their wages. The necessity of disciplinary action against absenteeism also indicates that employees did not fully conform to the rational economic person assumption. Employees also often requested to be absent (from work) in order to attend social activities and events like weddings, funerals, worship, traditional rituals and ceremonies, etc. Where their requests could not be accommodated, some rebelled and did not report for work despite the inevitable consequences of lower wages and possible disciplinary action or punishment.

The evidence, to borrow Laughlin's (1996) expression, is that employees were in some cases, prepared to rebel against 'the economic principal to follow the demands of higher principals'. But such incidents of rebellion were mostly (if not always) against requests or orders made by the foreman or trainee manager but not against those made by the manager directly. These and other incidents indicate the possible influence of other informal and non-economic concerns in the accountability relationship between the manager and foreman.

Turning attention to the relations between the manager and both trainee manager and clerk, a different pattern emerges. To start with, there was no established formal way of enforcing accountability. Both drew fixed salaries and could and often did request to be absent from work to attend to personal matters and this was almost always granted. The manager also left them to get on with their tasks with minimum supervision and only got involved (mostly at their request) to assist when they encountered problems. Though their responsibilities included general site supervision, no incidents were observed which suggested that they were accountable for the sites.

The two were however responsible for the general administration and it was on administrative issues (e.g., meeting deadlines for submission of safety reports, tax remittances, timely payment of wages, etc) that they were held accountable. The manager's attitude towards the two was also different; he was not aggressive and was even less domineering (as he was with the foreman and other employees); the two could discuss issues and even disagree with him. Also worthy of note was that the two had relatively higher education levels (even higher than the manager's). The clerk in addition was a son to one of the manager's acquaintances, the latter who also held a managerial post in the mining company (Oxo's biggest client). It was rumoured by some employees that it was on the basis of the manager's 'knowledge' of his father that the clerk got his job, for the post had never been advertised and he had never made any application to the company. The trainee manager's employment on the other was in pursuance of a directive[11] from the department of labour.

6.5.1.2. At higher levels.

Prior to the changes, the manager submitted a monthly summary report to head office together with all relevant copies. The report and the copies effectively indicated the manager's conformance to procedures and expectations. The occasional demand for clarification and further explanations on items contained in the report indicates the report's role in accountability. In addition, the chairman paid monthly visits and often toured work sites during such visits. These were the main practices through which accountability was enforced at the top. Nothing other than economic concerns could be read into the relationship. The directors could thus be thought of as "economic principals" (Laughlin, 1996).

[11] The directive was that companies headed by expatriate managers should employ citizens as trainees or apprentices, to eventually take over from the expatriates. Expatriates' work permits were only renewed upon production of a satisfactory report on the status of and progress made by the trainee towards assuming full responsibilities.

6.5.2. The First Kick.

6.5.2.1. At lower levels.

The changes that occurred in the organization following the first kick did not rigorously affect accountability practices and patterns at lower levels; the practices and patterns continued as before. Also the evidence does not indicate strong influence of accountability concerns on the decision to change. The opening of new trading sections (e.g., vehicle agency) however resulted in the creation of more foremen's positions. Also the creation of the supervisor's and administration manager's positions altered practices in that the manager now had more senior staff accountable to him. This altered the pattern slightly in that the new positions helped reinforce the foremen and other employees' accountability, in that there were more people responsible for physically observing and monitoring employee conduct and behaviour. This was clearly and largely made necessary by the fact that employee numbers had increased.

The creation of the new supervisory posts could thus be interpreted as indicating the manager's dissatisfaction with existing accountability structures to manage the expanded operations. The 'dissatisfaction' with existing practices however appeared to be consistent with existing views and ideals regarding the control of the company. The expanded operations simply required associated expansions of scale in accountability practices. The practices and forms stayed relatively unchanged in nature.

6.5.2.2. At higher levels.

At higher levels, there was evidence of accountability being implicated in the changes that occurred. The discontinuation of the head office monthly report affected the way accountability was reinforced. The new practice was reinforced through the provision of accounting information at year-end. Other practices included the submission of copies of invoices issued. Again here, it would appear that only changes were made to the nature of practice, with the form and pattern staying relatively unchanged.

6.5.3. The second kick

6.5.3.1. At higher levels.

The patterns and practices of accountability were altered following the appointment of a formal management team instead of 'a manager'. The first major change was that three individuals instead of just one were directly accountable to the directors. There was also a marked increase in the use of ex-ante controls to reinforce accountability. None of the three managers had authority or signing powers over the bank accounts. Authorization for expenditure and payments had to be obtained from the chairman, the latter who also was the sole signatory of the bank accounts. According to the chairman, the arrangement was necessitated by the fact that the company was facing a financial crisis and also because the new managers were relatively inexperienced.

The arrangement can thus be understood as arising out of economic concerns; it was a strategy for managing the crisis as well as preventing possible economic losses due to inexperienced managers. The evidence and explanations highlight the influence of the agent's level of experience (and perhaps expertise?) and the organization's financial situation on the construction of accountability practices. On the basis of the chairman's (principal) perceptions about the experience of his managers (agents), ex-ante controls were deemed necessary to reinforce accountability. Also on the basis of the company's poor financial situation, the chairman deemed it necessary for him to be more involved in the financial management of the organization which he operationalised through reinforcing his managers' accountability.

6.5.3.2. At lower levels.

The changes in management structure (the appointment of the three-man management team) directly affected accountability practices and patterns at lower levels. The new structure made the foremen and employees accountable to three individuals instead of just one. Some employees resisted this new arrangement for two main reasons; firstly, they expressed concerns that they found the practice strange and unacceptable because they had never encountered or heard of it before. Secondly, the arrangement meant that they had to obey the demands of black men (the administration manager and supervisor) 'just like those of the white man (manager). In their views, it was 'normal' to be accountable to the white man and not to the black man (see 6.4). Their views highlight the influence of the agent's perceptions on accountability practices. Further, the influence of history and/or tradition or culture on accountability practices is also highlighted. On the basis of what they were used to in terms of being accountable to one individual, the employees resisted the practice of being accountable to more than one individual. The influence of general social beliefs and values is also highlighted in that the explanations given for preferring the white man are based on racial inequality perceptions in the wider society (see chapter 5.)

Also interesting is that the explanations given by employees against the new practices did not reflect any economic concerns, either at personal or organizational levels. The resistance by employees would thus appear to indicate that the new practices carried with them different ideals and views regarding accountability.

6.5.4. The third kick

6.5.4.1. At higher levels.

The accountability practices and patterns changed once more with the appointment of Tim as manager. More ex-ante controls were put in place. It is not clear why the increase of ex-ante controls was deemed necessary. The justification/explanation for increasing controls during the previous manager's (Peter) appointment had been that the manager was inexperienced and also that the company was facing financial difficulties. Though the company's financial situation had improved, it could perhaps still have been influential in the increase of ex-ante controls. But the issue of the manager's inexperience as an explanation did not appear to arise because the new manager (Tim) was more experienced than his predecessor and also had formal management training. But overall, the changes in practice here would appear to indicate reinforcement of existing ideals, though it may not be clear at this stage why such reinforcement was deemed necessary.

6.5.4.2. At lower levels.

Major changes were observed at lower levels following Tim's appointment. The resistance of his demands by some employees as outlined in 6.4 above continued. It was an open secret that some employees were not prepared to accept a black man as manager. Others also opined that Tim was not suitable as a manager because he was by profession/trade an "officer"[12] and not a painter. The belief here was that a painter rather than officer would make a good manager. Ironically, Peter Tim's predecessor was an auto-electrician by trade and not a painter. Also, Tim had on several occasions between 1987 and 1990 (when he was clerk and during his spells as a temporary employee while on University vacation) been directly involved in hands on painting and other jobs on site.

Tim himself was aware of his subordinates' feelings about his (un)suitability for management and further believed that it was because of such feelings that employees were wasteful and rebellious. To deal with this 'wasteful' behaviour, Tim started an accounting based costing and control system (see 6.4). This evidence highlights the influence of perceptions about who should or should not be manager on accountability practices and methods. On the basis of perceptions that Tim was not supposed to be manager, employees resisted his demands (at least he so believed). On the basis of his perceptions of the employees' resistance, Tim devised and implemented a system for enforcing accountability.

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[12] Directly translated from Tswana to English from an expression meaning somebody who has a desk job.

The system though it altered the daily routines of many, was not resisted by the employees. In fact by the time Tim left, it appeared that the employees had come to accept the idea of having a black man as manager. Incidents of rebellion were becoming less frequent; it was as if the employees had a total 'change of heart'. There was also more cooperation from both employees and foremen (according to Tim). It is not clear whether this apparent 'change of heart' was a result of the system or passage of time.

Overall, the changes in management personnel carried with them 'strange' accountability practices that the employees resisted. Because employees resisted the practices, the manager responded by implementing a system for enforcing compliance. The resulting system led to further changes in the daily routines of employees as well as to the establishment of a new position (gate security personnel). The information produced by the system also influenced decisions to shut down non-profitable trading sections (vehicle agency and auto workshop). This evidence once more highlights the influence of accountability on organizational change. Recall that the system, which resulted in changes in daily routines and organizational structure, was introduced to reinforce accountability.

6.5.5. The fourth kick.

6.5.5.1. At higher level.

The fourth kick resulted in accountability being reinforced through different methods. The company resorted to keeping its accounts at head office and submitting copies of invoices issued. The chairman also got more involved in the day to day running of the company and made more frequent visits. The new manager's (Peter) inexperience was a major factor in the changes.

6.5.5.2. At lower levels.

Tim's departure in January 1993 resulted in the collapse of the costing and control systems that he had implemented. The collapse was a direct result of lack of competence to maintain them on the part of those who remained. John explained that he did not understand how the system worked or how to process the data that it generated and as a result, was unable to continue with it. Even the security system, which formed part of the control system, was discontinued, only the traditional time sheet remained. The collapse of the system meant that accountability could only be reinforced through direct supervision and the time sheet. This indicated that the principal's perceptions and capabilities played a crucial role in determining the methods that were used to reinforce accountability.

Also interesting was the observation that it appeared that by the time Tim left, the employees had had 'a change of heart' about their views regarding black men's suitability for management. It appeared that John no longer needed the system to reinforce accountability though he mentioned having experienced a 'slight' increase in rebellious behaviour and pilferage when he first took over. Overall, at this stage it is also not clear whether the change of practice was a result of changed views and ideals because some of the problems (e.g. pilferage and transparency) that the systems targeted still had to be addressed.

6.6. Summary.

The case summary and commentary above have identified several key issues that warrant further analyses. The critical reflection highlighted emerging issues that need clarification through theoretical reflection. In particular, it emerged that non-economic factors in general and specifically racial inequality and culture were influential in the construction of some of the accountability practices observed. Embedded in this finding is the role played by and sources of both autonomy and trust in the construction of organizational accountability. Trust it would appear determined the level of autonomy that an agent was accorded and also the extent to which accountability was enforced by formal means such as management accounting practices. It further appears that trust itself, was influenced more by beliefs about racial status than by education/training and experience.

On the issue of the change process, it has emerged that the exact nature of the practices depended largely on the powerful individual participants' training orientation, beliefs and values. This is in addition to the existence of facilitating factors such as the organizations internal environment.

On a general note, it has also emerged that changes could be introduced at the operations and structures levels of a stable organization but if not accompanied by relevant changes in managerial focus and practices, then the organization might end up in a crises. Further analyses of these preliminary indications are carried out in chapter seven following the skeletal theoretical models outlined in chapter 4.

Finally, it must be noted and appreciated that the company continued to exist beyond 1994, the period in which the focus of the study ended and that events after that period have not been included.

CHAPTER SEVEN

Oxo Ltd.- Theoretical reflection.

7.1. Introduction.

This chapter reflects on the case material presented in chapter 6. It builds on the issues raised in chapter 6 and generates theoretically informed interpretations of the data following the skeletal models presented in chapter 4. The chapter consists of four main sections. The first presents the accountability practices observed in the case following Sinclair's (1995) taxonomy. The second explores the factors influencing the construction and change of the observed practices following the skeletal model presented in chapter 4. The third explores the process of change following Laughlin's (1991) models of organizational change. The fourth draws theoretical conclusions.

7.2. Accountability practices.

The case material presented in chapter 6 indicated that only managerial and personal accountability were observed at Oxo Ltd through out the period covered by the study. In addition, it was observed that accountability practices were attributable to individual managers; practices changed whenever a new manager was appointed. The changes in practices were the result of actions and decisions taken by either the managers themselves or the directors. Table 7.1. below presents a summary of the observed accountability practices following Sinclair's (1995) taxonomy and how the practices changed following the appointment of different managers.

Table 7.1. Accountability practices at Oxo Ltd. in relation to Sinclair's 5 forms.

	Professional Accountability	Managerial Accountability	Public Accountability	Personal Accountability	Political Accountability
Prior to changes					
(a) At Higher Levels	**Not observed**	**Observed**	**Not observed**	**Observed**	**Not observed**
Reasons why not observed	No evidence of breaches of professional requirements.	N/A	1. Company privately owned 2. No breaches of public expectations. 3. Company not required to publish accounts	N/A	1. Company privately owned. 2. Participants not political appointees.
Practice influenced by:	N/A	1. Profit motive. 2. Stewardship function.	N/A	1. Personal values 2. Participants' economic needs. 3. Social expectations	N/A
Practised through:	N/A	Monthly head office report & director's visit	N/A	1. Compliance with superior's demands. 2.Organizational participation	N/A
(b) At Lower Levels	**Not observed**	**Observed**	**Not observed**	**Observed**	**Not observed**
Reasons why not observed	Participants not professionals	N/A	No breaches of public expectations.	N/A	Participants not political appointees
Practice influenced by:	N/A	1. Stewardship function. 2. Institutional and cultural concerns.	N/A	Same as at higher levels	N/A
Practised through:	N/A	Verbal reports, inspection of works & timesheets.	N/A	Same as at higher levels	N/A

Table 7.1. continued					
	Professional Accountability	Managerial Accountability	Public Accountability	Personal Accountability	Political Accountability
The First Kick					
(a) At Higher Levels	**No Changes**	**Changes**	**No Changes**	**No Changes**	**No Changes**
Influenced by/ reasons for the changes observed	N/A	New manager had different ideas regarding methods of reporting	N/A	N/A	N/A
New practice(s)	N/A	Annual report replaced monthly report.	N/A	N/A	N/A
(b) At Lower Levels	**No Changes**	**Changes**	**No Changes**	**No Changes**	**No Changes**
Influenced by/ reasons for the changes observed	N/A	Increased no. of trading sections	N/A	N/A	N/A
New practice(s)	N/A	Increases in no.'s of time-sheets & supervisors	N/A	N/A	N/A
The Second Kick					
(a) At Higher Levels	**No Changes**	**Changes**	**No Changes**	**No Changes**	**No Changes**
Influenced by/ reasons for the changes observed	N/A	1.Financial crisis 2. Directors' perceptions of new manager's (in)experience	N/A	N/A	N/A
New practice(s)	N/A	New ex-ante controls Three managers accountable to directors	N/A	N/A	N/A
(b) At Lower Levels	**No Changes**	**Changes**	**No Changes**	**No Changes**	**No Changes**
Influenced by/ reasons for the changes observed	N/A	1. Increases in managerial positions 2. Perceptions of new Admin. manager.	N/A	N/A	N/A
New practice(s)	N/A	1. Employees accountable to 3 managers 2.Development of accounting system	N/A	N/A	N/A

Table 7.1. continued					
	Professional Accountability	Managerial Accountability	Public Accountability	Personal Accountability	Political Accountability
The Third Kick					
(a) At Higher Levels	**No Changes**	**Changes**	**Changes**	**No Changes**	**No Changes**
Influenced by/ reasons for	N/A	1. Directors'	Suspected		
the changes observed		perceptions of	breach of 'public'		
		new manager's	expectation by		
		(in)experience	employees and		
			department of		
		2. Decreases in	labour.		
		in managerial			
		posts.			
New practice(s)	N/A	1. Increased	Manager	N/A	N/A
		ex-ante controls	appeared before		
		by head office	the labour		
			officer to answer		
		2. Directors	concerns about		
		received reports	wage payments.		
		from 2 managers			
(b) At Lower Levels	**No Changes**	**Changes**	**No Changes**	**No Changes**	**No Changes**
Influenced by/ reasons for	N/A	1.Perceptions of	N/A	N/A	N/A
the changes observed		new manager			
		2. Decreases in			
		managerial posts			
New practice(s)	N/A	1. Management			
		accounting.			
		2. Employees			
		reporting to 2			
		managers			
The Fourth Kick					
(a) At Higher Levels	**No Changes**	**Changes**	**No Changes**	**No Changes**	**No Changes**
Influenced by/ reasons for	N/A	Appointment of	N/A	N/A	N/A
the changes observed		new manager.			
New practice(s)	N/A	Further ex-ante	N/A	N/A	N/A
		controls imposed			
		by head office			
(b) At Lower Levels	**No Changes**	**Changes**	**No Changes**	**No Changes**	**No Changes**
Influenced by/ reasons for	N/A	Departure of	N/A	N/A	N/A
the changes observed		previous manager			
New practice(s)	N/A	Collapse of			
		management			
		accounting			
		system.			
		Practices similar			
		to those observed			
		following the first			
		kick.			

7.2.1. Professional accountability.

Sinclair (1995) explained that:

> Professional accountability invokes the sense of duty that one has as a member of a professional or expert group, which in turn occupies a privileged and knowledgeable position in society. [p.229]

Following the above description of professional accountability indicates that participants at Oxo Ltd did not practice professional accountability. The conclusion is informed by two observations; (i) none of the organizational participants were members of any professional or expert group and (ii) no incidents or activities were observed that indicated that participants were serving the interests, expectations or requirements of a professional group. The majority of employees at Oxo especially lower level employees had not gone beyond primary schooling. At higher levels (managers) were also not members of any professional body or group.

However the arguments and activities of participants indicated concerns with the expectations and demands of their respective occupations. For the entire period covered by the study, employees at lower levels demonstrated fidelity to their respective occupations as painters, panel-beaters and mechanics. Others expressed opinions that they were better placed to manage the company than participants who were not 'painters by trade' because Oxo was a painting company (see 6.5.4.2). After the third kick when the auto body workshop was shut down, employees in those sectors expressed unhappiness at being transferred to the painting section on grounds that they were 'panel-beaters' and 'mechanics'[1] and not painters (see 6.4.1.4). This provided evidence that employees at lower levels practised accountability towards their respective trades.

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[1] None of these 'panel-beaters' and 'mechanics' had received any formal training in their respective fields. They had acquired the 'knowledge' through informal apprenticeships. There are formal centres and institutes in the country that train and award certificates for various trades.

As 'tradesmen', they invoked a sense of duty that they had as practising 'members' of the trade. The importance of this observation is that it identified and proposes 'trade accountability' as another form of accountability. Trade accountability will be defined in terms of members of a particular trade invoking a sense of duty towards the trade. Trade accountability as proposed herein has two sub-sets; (i) formal trade accountability will be practised by members who have undergone the necessary formal training and testing and (ii) informal trade accountability will be practised by 'members' who have not undergone formal training and testing in a training institution but nonetheless practice the trade. Participants at lower levels, practised informal trade accountability.

At higher levels however, managers were not directly involved in the 'trades' (i.e. painting, panel beating, etc). Instead they were involved in management and administration. None of the managers were members of any professional management or administration body (e.g., institute of personnel management), but they all demonstrated fidelity towards their occupations as managers albeit in different ways. The individuals employed as managers prior to the third kick (see 6.4.1) practised a type of management where production issues were emphasized above other concerns. As managers of a production oriented company, they demonstrated commitment towards ensuring that the company met its obligations to customers and clients even if that was not economically viable. The manager who was appointed after the third kick however demonstrated fidelity towards economic and accounting obligations of the company. Though not a licensed professional accountant[2], the manager demonstrated commitment to upholding accounting and economic values in his management of the company. In 6.4.1.3, it emerged that in accordance with economic and accounting values, he

[2] The manager had an accounting degree but had not been issued with a licensed by the Botswana Institute of Accountants to practice as a professional.

regarded the company as an independent economic entity whose assets had to be accounted for separately from those of the managers (his predecessors had held opposing values). The importance of this observation regarding managers' accountability is that it leads to the development of "practice" accountability as a more encompassing form than professional accountability. Practice accountability as developed and proposed herein will be defined in terms of adherence to the requirements of a practice for which a formal licensing or regulating body exists.

Practice accountability is also proposed as having the formal and informal sub-sets. Formal practice accountability will be defined in terms of a practitioner's adherence to the requirements of the practice, where the practitioner has formal recognition by or membership of the licensing or regulating body. Informal practice accountability will be defined in terms of adherence to the requirements of the practice where the practitioner does not have formal recognition by or membership of the licensing or regulating body.

Trade and practice accountability as proposed in this section further lead to the development and proposal of "occupational" accountability as a form that encompasses both. Occupational accountability as proposed herein will be defined as having two subsets; (i) formal occupational accountability will be defined in terms of adherence to the formal requirements of an occupation for which a practitioner is a member by virtue of having met the requirements set by a formal licensing or regulating body/institution. Following the definitions of professional accountability (Sinclair, 1995) and formal trade accountability as developed above, both comprise formal occupational accountability.

Informal occupational accountability will be defined in terms of adherence to the requirements of an occupation for which a practitioner may not have met the requirements set by a formal regulating body. Informal trade accountability and practice accountability as developed above, both comprise informal occupational accountability.

In summary, the observations at Oxo Ltd have led to the development and proposition of occupational accountability, which has two sub-sets; the formal and informal. Formal occupational accountability comprises formal trade accountability and formal practice accountability (professional accountability). Informal occupational accountability comprises informal trade accountability and informal practice accountability.

7.2.2. Managerial accountability.

Managerial accountability as explained by Sinclair (1995) arises:

> by virtue of a person's location within a hierarchy in which a superior calls to account a subordinate for the performance of delegated duties [p.227].

Following the above explication, managerial accountability was practised by all managers employed in the company during the period of study. There was evidence at higher levels that directors as superiors called managers (subordinates) to account for the performance of delegated duties. At lower levels, managers as superiors called employees (subordinates) to account for the performance of delegated duties. There was also evidence that employees also called on managers to account for the performance of the duties delegated to managers by directors. Though the managers practised managerial accountability differently, at higher levels underlying all practices was the stewardship function (Rees, 1991). The relationship between managers and the directors were all based on the fact that the directors as owners of the company were entitled to get accounts and explanations from the managers regarding the delegated duties. Managers as principal's also called on employees to account for their actions regarding the delegated duties. The processes and procedures involved in managerial accountability practices were observed to vary as different managers were appointed. The practices are outlined and explored in detail in the following sub-sections.

7.2.2.1. Prior to the first kick.

At higher levels, the manager submitted a monthly report to the directors (located at head office) from which the manager's performance of delegated duties could be inferred (see 6.4.1.1). Managerial accountability was also practised through the director's monthly visits and inspection of works.

At Lower levels, managerial accountability was practised through verbal reports and time sheets from supervisors to the manager.

7.2.2.2. After the first kick.

At higher levels, the first kick led to the discontinuation of the monthly report. The new manager explained that he felt an annual report was more appropriate than the monthly report. The discontinuation of the monthly report led to the group of companies' auditor making visits to the company to collect information for preparing the company's annual accounts. Previously the information had been contained in the monthly reports. It also led to the employment of a bookkeeper whose main duties were to keep ledger accounts from which the auditor could get the information required for compiling the annual accounts.

At lower levels, the new manager increased the number of supervisory positions. This increase led to each supervisor being responsible for his[3] section and keeping a time sheet for it. The effect of the development was that instead of receiving a report from one supervisor, the manger received reports from different supervisors.

7.2.2.3. After the second kick.

At higher levels, the second kick resulted in significant changes to the way managerial accountability was practised. The appointment of a three-man management team meant that the directors received (verbal) reports from three different individuals instead of just one. The directors also imposed ex-anted accountability procedures on expenditures (see 6.4.13). Under the new procedures, the managers had to inform head office in advance and seek authority for many expenses (excluding wages, fuel and sundry materials). Further, none of the three managers had signing powers over the company's bank accounts; only the directors (based at head office) had such powers. The new procedures were imposed because the new managers were inexperienced in management and also because the company was in a state of financial crisis.

Changes were also observed at lower levels. The appointment of the three-man management team also meant that employees were accountable to three rather than one

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[3] All supervisors were men.

individual. This was not a welcome development to the majority of employees who for cultural and institutional reasons preferred not to be accountable to the administration manager and supervisor. The administration manager also developed controls that were designed to improve responsibility and accountability for company resources by all participants. His controls were not supported by the manager and as a result, two contrasting practices of managerial accountability were observed at lower levels (see 6.4.1.3).

7.2.2.4. After the third kick.

At Higher levels, the third kick did not significantly alter managerial accountability practices. The departure of the former manager meant that only two individuals, the new manager (former administration manager) and supervisor were accountable to the directors. The directors also increased the ex-ante controls by withholding some of the authority that the previous manager had over purchases from local suppliers.

Significant changes were observed at lower levels. The appointment of the former administration manager as general manager effectively meant that the procedures and controls that he had been trying to implement became official. He developed an accounting system that effectively forced all employees (himself included) to account for company resources under their control and custody. This led to the modification of the time sheets to become site sheets, which accounted for all resources at site rather than just for the labour time.

A different type of managerial accountability was also embedded in the incident outlined in 6.4.1.4 in which employees took the manager to task regarding pay rises.

The employees' demand that the manager explained and justified his decision not to 'back-pay' them could be understood as a form of managerial accountability. It was managerial accountability in that the employees were calling on the manager to account for the duties delegated to him by the directors. In the employees' opinion, the manager had been delegated by the directors to pay them and they believed the manager had failed to perform his delegated task.

The difference between the managerial accountability embedded here and as defined by Sinclair (1995) is that the employees were not the manager's principal, but instead were his agents. The observation extends the definition of managerial accountability to include cases where it is not the superior (principal) who holds the subordinate (agent) to account for the performance of tasks delegated by the superior. Other interested parties can also call on the agent to account for the performance of duties delegated by somebody else.

The definition of managerial accountability can therefore be extended to include situations where ' relevant interested parties' hold an agent to account for the performance of duties delegated. The 'interested party' may or may not be the 'delegator'.

7.2.2.5. After the fourth kick.

The fourth kick also did not result in significant changes to the way managerial accountability was practised at higher levels except that only one manager was accountable to the directors and that more ex-ante controls were imposed.

Significant changes were once more observed at lower levels. The new accounting system and accountability controls and procedures developed by the previous manager were immediately abandoned. The then new manager explained that the reason was simply because he did not have the technical expertise to maintain the system. Also, employees became accountable to only one manager, as was the case at the beginning of the period covered by the study.

7.2.3. Public accountability.

Sinclair (1995) described public accountability as involving:

> answering, through various mechanisms from newspaper reports to hearings, public concerns about administrative activity [p.225].

She also explained that public accountability is informal but "direct accountability to the public.." (Sinclair, 1995, p.225). No activities that fit this description of public accountability were observed at Oxo Ltd. Perhaps the observation was to be expected since the company was wholly privately owned; hence the general public had no direct interest in it. The definition of public accountability also rests on administrative activity raising public concerns. But it is not clear what constitutes a 'public concern' except that Sinclair (1995) used the expression in the context of a government or public agency or organization. In that context, it was governmental or public ownership of the organization that appeared to give the public rights to be concerned about administrative activity. Following this reasoning, at Oxo Ltd public or governmental ownership of the company did not exist therefore public accountability could not be observed.

However, the incident outlined in 6.4.14 in which employees took the manager to task regarding pay rises could also be understood as indicating public accountability. The company, through its manager, was summoned by the labour officer (a public agency) to explain its administrative activity. The company in that context, could be understood as having answered public concerns about its activity through a 'hearing' with the labour officer. The employees' complaints in that context served to direct 'public' attention to the company's administrative activities. The significance of this observation is that it identified a different type of public accountability where public or governmental ownership of the company was not a necessary condition. A necessary condition was the perceived 'breach' (Garfinkel, 1967) of government directives. A public or government agency called on the company to account for a perceived breach of the government's directive. The observation contributes towards answering the question of what constitutes a 'public' concern. In the context of the event in question, a public concern could be defined as a perceived breach of a governmental directive.

7.2.4. Political accountability

Political accountability was not observed at both levels of the organization throughout the entire period of the study. This was perhaps to be expected because none of the participants were political appointees and also because the government had no direct political interest in the company.

7.2.5. Personal accountability.

Personal accountability was observed at both levels of the company throughout the period of study. Personal accountability arises from adherence to internalised personal values, which values can be moral, ethical or idiosyncratic (Sinclair, 1995). From this description, it follows that the act of being an organizational participant for whatever reason is on its own evidence of personal accountability. Participants for various reasons hold themselves for remaining in employment.

At Oxo Ltd, lower level employees demonstrated personal accountability in cases where they unwillingly complied with the managers' demands. For example in 6.4.1.1 it was reported that employees sometimes unwillingly worked during weekends and public holidays simply because failure to do so could result in them losing their jobs. Employees explained that losing jobs would result in their inability to support themselves and their families, an eventuality that was against their personal values and desires. Also after the second and third kicks (see 6.4.1.3 and 6.4.1.4 respectively) some employees unwillingly followed the demands of black managers whom according to their culture they believed were not eligible to get accounts from them. The reasons for contradicting culture were again rooted in the personal need to be employed. These acts provided evidence of personal accountability being practised by participants in the organization.

An interesting observation was that the personal values were laden with economic rationalization. Employees contradicted other concerns simply to fulfil their personal economic concerns. For example, they chose to work over holidays instead of pursuing other personal interests such as attending weddings, funerals, worships, leisure activities, etc as outlined in 6.4.1.1. Managers ironically chose not to work during holidays and weekends and instead attended to the interests that they were denying their employees. Employees also chose to contradict cultural values in their pursuit of personal economic values. The observation provides evidence that economic concerns largely superseded other concerns in the construction of participants' personal accountability at lower levels. At higher levels, similar incidents were not observed regarding managers' personal accountability being dominated by economic concerns. It can only be speculated the difference was because the managers were more powerful (economically) than the employees and could afford to pursue other interests whilst employees could not.

7.3. Accountability construction.

This section explores how participants constructed the practices discussed in 7.2. above. The skeletal model of accountability construction developed in 4.6. hypothesized that four factors namely (i) participants' perceptions and capabilities, (ii) the organizational situation, (iii) organizational objectives and (iv) culture and wider social practices were influential in the construction of accountability practices in organization. This section explores how the four factors were influential in the construction of the practices observed at Oxo Ltd. It also explores how the observed changes in practice were influenced by changes in the four factors hypothesized as influencing accountability construction. Table 7.2. below summarizes the key observation in relation to the four factors.

Table7.2. summary of key changes in accountability practices at Oxo Ltd.				
	Participants' Perceptions	Organizational Situation	Cultural Ideals	Organizational Objectives
KICK 1				
(a) At Higher Levels				
Changes	No need for H/O monthly report	None observed	None observed	None observed
Resulting practice(s)	Annual report instead of monthly report			
Accountability form(s) affected	Managerial	N/A	N/A	N/A
(b) At Lower Levels				
Changes	None observed	Increased no. of trading sections	None observed	None observed
Resulting practice(s)	N/A	More than 1foreman reporting to the manager	N/A	N/A
Accountability form(s) affected	N/A	Managerial	N/A	N/A
KICK 2				
(a) At Higher Levels				
Changes	New manager inexperienced	1. Financial crisis 2. Increased managerial positions	None observed	None observed
Resulting practice(s)	1. Increased ex-ante controls. 2. 3 managers reporting to H/O	1. Increased ex-ante controls. 2. 3 managers reporting to H/O	None observed	None observed
Accountability form(s) affected	Managerial	Managerial	N/A	N/A
(b) At Lower Levels Changes	Company is an independent economic entity	Increased managerial positions	None observed	None observed
Resulting practice(s)	New methods for controlling resources	Employees reporting to three managers	N/A	N/A
Accountability form(s) affected	Managerial, occupational	Managerial, personal	N/A	N/A

Table 7.2. Continued.

	Participants' Perceptions	Organizational Situation	Cultural Ideals	Organizational Objectives
kick 3.				
(a) At Higher Levels				
Changes	New manager inexperienced	Decreased managerial posts	None observed	None observed
Resulting practice(s)	More increases in ex-ante controls	Only 2 managers reporting to H/O	N/A	N/A
Accountability form(s) affected	Managerial	Managerial	N/A	N/A
(b) At Lower Levels Changes	1.Company is an independent entity furthered. 2. Company breached a govt. directive	Decreased trading sections & managerial posts	Economic ideals being emphasised	None observed but profitability more emphasised
Resulting practice(s)	1.Management accounting. Foremen accountable for sites. 2. Manager called to justify actions by employees & Labour officer.	Employees reporting to 2 managers	Foremen accountable for sites.	
Accountability form(s) affected	Managerial, Occupational personal & public	Managerial, personal Occupational	Managerial Occupational	Managerial

Table 7.2. Continued.				
	Participants' Perceptions	**Organizational Situation**	**Cultural Ideals**	**Organizational Objectives**
KICK 4.				
(a) At Higher Levels	1. Manager	Decreased	None observed	None observed
Changes	inexperienced	managerial posts		
Resulting practice(s)	Further ex-ante controls.	1 manager reporting to H/O	N/A	N/A
Accountability form(s) affected	Managerial	Managerial, personal	N/A	N/A
(b) At Lower Levels	New manager's	Decreased	Economic	Emphasis on
Changes	inability to utilize accounting.	managerial posts	ideals being relaxed	profitability being relaxed
Resulting practice(s)	Discontinuation of management accounting system & reversion to prior practices	Employees reporting to 1 manager	Foremen's accountability for sites relaxed	
Accountability form(s) affected	Managerial, occupational	Managerial, personal	Managerial, personal	Managerial, occupational

7.3.1. Managerial accountability.

The evidence summarized in table 7.2. above indicates that participants' construction of managerial accountability was influenced by all four factors. This conclusion is based on the observation that the changes observed in managerial accountability were affected by all four factors.

7.3.1.1. The first kick

Following the first kick, the changes in managerial accountability were influenced by changes in the manager's perceptions and the organizational situation. At higher levels, the new manager was of the perception that an annual report to head office would be a better practice than the then current monthly report.

At lower levels, changes in managerial accountability were a result of the changes in the organizational situation. The new manager had introduced new trading sections, which led to more supervisory posts being established. This provided evidence that prior constructions were possibly also influenced by the manager's perceptions and the organizational situation.

7.3.1.2. The second kick.

The changes in managerial accountability observed following the second kick were in addition to changes in participants' perceptions and the organizational situation influenced by changing cultural ideals. At higher levels, the directors' perceptions of the new general manager's capabilities (they regarded him as inexperienced) led to them appointing a three-man managerial team. The directors' perceptions and the manager's capabilities, also led to the development of ex-ante controls and requirements (see 6.4.1.2). The development of the ex-ante controls was also linked to the financial crisis that the company faced. This provided evidence that changes in managerial accountability practices observed at higher levels were influenced by the changed organizational situation (financial crisis) and participants' perceptions and capabilities.

At lower levels, the administration manager had different perceptions about the company from those of the general manager and other employees. The administration manager's perceptions were that the company was a separate entity whose assets and resources had to be accounted for separately by all participants including himself and the general manager. The general manager on the other hand was of the perception that as manager, he did not have to account for the company's assets separately as was believed by his deputy (administration manager). This clash of perceptions led to two contrasting accountability practices being observed in the company. The administration manager developed controls and procedures to enforce his views on accounting for the company's assets. The general manager on the other hand ignored the procedures and continued to draw 'a thin line' between his personal resources and those of the company as had his predecessors before him. This conflict was also observed at the cultural level of the interpretive schemes. It was clear that the administration manager wanted to change the culture of the company where managers were regarded as having absolute rights and control over the company's assets. The new culture he wanted to introduce was consistent with his perception of the company as an independent economic entity.

The appointment of the three-man management team also affected the way managerial accountability was practised in that employees became answerable to three instead of one manager. This changed organizational situation resulted in practices that were not consistent with the expectations of many lower level employees. Employees were particularly not happy with being answerable to the administration manager and supervisor because the two managers were black and younger than many. They explained that the administration manager and supervisor as black men were ineligible to demand accounts from them because that was the white man's prerogative. Their views were informed by the historical and cultural context in which the white man was seen as being eligible to demand accounts from the black man (see 5.4). They further explained that it was inconsistent with Tswana culture for a younger man to demand accounts from older men (see again 5.4.). The employees reasoning provided evidence that culture was influential in their constructions of managerial accountability. Their constructions were based on practices imported from national culture. These constructions were apparently not shared by the directors for it was the directors who appointed the young black men to managerial posts.

The employees also argued that it was 'unusual' to be accountable to more than one manager since it had never happened in the company before (see 6.4.1.2). This argument provided evidence that their construction of managerial accountability was influenced by institutionalised practices. The employees' institutionalised constructions were not shared by the directors for it was again the directors who appointed three instead of one manager.

An interesting point was that managerial accountability practices observed at lower levels following the third kick were not 'chosen' by all participants. Instead, there was evidence of clashes of values between managers and employees. Despite these clashes, the values of the directors and managers determined the practices observed. There were also clashes between the values of the administration manager and those of the general manager. In that clash, the accountability practices observed at the company reflected the two contrasting values. This indicated that neither manager had sufficient power to have his values determine practice. This observation was significant in that it identified power as crucial in accountability construction: it was the perceptions and values of the powerful that determined practice.

7.3.1.3. The third kick.

Changes in managerial accountability observed after the third kick were also related to changes in the participants' perceptions and capabilities, the organizational situation and cultural ideals. At higher levels, more ex-ante requirements were introduced as a result of the new manager's perceived inexperience (capability).

At lower levels, the changed organizational situation (the appointment of the former administration manager as general manager) led to a series of changes. Firstly, it eliminated the 'stand-off' in accountability practices reported in 7.3.12 above. The new manager was then able to impose his perceptions and ideals on the company. This observation is consistent with the argument that power was essential in accountability construction proposed in 7.3.1.2. above. In accordance with his perceptions and capabilities, the new general manager implemented a management accounting based control system to enforce his economic culture. The accountability practices at the company displayed the new economic culture. Also following the new culture, some trading sections were shut down, resulting in fewer supervisors being accountable to him. These changes clashed with the values and expectations of the majority, but nevertheless, they were practised because the manager had the power and authority to impose them. This provided further evidence that accountability practices at Oxo Ltd were dependent on the perceptions and capabilities of powerful participants.

7.3.1.4. The fourth kick.

Managerial accountability practices observed following the fourth kick provided the strongest evidence of the influence of participants' perceptions and capabilities in the construction of accountability. At higher levels, more ex-ante controls were introduced because of the directors' perceptions about the manager's capabilities.

At lower levels, the management accounting based control system was abandoned because the new manager did not have the capability to maintain it (see 6.4.1.5). Also as result of the departure of the previous manager, the economic culture that he had developed was also abandoned for the same reasons. The company's practices reverted to what they were prior to the second and third kicks.

Observations following the fourth kick provided the strongest evidence that managerial accountability practices at Oxo ltd were greatly influenced by the manager's perceptions and capabilities. At higher levels, the directors' perceptions about the manager's capabilities influenced the accountability requirements and practices that they demanded. At lower levels, it was the manager's perceptions and capabilities that influenced the practices. His perceptions determined how he interpreted the organizational situation and objectives, which further influenced the nature of the systems that he devised. The systems and procedures that he devised depended heavily on his capabilities.

7.3.2. Professional accountability.

As already argued in 7.2.1 above, professional accountability was not observed at all levels of the company. Instead a new and more encompassing form of accountability namely occupational accountability was proposed. At higher levels, it was argued that managers practised informal practice accountability whereas at lower levels it was argued that employees practised informal trade accountability.

At higher levels, prior to the second kick, managers demonstrated fidelity towards the requirements of their jobs as managers of a corrosion control company. Their concerns with production issues ahead of economics (see 6.4.1.1) provided evidence of practice accountability. Changes in practice accountability practices were first observed after the second kick. It became evident that the administration manager was concerned with introducing and maintaining accountancy based controls and procedures. As an individual trained in accountancy, he demonstrated fidelity to accounting concepts and conventions. The reason for this change of practice was simply that a participant with different capabilities had occupied a managerial position in the company.

The new practice (accountancy based practice accountability) was observed until the fourth kick when the 'accountant' left the organization. His departure from the organization resulted in reversion to the original practices. These observations provided further evidence that occupational accountability at higher levels depended on the managers' capabilities. Changes observed in occupational accountability were a result of changes in managerial capabilities. The observations also provided further evidence that occupational accountability as proposed, is a more encompassing form than professional accountability.

At lower levels, it was argued in 7.2.1. above that participants practised informal trade accountability. As 'painters', 'panel-beaters' and 'mechanics', participants' concerns with the requirements of their respective trades indicated trade accountability. No significant changes were observed in trade accountability throughout the entire period of study. However, following the third kick when the trading workshops were closed, employees who were affected by the closure expressed unhappiness at having to work as painters instead of panel-beaters and mechanics (see 6.4.1.3). The observations at lower levels provided evidence that participants' constructions of trade accountability were influenced by the trades that they practised in an organizational context. The organizational situation was hence influential in trade accountability constructions.

7.3.3. Personal accountability.

Though no changes were observed in personal accountability, observations from the case provided insights into how participants, especially at lower levels, constructed their personal accountability practices. The construction of personal accountability practices at both levels in Oxo Ltd was shown to be influenced by cultural ideals and values. These cultural ideals and values influenced the values that participants upheld. In 7.2.5 above, it was argued that by participating in economic employment, all participants practised personal accountability. Participants were in employment because of the economic benefits they derived. The concern with economic benefits, it was argued in 7.2.5 above, superseded other concerns in participants' constructions of personal accountability. The reason why economics superseded other concerns was cultural.

At lower levels, employees explained that they needed to be employed in order to meet their obligations as family men (see for example, 6.4.1.1). The obligation is deeply rooted in the cultural expectation that society has on men as family heads. In Tswana tradition and culture, men as heads of families are expected to provide for their families (see 5.4). It therefore came as no surprise that expressions like "I have a family to support" (see 6.4.1.1) were used to explain why employees often chose not to rebel against managers' demands that were inconsistent with employees' desires. In the pursuit of fulfilling their culturally determined obligations, employees chose economics ahead of interests such as leisure, worship and other social events. This provided evidence that personal accountability constructions were influenced by culture.

Employees' objections to having young black men as managers also provided evidence of personal accountability. According to Tswana culture, an older man is entitled to demand and get accounts from a younger man, not the other way round (see also 5.4). Historically also, it was common for a white man and not black man to demand and get accounts from black men. The employees' objections to having young black manager thus provided evidence that they were adhering to personal values based on culture. This provided further evidence that culture was influential in their constructions of personal accountability. The observation also provided evidence that meeting the obligation of providing for the family superseded other cultural values because despite all objections, none of the participants quit their jobs. They were prepared to be 'secularized' (Laughlin, 1996) in order to meet the familial obligation.

7.3.4. Public accountability.

In 7.2.3. above, it was argued that public accountability was observed after the third kick when the company was summoned for a hearing by the labour officer regarding the wages dispute as outlined in 6.4.1.3. The dispute arose because employees believed the company (represented by its manager) had breached the government's directive on wages. The clash between the manager and the employees thus arose because of the differences in understandings regarding the government's directive. The manager's explanation of the company's decision to the labour officer was a practice of public accountability. The construction of this practice of public accountability was influenced by the prevailing structures and practices in the social environment in which the company operated. There existed structures and procedures outside the company that employees could turn to if they perceived the company to have violated their rights. The existence of these structures and procedures and their facilitation of public accountability provided evidence that social structures influenced accountability practices in the organization.

The observation and conceptualisation of public accountability in this context indicated that internal disputes between managers and employees in organizations could lead to public accountability. This indicated that public concerns could arise from complaints lodged with public or governmental agencies. This is a significant discovery in that the literature (e.g. Sinclair, 1995 and Stewart, 1984) is not precise about what constitutes a 'public concern'. The case thus provided empirical example of a public concern and how it arose and led to public accountability.

7.3.5. Political accountability.

As explained in 7.2.5 above, political accountability was not observed at Oxo Ltd, therefore no lessons can be drawn about how it was constructed at the company.

7.4. Understanding the change processes.

Having analysed the construction of accountability practices above, this section pays attention to developing a model of the change process. Following insights from Laughlin's (1991) organizational change models and the skeletal model of accountability construction developed in chapter 4, the section traces how the practices identified above were changed over time. Specifically, the section explores the extent to which the observed changes in practices could be understood as representing changes in the underlying cultural ideals and values. As outlined in 4.6, changes in values and ideals held at the interpretive schemes level of the organization would indicate second order changes of either colonization or evolution (Laughlin, 1991). Analyses in 7.3. above identified the changes in accountability practices that occurred during the different time periods. This section draws on and synthesizes the discussions in 7.3. and develops a model of the change process for the entire period covered by the study.

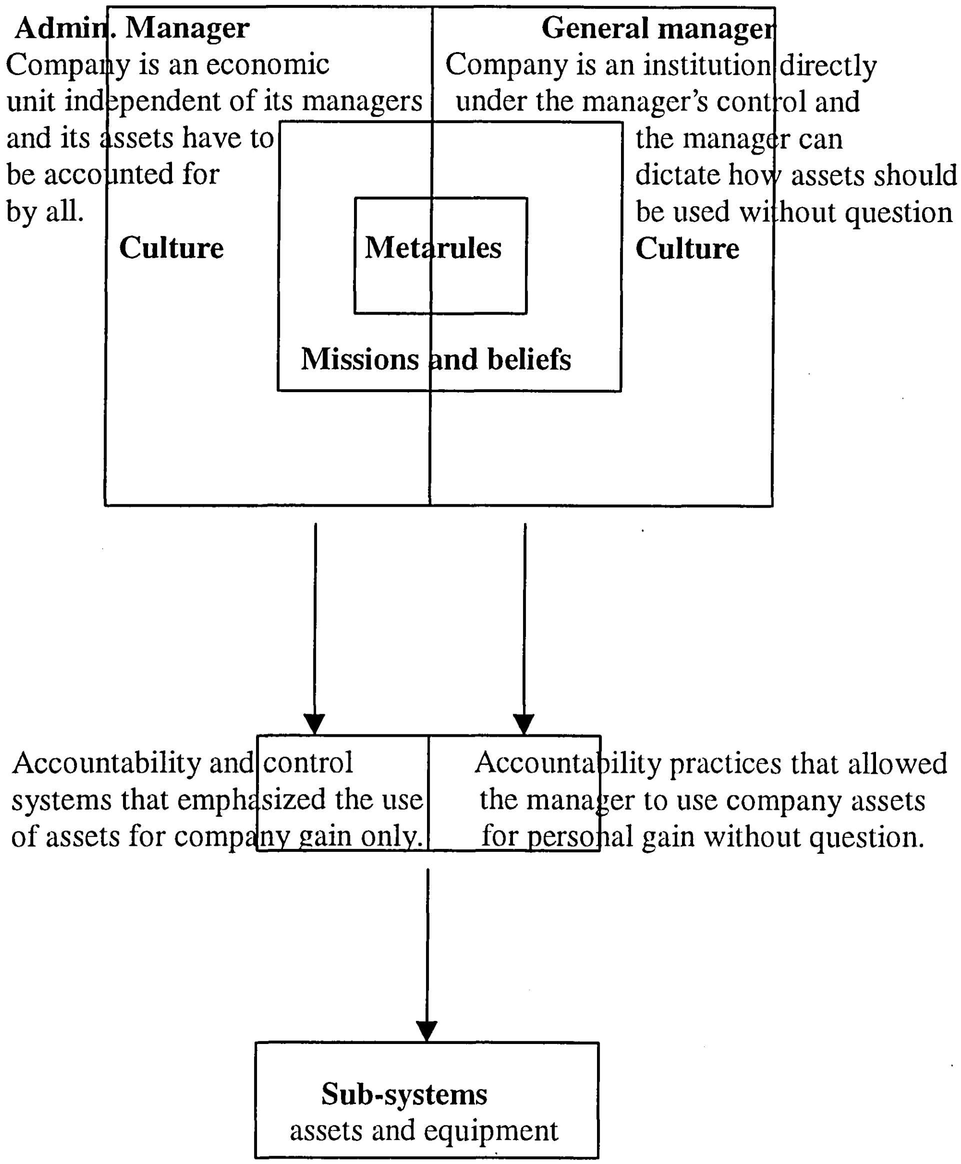
7.4.1. The first kick.

The data indicated that changes in accountability practices following the first kick did not affect the interpretive schemes of the organization. No changes in cultural values and ideals were observed. Instead only the design archetypes and sub-systems were affected (refer to table 7.2 also). Changes were observed in the organizational structures (e.g., increased number of supervisors and trading sections) and practices (e.g., annual report replacing monthly report). Following Laughlin's (1991) models, this indicated a first order type change since the interpretive schemes were not changed. Further because changes affected both the design archetypes and sub-systems, observations indicated that a reorientation type change had occurred.

7.4.2. The second kick.

Observations of events following the second kick indicated that a second order type change was in progress. This was because as argued in 7.3.1.2 above, there were intentions and attempts by the administration manager to introduce changes at the cultural level of the interpretive schemes. Following Laughlin's (1991) models, changes in the interpretive schemes indicate second order type organizational change of either colonization or evolution. The difference between the two is that evolution type changes are chosen by all participants while colonization changes are not. The observations indicated that the changes that the administration manager was introducing were not chosen by all participants since the general manager and majority of employees opposed the changes. This indicated that the company was undergoing a possible colonization type change in its accountability practices. Further analyses indicated that the administration manager was not successful in his colonization attempts since the company ended up reflecting his interpretive schemes along with those of the general manager. These competing and conflicting interpretive schemes further led to competing accountability practices being observed at the design archetypes level of the organization. This provided evidence that there was 'fragmentation' (Broadbent, 1992) at the cultural level of the interpretive schemes as well as at the design archetypes level of the organization. Figure 7.1. below depicts this fragmentation.

Figure 7.1. **Fragmentation at interpretive schemes and design archetype levels**



In terms of the change track, the organization was clearly in a schizoid position (Greenwood and Hinings, 1988, Laughlin, 1991). The schizoid is described as a position or state in which "structures and processes reflect tension between contradictory sets of ideas and values" (Greenwood and Hinings, 1988, p.304). There were clear intentions by the administration manager to introduce changes to the company's interpretive schemes and design archetypes whilst the general manager and others were content with the status quo. The company thus was characterized by contrasting sets of values and ideas. Because there were clear intentions to impose change on the majority, it can be argued that the schizoid position was a transitional stage towards colonization or evolution depending on the final outcome. If the final outcome was eventual acceptance of the changes by all participants, then evolution would be achieved. But if the final outcome was 'surrender' then colonization would be achieved. But the opposition would appear to indicate that there was an attempt at colonization since the majority of the participants were unhappy with the changes.

Unlike in Richardson *et al*, (1996) where the manager 'followed' the changes that the accountant introduced (at least for some time), the general manager at Oxo, opposed the changes that the administration manager was attempting to and intent on introducing. The manager and many of the employees constituted the "absorbers" whilst the administration manager was the "colonizer". Neither "absorbers" nor "colonizer" had sufficient power to have their ideas, values and ways dominate, hence the organization remained in a schizoid position. By the time, the general manager left, it was clear that the company was still in a schizoid position.

7.4.3. The third kick.

The third kick resulted in the company moving from the schizoid position. This move was made possible by the removal of Peter (the general manager), who had played the effective role of 'absorber of the changes' (Broadbent, 1992). Without his support and Tim's (the newly appointed general manager and former administration manager) increased powers, other employees' values and beliefs were subdued by those of Tim. The company thus appeared to have been colonized in that the observable practices were guided by and reflected the new interpretive schemes. By the time Tim left (after one year) there were no more incidents of struggles between alternative interpretive schemes. Following Laughlin's (1991) argument that balance could still be achieved even if the interpretive schemes were not held by all participants, it could be argued that the company had at that stage undergone colonization. Evidence from the case indicated that alternative interpretive schemes existed but were subdued by those of Tim. The changes he had introduced at the design archetypes had colonized the values and ideals held by other participants. In other words, the changed practices forced other participants (through acting out the practices) to act and behave in accordance with the values and ideals underlying the new practices.

7.4.4. The fourth kick.

The colonization process was however reversed following the fourth kick. The changes to accountability practices that Tim had introduced were abandoned almost as soon as he left. Instead the company reverted to its original practices. A notable observation was that this reversion did not affect the idea that a black man could not manage: the new manager (John) was a young black man too (Tim and John were the same age). The employees did not actively oppose John's appointment as much as they did with

Tim's. It was not clear why this was the case but John himself speculated that perhaps the employees had 'learned' and accepted during Tim's time that a young black man could manage too. Others speculated that employees felt that John was not as "radical, unorthodox and complicated"[4] as Tim and therefore his appointment was such a relief that it overshadowed other concerns. What was clear was that the issue of a young black man's ineligibility to be a manager did not surface which would appear to indicate colonization had occurred or that it was simply subdued by the situation.

It was also observed that the reversion was not related to John's opposition to Tim's interpretive schemes. It was instead related to the inability to maintain the practices. This observation raised an issue regarding reversion. Laughlin (1991) theorized that reversion was only possible if the change process was not complete. Following this theorization, the reversion would appear to indicate that the colonization process was not complete by the time Tim left. But the reversion was facilitated by the fact that the new interpretive schemes were supported and enforced by practices that required specialist expertise and capabilities, which the remaining participants lacked. The failure by the company to at least attempt to employ an individual who had the required skills to maintain the systems indicated that the company had not been fully colonized. Had it been fully colonized, expectations are that participants would not have been 'quick' to revert to the previous interpretive schemes when Tim left.

The pattern observed at Oxo could perhaps be appropriately described as "semi-colonization". The description "semi-colonization" was considered appropriate because the company did not display 'full' colonization, nor could its position be adequately

[4] Translated from expression implying extreme, fundamentalist and complex views and ideologies. Similar expressions are commonly used in the media to describe the views held by rebels and terrorists.

described as a schizoid. The position could not be described as schizoid because the company reflected the dominant values of the manager rather than reflecting competing sets of interpretive schemes. The other set was overshadowed and it was only after the departure of the manager that these re-surfaced. Reversion was not a result of balance or coherence being lost because of the changes, but rather because the 'colonizer' had left the company. Semi-colonization is perhaps unique to Oxo because the nature of the company was that it was easily dominated by one powerful decision-maker. This powerful decision-maker could impose his views on the company successfully as long as the company did not get into a crisis.

Semi-colonization as observed at Oxo provides evidence that as long as the cultural values underlying accountability practices remained unchanged, no permanent changes in practice could occur. Despite all the efforts of the different managers, the values and ideals underlying original practices remained unchanged. For changes to become permanent, it was crucial that the underlying cultural values be changed as well. This raised questions as to whether colonization changes can ever be permanent because as long as participants unwillingly accepted the changes, it remained likely that when the colonizer left, they (the colonized) could revert to their preferred values. Only a crisis or expected crisis could prevent reversion occurring following the departure of the colonizer. In Richardson *et al* (1996) also, reversion was observed following the bank's 'relaxation' of its requirements and the departure of the accountant. This would appear to indicate that only evolution type changes can be permanent because in evolution, there is no 'oppressor'; the changes are chosen by all participants. Neither this case nor Richardson *et al* (1996) have however provided sufficient empirical evidence to support this view that colonization change can never be permanent. This could be a topic for future research.

7.5. Conclusions: Lessons from the case.

7.5.1. Occupational accountability.

The case has developed and proposed 'occupational' accountability as a new and more encompassing form than professional accountability.

7.5.2. Personal accountability.

Economic rationalization was embedded in participants' constructions of personal accountability. Economic values and concerns formed (possibly a major) part of the personal values that participants demonstrated fidelity towards.

7.5.3. The role of management accounting.

Management accounting emerged as having a role in enforcing managerial accountability. At lower levels, this was evidenced by the involvement of the management accounting system in accountability following the third kick. The development and deployment of the system was in addition to the manager's financial/economic concerns influenced by cultural factors as well. The manager relied on the system to 'combat' resistance to his demands which resistance was based on cultural factors (the fact that he was young and black). Management accounting practices therefore played a role in transforming a managerial accountability relationship based on informal cultural concerns to one based on formal organizational economic concerns. It enabled a culturally 'improper' managerial accountability relationship to be transformed to an organizationally 'proper' accountability relationship.

Prior to the third kick, managerial accountability practices at Oxo Ltd were consistent with accountability relationships embraced by Tswana culture. However, the third kick resulted in managerial accountability practices that were inconsistent with accountability relationships embraced by culture (i.e., the appointment of a young black man as general manager). Because of the inconsistency, employees resisted the demands of the manager. The manager in turn developed a management accounting system, which he relied upon to enforce managerial accountability. A key lesson of this observation is that management accounting practices and procedures were used firstly to 'deconstruct' a particular accountability relationship and then secondly to construct a new relationship. The practices deconstructed the relationship embraced by cultural reasoning and replaced it with one embraced by economic rationalization. The new managerial accountability practices (fostered and enforced through management accounting) were based on an accountability relationship consistent with economic rationalization; the new manager was qualified to lead the company towards achieving its economic objectives. This research has thus identified management accounting's deconstruction and construction of accountability relationships as contribution to knowledge.

The collapse of the management accounting system following the departure of the manager, who implemented it, was however not accompanied by reversion to the original accountability relationship embraced by Tswana culture. The new manager, like his predecessor was young and black. However, the employees did not resist his demands as they had his predecessor's, so the collapse of the management accounting system did not lead to increases in incidents of rebellion. In 7.4.4 above, it was speculated that it had become no longer necessary to enforce accountability because employees had changed their views regarding accountability relationships in the organization. Specifically, they had learnt during the previous manager's reign that accountability relationships based on economic rationalization were 'appropriate' in the company. The speculation adds further weight to the argument that management accounting played a role in the deconstruction of an existing accountability relationship and in the construction of a new relationship and practice.

The speculation was also consistent with Hopwood's (1989) argument that accounting not only plays a role in reflecting organizational circumstances but also in changing them. In addition, the speculation raised the possibility that accounting played a role in changing participants' beliefs and values. The values and beliefs (regarding accountability relationships) held by employees were not restricted to the organization since employees were social participants also. Changes to their beliefs and values inevitably would transcend social life in as much as their social values and beliefs transcended organizational life. Following this theorization, it is argued that by playing a role in changing employees' beliefs and values regarding accountability relationships, management accounting had also played a role in contributing towards changing social values and beliefs. This theorization is consistent with that of Hopwood (1989) who argued that:

> [*Accounting*] can play a powerful role in organizational and social affairs. It can influence perceptions, change language and infuse dialogue, thereby permeating the ways in which priorities, concerns and worries, and new possibilities for action are expressed. [p.9, italics inserted]

The case also documented "the rise and fall" of a management accounting system. Management accounting is largely theorized as a central feature of management control. This case however provided empirical evidence that management accounting at Oxo Ltd was not a central feature of management control. The company had existed prior to the development of the system and continued to exist after the system was abandoned. Instead management accounting only became crucial during periods of crises. Following the second and third kicks, management accounting practices were increasingly relied upon to control the financial crises and employee rebellion. But after the fourth kick, the company's financial crisis and incidents of employee rebellion had been controlled; hence the collapse of the system did not result in any serious difficulties.

Finally, the reasons underlying the collapse of the system identified a crucial factor that has largely been ignored in accounting literature. The system collapsed because the new manager lacked the capability and perhaps appreciation of management accounting concepts. The issue of understanding and appreciation is one not addressed as the literature implicitly assumes that managers appreciate the concepts. This is another lesson from the case.

7.5.4. Rebellion, resistance and accountability construction.

The case has identified employee resistance to or rebellion against the manager's demands as having been influential in the development of the management accounting system at Oxo Ltd. In 7.3.1.2 and 7.3.1.3, it was argued that one of the intended functions of the system was to reinforce accountability. The need to rely on measures to reinforce accountability arose because employees resisted the new manager's demands. Underlying the employees' resistance was the argument that the accountability relationship being developed in the company was inconsistent with the relationship embraced by their culture (see also 7.5.1 above). The resistance was a result of a 'clash' between cultural and economic reasoning; culturally, the manager was not entitled to demand and get accounts from employees whereas economically, he was entitled. As a result of this 'clash' a new system was developed to reinforce accountability. This observation of a system being developed to reinforce accountability was consistent with Laughlin's (1996) work on trust and the potential for value conflict. Laughlin (1996) argued that where principals had low trust on agents, then they would devise controls and systems to enforce accountability. In addition, this case has provided evidence that the principal's trust on agents was influenced by the agents' perceptions about the principal. Employees at Oxo ltd were of the perceptions that the young black manager was not eligible to demand and get accounts from them. The manager's knowledge of his perceived ineligibility, influenced his ultimate decision to implement a system to enforce accountability.

Evidence from the case also indicated that employee rebellion against the manager was itself a practice of accountability. It was a practice of accountability in which employees held the manager accountable for the performance of duties delegated to him by the directors or other external stakeholders. An example of this type of accountability practice was outlined in 6.4.1.4 where employees had a dispute with the manager regarding wage increases. By demanding explanations from the manager, employees held him accountable for the payment of their wages as delegated to him by the directors and directed by the government. The significance of this finding is that it provided evidence that it was not always the 'delegators' or principals who demanded accounts from the 'delegatee' or agent; accounts were also demanded by other parties who had interest in and were affected by the delegated tasks. Accountability literature largely reports cases where accounts are demanded by the 'delegators'.

7.5.5. Power and accountability construction.

The case has identified the dominant organizational participant as having a crucial and dominant role in constructing, maintaining and changing accountability practices in the organization. The different managers brought with them different practices to the company and employees were powerless to stop the practices that they did not like. This provided evidence that accountability practices were overly determined by the managers.

7.5.6. Balance and fragmentation

Laughlin (1991) explained that it was not necessary for organizational members to have similar interpretive schemes and that the organization could survive with some tension in the interpretive schemes. Broadbent (1992) raised the question of how much tension the organization could take before collapsing as a result. Evidence from the case provides a possible answer to the question. Following the third kick, fragmentation was detected at the design archetypes of the organization (see figure 7.1 above). It was this fragmentation that eventually led to the dismissal of the general manager, an act that effectively ended the fragmentation. The fragmentation had occurred because the values held by the two most powerful participants were extremely contradictory. This would appear to indicate that fragmentation at the design archetype level was an indicator of a fracture occurring in the organization; the organization was headed for a collapse. Though no concrete claims can be made that the organization was indeed collapsing, the evidence indicated that fragmentation at the design archetype level was a possible step towards organizational collapse.

7.5.7. Organizational change.

The case has also led to the development of semi-colonization second order type change model (see 7.4.4). The model was developed following the reversal of the colonization type changes observed at Oxo Lad's accountability practices. A key proposition emerging from this finding was that colonization type changes in organizations are more likely to be reversed if the colonizer leaves the organization before all other participants have internalised the changes and when the threat of the kick has been successfully controlled. Linked to this proposition was that colonization of values required a long time to be complete, hence the success of colonization type organizational change depends on whether or not complete colonization of values is achieved. The existence of subdued values would indicate that complete colonization of values has not been achieved. Where complete colonization of values has not been achieved, then the organization will only be semi-colonized.

7.5.8. Culture, economics and accountability practices.

The case has also opened a debate regarding culture, economics and accountability practices. It was argued in 7.3.3 that economic and cultural concerns were both influential in the construction of accountability practices observed at Oxo Ltd. Following the third kick, cultural and economic rationalizations clashed regarding 'appropriate' accountability practices. The clash provided evidence that though the company was a product of economic rationalization (Meyer, et al, 1994), not all organizational practices were based on economic reasoning. Some practices were 'imported' from the culture of the society in which the organization operated and was part of (Niemark and Tinker, 1986). Cultural values were themselves laden with economic rationalization; the participants came from a society that embraced economic participation as a way of life. It was argued in 7.3.3 that being employed enabled societal members to meet their culturally determined familial obligations of providing for their families. This provided evidence that personal economics was part of participants' culture (mental software). The importance of this finding is that it leads to the development of the proposition that accountability practices at Oxo were culturally determined. Virtually all practices at Oxo Ltd were products of the perceptions and capabilities of social participants. The perceptions and capabilities of participants were shaped by the social environment[5] in which they gathered their experiences (Hofstede, 1991). Social participants' perceptions about the need to advance economic wealth led to the establishment of the company and subsequent organizational participation. The practices observed in the company depended on the capabilities of participants and their perceptions of the organizational situation and environment. In as far as accountability practices were concerned, participants imported to the organization, relationships and expectations already existing in societal settings. The relationships and expectations existing in society were themselves products of the culture of the particular society in which the organization operated. These relationships and expectations were to underlie practices in the organization. Where practices in the organization were inconsistent with relationships and expectations existing in society, agents' (employees') rebellions against the demands of the principal (manager) were observed. This provided evidence that accountability practices were culturally determined.

[5] Includes formal and informal institutions, structures, practices, beliefs and values, etc

7.6. Summary.

This chapter has identified the key lessons of the case study. These will be reflected further upon in chapter 10 together with those from the second case (chapters 8 and 9) to draw conclusions from the research

CHAPTER EIGHT

Case History 2: DC Ltd.

8.1. Introduction

This chapter presents the second case study of this research. The chapter starts with a brief description of the data collection process, followed by a description of the company, its history, nature of business and the environment in which it operated. The chapter continues by outlining the key accountability practices and changes that occurred or were occurring in the company up to March 2000. The practices and changes will be traced through the three levels of the organization as articulated in Laughlin's (1991) conceptualisation of organizations. Particular attention is paid to changes in the interpretive schemes, management accounting practices, accountability patterns and operations. This will be followed by a reflective commentary on the key issues identified. The chapter ends with a summary.

8.2.0. Access to the company and data collection.

8.2.1. Background.

My first contact with DC Ltd. was in January 1999 when I was negotiating access. I held discussions with one manager[1] and explained my proposal. An appointment was then made for me to meet the administration manager at a later date. After outlining my proposal, the administration manager negotiated and obtained permission (by telephone) on my behalf from the general manager. I then continued to have my first interview with the administration manager, the focus of which was mainly background information about the company and an overview of the changes that were proposed and being introduced in the company. I also on the same day had discussions with the manager who had introduced me to the administration manager focusing on basically the same issues. During the period between January and October 1999, I collected information about the company mainly from the media, informal conversations with staff (who were also acquaintances) and the company's own website on the Internet. From this information I produced a very rough and sketchy account of the organization. I compared this early account with that of Oxo (reported in chapter 6) in as far as focus were concerned and this helped me plan and focus further data gathering.

8.2.2. The actual process.

I returned to the company in November 1999 and started with interviews and discussions with the administration manager, finance manager, accountant, human resource manager and several other individuals[2]. Other than management personnel, interviewees were selected using 'snowballing' techniques and simple random selection. Overall, a total of twenty-three[3] interviews were conducted during this period. None of these interviews were tape recorded at the request of the participants. Only one simple questionnaire (reproduced in Appendix 2) was administered, but the information sought was on factual information such as number of employees and management structure.

The emphasis of the interviews was on participants' experiences, perceptions and understanding rather than on official organizational characteristics. Also at the same

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[1] Designation and identity withheld to preserve the anonymity of the company
[2] Designations withheld at interviewee's requests. In fact many declined to disclose their identities to the researcher.
[3] This excludes follow up interviews.

time, the company was a subject of media attention, whose reports also helped supplement the data. My lack of rich prior knowledge about the company (as was the case with Oxo Ltd.) made data collection a slow and sometimes painful endeavour. I often had to rely on subsequent interviews with the same participant to understand and corroborate my first impressions. But because of logistic constraints and time pressures on both the participants, and myself follow up interviews were not always possible. In such cases, I had to test my first impressions in interviews and discussions with other participants. The difficulty with this strategy was that some participants would ask me questions like "who told you that?" which of course I could not answer because of the confidentiality promised. My failure to disclose my source sometimes resulted in the participant declining to comment as well. Unlike with the Oxo case, I did not have prior knowledge to rely on in such cases. Instead I had to try to re-address the issue at a later point in the discussion in a subtle way, a strategy that proved useful.

My lack of prior knowledge was also I believe, an advantage in that there was no possibility of it 'distorting' my learning. The greatest difficulty lay with the secrecy about the data. Participants with the exception of top management were worried about their views being made known to others. It appeared that many associated me with and perhaps even suspected that I was doing the work on behalf of management mainly because I was introduced to them by the latter. Other than trying to convince them otherwise, there was no way I could have prevented this because it was management who granted access and as a result was only them who could introduce the researcher to participants.

I was also able to gather information informally and mostly by accident in public places such as buses and pubs. In one incident in a public transport bus, I overheard a conversation between an employee and another commuter discussing the changes that were happening at the company. The problem with the information I gathered in this manner was that I could not follow up on any issues with the individuals raising them. I could only ask the opinion of other participants.

In early March 2000, I compiled my first account of the case and presented it to the administration manager, finance manager and accountant, all three of whom had been very much involved in and supportive of the research. The difficulty with this account was that some detail had to be suppressed such that each could only identify the information they had provided because of the confidentiality issue. By March 20th I had received all the feedback and had had further discussions with them about their comments on my accounts. A key issue of these feedback discussions was that most participants preferred that some quotes be removed from the text. This effectively meant that such quotations be deleted form the text. With research that relies heavily on interview data such as this one, quotations are an important source of evidence and reference. The limited use of quotations in the text thus deprives the reader of crucial evidence, but the wishes of the participants have to be respected. But overall, the feedback discussions did not reveal any serious discrepancies.

8.3. The Company and its environment

Diamond Company Ltd. (DC ltd.) was established towards the end of 1991 and started full operations in Botswana in 1992. The company's main business was the cutting, polishing and sale of gem diamonds. The polished diamonds were largely exported for eventual sale to an overseas market. A relatively smaller amount of diamonds was used in the manufacture of jewellery, which the company sold locally. The company was originally jointly owned by the government of Botswana and a foreign (American) based company and traded under the name Diamond Manufacturing Botswana[4] (DMB Ltd.). It employed roughly five hundred people at its factory and offices, which were situated in one premise. The premises were located in one of the main villages in Southern Botswana, less than one hundred kilometres from the capital. The company was the only one of its kind in the country and thus did not face any competition locally.

A larger portion of the company's staff was employed in the factory as diamond cutters and polishers. All local factory staff was given on the job training at the start of the operations and most of them were secondary school-leavers with no prior experience in the industry or elsewhere for that matter. The directors were drawn from both government and the American holding company. The government representatives were however not involved in the day to day running of the company, leaving it to a resident managing director from the American holding company.

Because of the nature of the product and the laws of the country, the company maintained tight security over its operations and premises. All diamond and other mineral deposits in the country belong to the government and can only be mined with the government's express authority. It is therefore prohibited in Botswana for a person other than that authorized by the government to be in possession of an uncut diamond. It is also a legal requirement for those authorized to 'handle' such diamonds to provide

[4] DMB ltd. and DC ltd. are only pseudonyms.

adequate security to ensure that the diamonds do not pass to unauthorized parties. Entrance to the company's premises was therefore understandably strictly controlled. Visitors had to be cleared with and sometimes escorted by security. Access to the factory where the diamonds were processed was strictly controlled through the use of access cards

In its first year of operations, the company reported a loss and several visible factors were believed to be responsible[5]. Firstly the company dealt in relatively small diamonds. The small diamonds in comparison to the larger ones had higher unit (purchase, cutting, polishing, etc) costs and hence lower contribution margin. In addition, the relatively inexperienced staff took more time to finish one stone and there was also a high rate of spoilage in the factory. Another culprit was the general high labour costs of the firm. This was because the government as a shareholder was committed to providing employment. This is believed to have led to the company having excess support staff[6]. The company continued making loses until both the government and the holding company eventually sold it to another foreign owned company in March 1998. The company at the time the study was conducted and completed, was privately owned and had its directors and head office abroad. It still however carried on more or less the same type of business. The change of ownership resulted in change of management, which led to further changes, some of which were still in progress when the study was conducted. The changes that occurred or were occurring are documented and analysed in the next section.

[5] Identified by all management personnel interviewed on the subject.
[6] Opinion of new management only: not shared by those who had been with the company prior to new management taking over though.

8.3.1. The company before the changes.

8.3.1.1. The interpretive schemes.

DC ltd was a relatively large company, which made interpretive schemes identification even more difficult. Although the managing director by virtue of his position was probably the most influential individual, the way large companies are organized and managed makes it difficult to infer the interpretive schemes of the company from those of the chief executive. In comparison to smaller organizations, larger ones tend to be run by a team consisting of individuals with different backgrounds, functional specialities and aspirations instead of just one individual. The chief executive only acts more as a team captain than as owner-manager. The interpretive schemes dominant in the organization tend to be influenced by the shared or collective concerns of the team. Broadbent (1992) and Richardson *et al.,* (1996) argued that it was possible and perhaps not uncommon for organizational members to have different interpretive schemes and that as long as the different interpretive schemes shared common elements, then the organization would not collapse as a result. In such situations, the interpretive schemes of the dominant decision-makers need not be reflected in those of the organization, instead they would have common elements with those of the organization. Inferring the organization's interpretive schemes from those of the dominant decision-makers may not only be difficult in such situations but misleading as well.

Broadbent (1992) however offered a way 'round' this difficulty by arguing that since the design archetypes were a tangible manifestation of the interpretive schemes, then the interpretive schemes could be inferred from the design archetypes (see chapter 3). Following her line of reasoning, the interpretive schemes at DC ltd were inferred from the design archetypes as well as mission statements. In particular, attention is paid to the generally established way of conduct in the organization.

The general concern in the company was understandably with diamond cutting and polishing. Quality issues were top of the priority list and the company had the necessary equipment to achieve this. The factory staff, most of whom had been trained internally and had no prior experience in the industry or anywhere for that matter were quick to adopt this concern as the norm. Such was the orientation that management cultivated in the factory and company at large. The objective was to produce high quality products even if this meant spending time re-working stones to rectify mistakes. The costs of achieving this appeared to be of only secondary concern. As described by one interviewee, the company appeared to be obsessed even if the costs were obviously prohibitive. For example it was acceptable practice to re-work a spoiled stone even when scrapping it would have been a more economically viable option. The same interviewee argued that a re-worked stone cost considerably more but fetched the same price as one that was produced outright and given the low contribution margin on the smaller stones, it was in most cases more expensive to rework. Some spoiled stones could be sold as scrap for smaller loses than those on reworked stones. The company was hence more concerned with production issues, sometimes at the expense of economics. Quality in particular appeared to be emphasized above all else. Two other interviewees also supported this observation and described the company as having been 'quality rather than yield oriented'. As long as spoilage was kept at a minimum, the job was going on well. That way, the requirements of the job descriptions were fulfilled.

There was also a culture of working within the job description. One manager who had very low tolerance of this culture described it as follows:

> People were generally boxed. They were used to working within their job descriptions only and ignoring everything else, even borderline issues. They displayed no responsibility and commitment to the company as a whole.

The same manger also felt that the 'boxing' problem was not unique to the company, rather it was nation-wide as she had observed and experienced it elsewhere in the country. The researcher's own observations and experience elsewhere corroborate the manager's views, as the problem was generally common especially in the public sector. The government of Botswana has even set up a training centre (Botswana National Productivity Centre) and committees (Work Improvement Teams) to rectify the problem. On outlining the nature and origin of the problem, the office of the President of the republic of Botswana summarized it as follows:

> Traditionally each employee has his/her own area of concern for which she/he is accountable to his/her immediate supervisor. The supervisor usually works with each one on a one-to-one basis, and this encourages each one to keep to his /her own job boundary even though job boundaries frequently overlap. [Office of the president, 1994, p.20]

The working culture in DC ltd was similar to that described by the office of the President and observed by the manager. Another aspect relating to the working culture was that of supervision. The original set up was that the production/operations manager was in general charge of the factory and its staff. Directly under him/her were the supervisors and staff respectively. The supervisors were responsible for direct factory supervision while the production manager was the intermediary between supervisors and top management. The accepted norm was that top management 'talked' to the staff through the production manager and supervisors. The espoused and perceived pattern was such that employees were accountable to their supervisors only and not to top management. Some employees even referred to this pattern as 'the normal working practice'.

8.3.1.2. The Design archetypes and sub-systems

8.3.1.2.1. Organization structure.

Originally, the company was headed by a resident managing director, who had the assistance of functional specialist managers in Finance, Production, Human Resources and Security. But the structure changed during the year 1995/96 when the post of general manager was established to relieve the managing director of the everyday running of the company and to allow him to concentrate on management of the group of companies.

8.3.1.2.2. Operations.

The company's main line of business was the polishing and manufacture of diamond products in the factory. The factory was divided into five main departments. The planning department was the entry point of rough diamonds into the factory. The rough diamonds were marked in the department to indicate how they should be cut and polished. From planning, the (marked) diamonds were transferred to the sawing department where they were sawn following the marks made by the planner. From sawing, they were transferred to the cutting department for rounding and preparation for polishing. Polishing was the last stage of production. The finished diamonds were graded before being sold or used in the manufacture of jewellery.

There are different methods and techniques of cutting diamonds and DC Ltd., prior to change of ownership and management had been producing the 'ideal cut'. According to information contained in the company's website[7], the ideal cut "is a mathematical formula for cutting diamonds to precise angles and proportions to gain optimum reflection and refraction of light". The company also dealt with small diamonds.

8.3.1.2.3. The management accounting and control systems.

8.3.1.2.3.1. Management accounting

In this section, there is no attempt to describe the full management accounting system of DC ltd. Instead the section is a deliberate attempt to describe the key features of the system as well as those affected by changes in practice.

At the beginning of the period covered by the study, DC Ltd.,'s accounting department consisted of the financial manager, chief accountant, accountant, bookkeeper/ creditors clerk and filing clerk. The company thus had a fully-fledged accounting department involved in both financial and management accounting functions. The department produced two main types of monthly reports. The first was a full income statement and balance sheet. This report was produced specifically to be submitted to the directors. The directors often demanded explanations and further detail on some items contained in the report. According to members of the accounting department, the directors mostly queried where an item of cost appeared to be on the increase in comparison to the previous month(s). The report was also required by the (internationally based) holding company for meeting the stock exchange requirement of which it was a member.

[7] Address withheld to preserve anonymity.

The second type of report was the cost analysis statement. This report contained a detailed breakdown of the monthly running costs. It was prepared for management's use within the company. Often where there appeared to be unexpectedly higher costs, management demanded explanations from the responsible or concerned persons. The information according to the finance manager was used mainly to help highlight problem areas and inform future action. Occasionally, at the request of management, a full cost assessment of a centre, department or activity was undertaken by the department. The objective of the exercise was mainly to determine the actual costs incurred at the centre as well as to inform planning. The department also prepared occasional cost analysis reports on various activities and departments. The objective of these exercises was to determine the costs of a particular activity or group of activities. Such information was again used mainly by management in planning and control although some was prepared for customers.

Other routine management accounting practices included budgeting. The budgeting process followed the typical 'textbook approach'. At first, information on what could be achieved was sought from production departments as well as other operational information from other departments. With the help of concerned departments, this information would then be used to set targets and ultimately the budget. On a monthly basis, management compared the various budget items with what had been achieved and any significant deviations investigated.

8.3.1.2.3.2. Other controls.

The company as already mentioned in 8.3 above, had high security operations which relied on physical and high technology electronic controls. The company also had a unique stock control system. Each diamond that the company received was serially numbered. The serial numbers were noted when issuing the diamonds to production as well as when receiving them back from production. This numbering system enabled management to trace 'exactly where each diamond was and who was handling it at any given point in time'

8.3.2. The changes.

The sale of the company in 1998 resulted in several changes to the company. The sale resulted in the change of top management personnel, which led to further changes in the organizational structure, operations and practices. These changes are outlined and discussed below.

8.3.2.1. The interpretive schemes.

Inevitably, new management was bound to bring changes to the company. They were charged with the responsibility of turning the fortunes of the company around; a task, which on its own warranted enormous changes in several aspects of organizational life. New ways of thinking and doing things in the company were introduced. First, new top managers (in their own words) found the prevailing working and leadership styles inconsistent with their objectives and beliefs. They set out to discourage employees from seeking to fulfil the requirements of their job descriptions only. They instead wanted a situation where employees were broadly responsible to the company as a whole rather than to their own specific job requirements. The new concept was summarized by one manager in the following interview extract:

> *The* new concept is to get them (*employees)* out of the boxes. We want them to be broadly responsible and take charge beyond the boxes as well as to work with minimum supervision. [italics inserted]

To achieve this, the accepted and prevailing bureaucratic like supervisory style was to be ignored. Under the new practice and orientation, top managers often did talk to staff and gave them assignments directly and sometimes without involving supervisors. The changes were resisted at first by some staff and supervisors. Some supervisors and section heads were reported to have expressed unhappiness with the new practice. They described it as foreign to their way of doing things. One employee asked the researcher:

> ..which company do you know that does things like this? Everybody will tell you that this [*practice*] is nonsense, you know it yourself. [italics inserted and some parts translated]

Some argued that it was intimidating for a junior staff member to be given assignments directly by top managers. The new concept was considered foreign by most staff members who expressed not being used to the idea of the general manager being closely involved in production and other everyday issues.

Such was the seriousness of the objection to the practices that in one case, a formal complaint was lodged with the department of labour. The details of the complaint were that since new management took over, top management had increasingly become involved directly with the day to day running and supervision of the concerned individual's section. The concerned section head was of the view that top management's direct involvement with his/her staff was nothing but a deliberate ploy to sideline and subsequently dismiss him. He appealed to the labour department to intervene and prevent him from being dismissed under such circumstances. The department of labour ruled that they had no basis for ordering the company to abandon its new practices. The concerned individual has since left the employ of the company.

New management also introduced a new awareness of business and profit concerns in the company. The company was however still committed to quality but unlike in the past, there was now a deliberate attempt to 'strike a balance' between quality, quantity and profitability. The emerging practice was to produce at the same high quality levels but to emphasize economic and profitability issues as well. Management also introduced some cost control procedures indicative of this new awareness (these changes are discussed in detail in subsequent sections).

In summary, the company was at the time data collection was completed, still in the process of changing from being production to being both production and efficiency/profitability driven. The merits of production issues were now taken together with their profitability consequences. Profitability no longer appeared a secondary concern and the leadership style also appeared to emphasize more responsibility and accountability on the part of both section heads and managers.

8.3.2.2. Design archetypes and sub-systems.

8.3.2.2.1. Organization structure.

The organization structure remained pretty much the same, except for the establishment of the administration manager's post as the company's deputy chief executive. The general manager also doubled as production manager.

8.3.2.2.2. Operations.

The company carried on its core business of processing and selling diamonds and diamond products. However, following the change of (ownership and) management the company had been in the process of changing from ideal to 'commercial' cut. The commercial cut is different from the ideal cut in terms of angles and proportions of the finish. The company was also now dealing predominantly with larger diamonds. These changes (of cut and diamond size) were introduced to improve profitability. All management personnel interviewed explained that larger diamonds fetched more in the market than smaller ones. They (larger diamonds) were also described as being quicker and easier to process and as a result attracted lower processing costs. The new cut also required less quality controls. As a result, the new cut and product yielded more contribution per diamond and hence had potential to improve the company's profitability.

The change of cut and product necessitated and resulted in several changes in the factory departments. First there was a need to re-orientate and re-train staff. As a result some members of staff were re-trained and a number were also recruited to be trained and employed in the new set up. Others who apparently for one reason or another, could not be re-trained were retrenched while some took optional early retirement or simply chose to leave. The production manager also had to leave, as his skills were deemed incompatible with the new operations. He together with the previous general manager was reported to have joined one of the former holding company's branches abroad. The production manager was not replaced and most of his duties were assumed by the new general manager who at that time was already involved in the day-to- day activities of the department. Another (expatriate) supervisor left in October 1998 because his contract was not renewed. The post has since been taken up by a local.

When the company closed for the Christmas and New Year breaks on the 9th of December 1999, it had three hundred and fifty nine employees on payroll. However, shortly after resuming operations on the 10th January 2000, fifty-one job loses became apparent. The job loses according to a press release, affected support staff whose positions had been frozen in a bid to "..curb continuous loses.." (Botswana Daily News). The fifty one job loses came as a result of the concerned employees' 'refusal' to be re-trained as diamond polishers, a trade which in the concerned employees' opinion, fetched lower wages. Sixty-two employees had originally been given the option to re-train or leave and only eleven had opted to re-train. Despite these apparent retrenchments, there were certain areas where the company was understaffed, the accounting department (discussed below) and diamond polishing being examples. In the case of polishing, the company was at the time prevented from recruiting by the ongoing dispute of the fifty - one job loses described above, which dispute had been lodged with the department of labour for arbitration up until the end of the study. The department of labour had advised the company not to recruit until the issue of the fifty - one employees had been resolved.

Apart from factory staff and top management personnel changes, other departments were not seriously affected by the new management's restructuring of operations. A notable change was the establishment of the administrative manager as deputy chief executive. According to the incumbent, the post was established mainly to increase efficiency and transparency in the company. The incumbent's duties were similar to those of the previous deputy chief executive (general manager) and tended to overlap more with those of the general manager. The general manager on the other hand as already discussed above was more involved in production. His duties were therefore not similar to those of the previous chief executive (managing director) who had been more involved in corporate management.

8.3.2.2.3. Management and control systems

8.3.2.2.3.1. Changes in the Accounting department

During the financial year 1995/96, the finance manager was elevated to the newly created post of general manager. This necessitated minor changes in the department's establishment. The chief accountant's post was abolished and the incumbent was promoted to the then vacant post of finance manager. The new establishment now consisted of finance manager, accountant, creditors clerk and filing clerk. The creditors clerk and filing clerk resigned shortly afterwards (at different points in time) and were not replaced. This left the establishment of the department with only the finance manager and the accountant. The duties that had been performed by the two clerks were now shared by the finance manager and the accountant.

The department nonetheless continued more or less carrying on the same functions until 1998 when the company was sold. The new 'owners' brought new managers, which meant that both the managing director and general manager were replaced. It was almost inevitable that the departure of the general manager who by virtue of having previously been the finance manager, had strong links with the department, would adversely affect the roles and functions of the accounting department. The following notable changes have since occurred.

8.3.2.2.3.2. Budgeting.

The budgeting procedure has since changed. The department was at first (immediately after the take over) not involved in the preparation of the budget. In fact, none was prepared in the company. Instead of comparing actual revenue and expenditure to the budget, only comparisons across months were made. The reason for this change was that the company was operating under strong 'guidance' from head office. Because it had accumulated losses, the objective was first to reduce the losses and make the company self-sufficient. As a strategy for achieving this objective, it had been decided that head office would 'handle' all the company's purchases and sales. Head office maintained a loan account against which purchases on behalf of the company were charged. Also charged to this account were cash advances to the company for meeting its day-to-day running expenses. Proceeds from sales (made on behalf of the company by head office) were used to offset or 'pay off' the company's 'loan account' with head office. As a result of this arrangement, it had been deemed unnecessary for the company to prepare any separate budget since all sales were done by head office. This arrangement was to be in place until there were signs that the company was becoming profitable.

At the end of December 1999, the company prepared its first post take-over budget. It was only in the form of an expenditure budget but the arrangement with head office was still in place at the end of data collection in March 2000.

8.3.2.2.3.3. Cost analysis reports.

Various cost analysis reports previously prepared for management had not been prepared since the company changed management. The practice in the past had been for management to request specific reports from time to time but since the change of management, no requests had been made. It thus appeared that new management had no use for the analyses. Clearly this represents a change in practice associated with the new management and leadership styles.

8.3.2.2.3.4. General involvement in management.

Prior to 1998, management used to consult the department on various issues relating to the general management of the company. Management then appeared to make more use of accounting information as again evidenced by the consultation and various management accounting reports. The department (according to both finance manager and accountant) now appeared to perform purely accounting tasks. The regular meetings and consultations with management were not as frequent as before.

8.3.2.2.3.5. Other controls

Three other changes brought in by new management in which accounting, accountability and control were implicated are worthy of mention. The first relates to the procedures on orders to local suppliers. Previously these were not 'tightly' controlled and followed a simple procedure. A staff member (in the course of his/her normal duties) who established the need for a particular item alerted his/her supervisor or section head. The order would then be written in an 'order book' and the relevant section head appended his/her signature to authorize it. In the case of motor vehicle fuel purchases, to take an example, the driver would fill in and authorize the order. With the exception of pool vehicles, most company vehicles were driven by senior members of staff as part of their remuneration fringe benefits. Such staff members normally had authorizing powers in their respective departments.

The new arrangements were that departmental or section heads no longer had authorizing powers save for vehicle fuel purchases. The ultimate authority now had to be sought from the finance manager and general management. The finance manager and either the administrative or general manager were to approve and append signatures to the order. In addition, all orders were to be supported by quotations from at least two different suppliers. These changes were introduced with two objectives in mind. The first was to increase transparency and openness. By having management authorize all orders it was believed that the potential for employees raising orders with the potential of benefiting them personally would be reduced. The second objective of the tightened procedures was to improve efficiency. The requirement of quotations from suppliers served to guard against the company paying exorbitant prices and fees unnecessarily.

By seeking quotations from different suppliers, it was believed that the company would have the opportunity to select a better deal.

The second change related to the acquisition of company vehicles. Prior to the change of management, company vehicles were leased for a period of three years from a vehicle rental company. The company discontinued this arrangement in favour of outright purchase. Again it was felt that the latter option was more cost effective. Lastly, the company terminated the contract it had with one company for gardening and cleaning of the premises. The company instead chose to rely on the services of the gardeners that it had on payroll. This was regarded as a cost cutting move.

In summary, changes observed at DC Ltd. as outlined above can be linked directly to the change of ownership and management. Although the objective of the study was not to concentrate on changes that followed the change of ownership, it has emerged that prior to the change of ownership, the company was in a state of inertia. This discovery means that the changes at DC ltd have to be analysed in the context of changing ownership and management instead of normal or ordinary situations. In the next section, a brief reflective commentary is made on the data. This will be in the form of simple interpretations without applying any specific theorizing or established theories. The interpretations are only skeletal and serve to provide a stepping-stone into applying and developing theoretical reflections.

8.4. A Reflective commentary on the practices and changes.

It is clear from the changes at DC ltd that new management and perhaps owners as well, were intent on improving the financial performance of the company. In fact the new owners purchased a loss making operation with the hope and intention of turning its fortunes around. One of the chief reasons cited for the company's poor financial position in the past was that the operations were inefficient and hence the company had high running costs. This view was shared by both new management and staff members who had been with the company before the change of management. Another shared view was that the product the company was dealing in had very low-income contribution. The intention of new management was clearly to make all changes necessary to improve the company's financial performance. There appeared to be consensus and agreement that changes were indeed necessary but there was disagreement on the nature and process of the changes.

Management introduced changes whose economic worth was never questioned or objected to by other organizational members. What was objected to were the effects that the changes were expected to have on organizational life. For some of those occupying positions of responsibility the changes represented reduced power and authority. For the majority, the changes brought new and 'abnormal' working practices. For others, the changes had potential to reduce their earnings as well as change the daily routines. Others believed that the changes were only a ploy to reduce their wages or make them redundant. Others mentioned the many incidents in Botswana where (similar) company restructuring had resulted in job losses. It was therefore these factors rather than the economic worth of the changes (from the organization's perspective) that were feared. These fears can be understood as personally and culturally based. At personal levels, the changes had potential to interfere with individuals' status and wealth. There were thus traces of economic rationality at personal rather than organizational levels. Though there was a perceived economic need for changes in the organization, such changes were deemed objectionable because they interfered with employees' individual (short -term) economic interests.

At a cultural level, the new management and supervisory routines and practices were contrary to what had been internalised and institutionalised over time. The working 'culture' in the company and in the country where employees were only accountable to their immediate supervisor was being undermined by the new practice. The new practice was like a culture shock to both employees and supervisors. In this case, the perceived economic interests of the organization were secondary to the employees' beliefs and views. Again objection here was based on personal rather than organizational interests. Supervisors for example, were worried about losing their power over their subordinates. There is perhaps a case here for arguing that the employees at DC ltd were more of individual than organizational actors in that their individual rather than organizational concerns were more pronounced in resisting the changes. These observations also highlight the influence of personal economic interests and institutionalised beliefs and routines on organizational activities.

8.5. Summary.

The changes in practices outlined above identified several key issues worthy of further analyses. The first relates to the construction of accountability practices in the company. There were indications that accountability practices were subject to cultural or institutionalised beliefs and values. The emerging patterns introduced by management appeared to be objected to mainly on the basis of their contravention of established practices. From management's perspectives, they found the existing practices in contrast with their values and beliefs. The two parties (management on the one hand and the objecting employees on the other) had different understandings or beliefs about accountability, which resulted in conflict. The conflict of values led to resistance of the changes. The resistance though formidable, was no match for the power of management. Implicated in this argument is the possibility that accountability practices at DC Ltd. were constructed to reflect the values, beliefs and aspirations of the powerful organizational members. But constructions that were in contrast with the values, beliefs and aspirations of other participants were resisted.

The influence of the organization's economic status on accountability practices was also demonstrated by the 'temporary' deployment of ex-ante controls by Head Office. The measure was adopted only because of the company's poor financial status. The issue of self-interest in an accountability relationship was also highlighted. The employees' concern with keeping their jobs, authority and higher wages as a basis for opposing the changes appeared to demonstrate that self-interest came before organizational economics.

Finally, the changes also appeared to indicate that the process of change was dependent largely on the intentions and efforts of the most powerful decision- makers. Also there was evidence that the process itself involved not only changing the company's structures and operations, but also the thinking of participants. The next chapter follows on these issues and attempts to develop theoretical explanations.

CHAPTER NINE

DC Ltd. Theoretical Reflection

9.1. Introduction.

This chapter is divided into two main sections. The first reflects on the accountability practices observed at DC Ltd. and the factors influencing their construction by reflecting on the participants' rationales for and against the practices. The rationales are then compared with the factors identified and theorized in the skeletal models as influencing accountability practices. The second section identifies the key lessons emerging from the case. The chapter concludes with a summary

9.2. Accountability practices.

Table 9.1. below presents a summary of the observations of the case (as outlined in 8.3) in relation to the five forms of accountability identified by Sinclair (1995). Three of the forms, namely managerial, political and personal accountability were observed before the change of ownership and management whereas in addition, public accountability was observed after the change of management. The practices, which differed between higher (relation between management and directors) and lower levels (relations between management and staff/employees), were also observed to have changed after the change of ownership and management.

Table 9.1. Accountability practices at DC Ltd. in relation to Sinclair's 5 forms.

	Professional Accountability	Managerial Accountability	Public Accountability	Personal Accountability	Political Accountability
Prior to changes					
(a) At Higher Levels	**Not observed**	**Observed**	**Not observed**	**Observed**	**Observed**
Reasons why not observed	1.Participants not professionals 2. No breach of professional requirements	N/A	1. No breach(es) of public expectations 2. Company not required by law to publish accounts	N/A	
Practice influenced by:	N/A	1. Profit motive 2. Stewardship function	N/A	Personal need for economic benefits.	Govt. had part ownership.
Practised through:	N/A	Monthly financial & other reports	N/A	Compliance with H/O's demands	Meeting the Govt.'s objectives of providing employment
(b) At Lower Levels	**Not observed**	**Observed**	**Not observed**	**Observed**	**Not observed**
Reasons why not observed	Same as at higher levels	N/A	No breach(es) of public expectations	N/A	Employees not political appointees or representatives
Practice influenced by:	N/A	Stewardship function.	N/A	Personal values & social expectations	N/A
Practised through:	N/A	1. Verbal reports, inspection of products. 2. Cost analysis reports	N/A	Compliance with superiors' demands.	N/A
After Changes					
(a) At Higher Levels	**No changes**	**Changes**	**Changes**	**No Changes**	**Changes**
Influenced by/ reasons for the changes observed	N/A	1. Company making losses 2. H/O had loaned company funds.	Suspected breach of public expectations by employees, the media & the labour dept.	N/A	Govt. no longer was part-owner.
New practice(s)	N/A	1.Ex-ante controls by H/O 2. Budget prepared by H/O	Management answering concerns from employees, the media & the labour dept.	N/A	Employment practices no longer reflected commitment to providing employment

Table 9.1. continued.					
	Professional Accountability	Managerial Accountability	Public Accountability	Personal Accountability	Political Accountability
After Changes					
(b) At Lower Levels	**No Changes**	**Changes**	**No Changes**	**No Changes**	**No Changes**
Influenced by/ reasons for the changes observed	N/A	New top managers had different management & leadership styles	N/A	N/A	N/A
New practice(s)	N/A	Top managers demanded accounts directly from lower level employees.	N/A	N/A	N/A

9.2.1. Professional/ occupational accountability.

By definition inferred from Sinclair's (1995) construct, professional accountability arises from adherence and commitment to the requirements of a professional body of which an individual is a member (see 2.2.2). Prior to the change of ownership and management, professional accountability was not observed at both higher and lower organizational levels because the participants were not members of any professional body nor did they demonstrate fidelity towards the requirements of any professional body.

At higher levels, the commitment by both top and some middle managers to diamond quality indicated a commitment similar to that embedded in professional accountability. They were often prepared to pursue quality even at the expense of profitability (see for example 8.3.1.1) demonstrating accountability to the 'demands' of their occupation of diamond production. Top managers and some middle managers were formally qualified in diamond cutting and production. Following the definition of trade accountability proposed in 7.2.1 the managers practiced formal trade accountability. The idea that managers practiced formal trade accountability is informed by the explanation (by the human resources manager) that the managers had undergone formal training and testing but were not members of any regulating body[1].

At lower levels, other middle managers/ supervisors and employees who had only undergone on the job training practiced informal trade accountability.

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[1] None was known to exist in the country at the time.

No changes in occupational accountability were observed after the change of management at both levels.

9.2.2. Managerial accountability.

Managerial accountability was observed at both levels of the company before and after the change of management. At higher levels, the production and submission of monthly accounts to top management and head office provided evidence of managerial accountability. The accounting department prepared separate reports for both top management and directors. Top management used the reports to infer the performance of the different departments whereas the directors used the reports to infer the performance of the company as a whole. The concern with accounts provided evidence that the underlying motive for managerial accountability was the pursuit of economic profits. Both top managers and directors were concerned with making profits. Directors as 'owners' of the company were concerned with how top managers (agents) were meeting their profit objectives. Top managers as 'agents' of the directors were concerned with how middle managers (top managers' agents) were using the resources of the company to generate profits. The accounting reports thus served and arose from the stewardship function (Rees, 1991).

At lower levels, managerial accountability was practised mainly through verbal reports from employees to supervisors/middle managers and from supervisors/middle managers to top management. There were also financial reports to top management detailing and analysing expenditure incurred in the departments.

The change of management led to adjustments being observed in the way managerial accountability was practised at both higher and lower levels. At higher levels, the (new) directors imposed ex-ante controls over the company's expenditure. The company's budget was prepared at head office and top management as a result had to specify and justify in advance any 'excess' or additional funds they required. The reason for this new practice was that head office as one way of turning the company from a loss making to a profit making concern, had 'loaned' the company funds. As 'owners' of the funds, head office therefore had an interest in how the funds were disbursed. The arrangement was to stay in place until the company started making profits and paying off the loan.

At lower levels, the new top managers altered the practice where lower level employees were accountable to the supervisors who in turn were accountable to top management. Top managers demanded accounts directly from lower level employees, sometimes without involving the respective employee's supervisors. The new managers explained that the new practice was consistent with their experiences elsewhere and also that it was more efficient (see 8.3.2.1). The majority of employees who opposed the new practice argued that it was 'abnormal' and inconsistent with practices elsewhere in the country. Some supervisors in addition argued that the new practice contrary to top managers' beliefs was inefficient.

The new top managers also imposed additional requirements on accountability for purchase orders. Only the general manager, administration manager and finance manager could authorize purchase orders and each order had to be supported with quotations from at least three different suppliers. Previously, departmental heads could authorize the orders and the orders did not necessarily have to be supported by quotations from different suppliers. New top management explained that the new requirements guarded against the company paying unnecessarily exorbitant prices (see 8.3.2.2.3.5).

9.2.3. Public accountability.

Public accountability is evidenced by answering public concerns about administrative activity (Sinclair, 1995, Stewart, 1984). Following this description, no public accountability was observed at both levels prior to the change of ownership and management. No incidents that attracted public concern were reported by participants and the media. The company also did not publish its annual reports since it was not required to do so by law. However, the company filed accounts for tax assessment purposes and this could be conceptualised as a form of public accountability. It could be conceptualised as a routine form of public accountability in which the company provided accounts to a public agency (the department of tax). This argument would suggest a broadening of the definition of public accountability to include accounts that are not specifically aimed at answering public concerns. A more encompassing definition would therefore assert that public accountability arises where accounts and explanations are provided in order to meet public requirements and expectations. Following this new broad definition, the filling of accounts with the tax authorities would be meeting the public requirement and expectation that companies pay tax on profits. The accounts thus serve to justify to the public through its designated agency why the company should pay only a certain amount of tax.

The change of management did not result in any changes in the way the company practised this broad public accountability. There was in addition, evidence of the new top managers answering public concerns about their administrative activities through the media and the department of labour (see 8.3.2.2.2). Both the media and the department of labour were concerned that the activities (making some employees redundant) of new management were contrary to public expectations and hence demanded accounts and explanations.

At lower levels, no public accountability was observed even after the change of management. This was perhaps to be expected because lower level employees did not formally represent the company in its relations with the public: that was the prerogative of top management.

9.2.4. Personal accountability.

There was evidence of personal accountability being practised at both levels prior to and after the change of ownership. Evidence of personal accountability was inferred from the arguments advance by participants for preferring particular organizational and accountability practices. Following the company's re-structuring, some employees argued that the new arrangements would adversely affect their earnings. As a result of this perceived adverse effect on earnings, fifty-one employees opted to quit their jobs whilst eleven opted to stay because they had no other immediate employment opportunities (see 8.3.2.2.2). Their respective decisions provided evidence of adherence to personal values.

The personal accountability as observed was embedded in economic reasoning. Employees' arguments were informed by concerns for economic rewards. Specifically, they preferred more earnings to less. Their participation in the organization was influenced by economic objectives. The decision by eleven employees to stay on the job despite imminent lower earnings was consistent with the rational economic person assumption of principal-agent theory (see for example Scapens, 1992). As rational economic persons, the eleven employees decided that lower wages were better than no wages at all. This provided empirical evidence of the influence of economic rationalization on personal accountability; personal accountability was 'fidelity to personal economic values'.

The decisions by the majority of the concerned employees (fifty-one out of sixty-two) to quit rather than work for lower wages were however inconsistent with the rational economic person assumption. By deciding to quit, employees chose not to receive any income. Their argument that 'it was better to be unemployed than to work for lower wages' was a clear violation of the rational economic person assumption. This provided evidence that personal accountability embraced other values that were possibly stronger than economics. It also provided strong evidence that organizational participation was not purely a function of economic rationalization. Paradoxically though, the underlying problem which led to their decisions was the lowering of economic earnings.

9.2.5. Political accountability

Political accountability was observed only at the higher level prior to the change of ownership. This was perhaps to be expected because as a shareholder, the government of Botswana had part-ownership of the company. Political interest was therefore inherent and embedded in the government's direct interest in the company. Some of the company's directors were government representatives and as government representatives, it was inevitable that they would require the furtherance of the government's political objectives. One of the reasons identified for the company's poor performance was that it employed excess staff. One manager argued that the employment of excess staff was in pursuance of the government's (political) objective of providing employment for the electorate (see 8.30). Following this explication, there was evidence of political accountability being practised at DC Ltd prior to the change of ownership.

After the change of ownership in which the government ceased to be a shareholder, political accountability was not observed any further. The company reduced the number of employees since it was no longer an objective to have as many employees as possible. This observation provided evidence that government ownership and hence associated direct interest in the company was a necessary condition for political accountability to be practised.

At Lower levels, no political accountability was observed before and after the change of ownership. A possible reason for this was that lower level employees did not represent the company in relations with the government or political authority. None of the lower level employees were political appointees as well; they did not represent any electorate. This explication once more underlines that political accountability arose from participants serving in a representative capacity.

9.3. Understanding the construction of accountability practices.

The skeletal model of accountability construction developed in chapter 4 (see page 103) theorized that constructions of accountability practices in organizations are influenced by four factors; (i) participants' perceptions and capabilities, (ii) the organizational situation, (iii) cultural ideals, values and wider social practices and (iv) organizational objectives. Table 9.2. below presents a summary of the Case observations (in chapter 8) in relation to the skeletal model of accountability construction.

Table 9.2. summary of key changes in accountability practices at DC. Ltd.				
	Participants'	**Organizational**	**Cultural**	**Organizational**
	Perceptions	**Situation**	**Ideals**	**Objectives**
KICK				
(a) At Higher Levels				
Changes	None observed	1. Change of	None observed	None observed, but
		ownership.		more emphasis
		2.Financial crisis		on profitability than
		3. New production		before.
		methods & related		
		reduction in supervi-		
		sory posts.		
Resulting practice(s)	N/A	1. Monthly accounts	N/A	N/A
		no longer sent to H/O		
		for stock exchange		
		requirements.		
		2.Ex-ante controls		
		on expenditures		
		imposed by H/O		
		3.Company no longer		
		committed to		
		employment provision		
		4. Management		
		answered concerns		
		related to changing		
		production methods		
		by employees, the		
		media & labour dept.		
Accountability	N/A	Managerial, personal	N/A	N/A
form(s) affected		occupational, public		
		& political		
(b) At Lower Levels	Top managers can	1. Change of top	New top	None observed
Changes	get accounts &	managers.	managers had	
	explanations	2. Financial crisis	different ideals	
	from lower level	3.Change of product-	about relations	
	employees	ion methods.	between lower	
	directly.		level employees	
			and themselves	
Resulting practice(s)	Top managers	1. Increased ex-ante	Top managers	N/A
	directly demanded	controls over	demanded	
	accounts from	expenditure.	accounts	
	lower level	2. Fewer supervisors	from lower level	
	employees.	reporting to top	employees.	
		management.		
Accountability	Managerial,	Managerial,	Managerial,	N/A
form(s) affected	occupational &	occupational &	occupational &	
	personal	personal	personal	

9.3.1. Managerial accountability.

Table 9.2. indicates that the construction of managerial accountability at DC ltd was affected by all four factors theorized as affecting the construction of accountability in the skeletal model. The changes observed in practices at the lower level provided evidence that managerial accountability practices were affected by participants' perceptions of how top managers and lower level employees should relate in an accountability relationship.

Prior to the change of ownership, all participants shared the view that top managers did not demand accounts directly from lower level employees without involving middle managers and supervisors. However, the new top managers did not share this view; their perception was that top management could demand accounts and explanations from lower level employees without involving middle managers. The new practice (in which top managers demanded accounts directly from lower level employees) was thus a result of new top managers' different perceptions. Though the perceptions of other employees were unchanged, the new practice reflected new top managers' perceptions. This observation provided evidence that the perceptions of the powerful (top managers) were the key determinants of practices.

The arguments for and against the new practice by both top managers and other employees respectively indicated that their perceptions were informed by cultural ideals, institutionalised practices and organizational objectives. The new top managers argued that the prior practices preferred by middle managers and lower level participants were 'unusual' where they had come from[2]. The other participants on the

[2] The new top managers were Europeans

other hand argued that the old practice was 'normal' and practised 'everywhere' (see 8.3.2.1). The use of expressions like 'unusual' and 'normal' by both top management and other participants respectively indicated institutionalisation of patterns that were taken for granted as norms (Berger and Luckmann, 1967, Scott, 1995). Employees' reference to practice elsewhere provided further evidence that the practice had been institutionalised both in the company and elsewhere in the country. One interviewee asked the researcher:

> Which company do you know that does not do it like that? Which company do you know that does it the way they (*new top management*) do it? I'm sure that even wherever it is that you said you worked don't do this type of nonsense. [Emphasis on original and all parts translated]

Top managers' reference to practice in their country of origin (they were Europeans) also provided evidence that their preferred practice was different and possibly institutionalised where they had come from.

It is argued that participants' perceptions and hence preferences were informed by cultural values and ideals.[3] It was clear that top managers and other participants had different perceptions because they came from different social environments (Hofstede, 1991). One of the new top managers described the Botswana social environment as exhibiting strong British influence:

> I don't really know but things here (*in Botswana*) are too British,..the public sector...and even the language you speak is British English. [Italics inserted]

The new practice was hence a 'culture shock' (Hofstede, 1991) to other participants whereas the existing practice was also a culture shock to the new top managers.

The construction of managerial accountability was also shown to be influenced by organizational objectives. There was evidence of increased emphasis on the profit objective by the new managers who imposed tighter controls and requirements on expenditure (see 8.3.2.2.3.5). Both new top managers and middle managers/supervisors argued that their preferred practice was more effective in managing the company. Top management argued that demanding accounts from lower level employees directly enabled them to manage more effectively. Middle managers/supervisors argued that the new practice made the performance of their supervisory duties difficult and hence less effective. The concern by both parties with effective management of the company was embedded in the profit motive. Evidence from the case indicated that the profit motive did not change following the change of ownership.

Lastly, there was also evidence of the influence of the organizational situation on the construction of managerial accountability. At higher levels, there was evidence that the type of ownership, financial situation and production methods were influential in the construction of managerial practices of accountability. Prior to the change of ownership, the company provided monthly financial reports to head office. These were required to enable head office (the holding company) to meet the information requirements of the stock exchange (foreign based) in which they were listed. However, following the change of ownership, the report was no longer required for that purpose. Instead a report detailing expenditure was only submitted to head office for monitoring expenses. This was evidence that the type of company ownership was influential in constructing the observed practice. Head office also required prior or ex-ante explanations of 'excess' expenditure from top management because they had loaned

[3] Hofstede (1991) defined culture as a collective programming of the mind, which influenced and informed behaviour and actions of people of a particular society Hofstede (1991) further explained that

the company funds. Also, head office had taken direct control of the company's budget until the company paid off its loan. This provided evidence that the company's financial situation was influential in the construction of that practice.

The new production methods also resulted in fewer supervisory positions and accountability requirements. The new production methods required less quality checks by supervisors, hence fewer accountability procedures on the part of the remaining supervisors. The changed production methods were thus influential in the changed accountability practices.

The changes in managerial accountability practices observed at DC ltd can therefore be understood as resulting from changes in (i) top management's perceptions, (ii) top management's cultural values and ideals and (iii) the organizational situation. The evidence indicated that the organizational objectives remained unchanged.

In terms of Laughlin's (1991) skeletal model of organizational change, the changes in managerial accountability observed could be understood as a result of changes at the cultural level of the company's interpretive schemes (new managers' perceptions and cultural values and ideals) and changes at the design archetypes and sub-systems (organizational situation). No Changes were detected at the mission and meta-rules levels of the interpretive schemes.

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this 'collective programming of the mind' was a function of the social environment.

9.3.2. Professional/ occupational accountability.

The evidence from the case indicated that the construction of occupational accountability was influenced by the organizational situation, participants' perceptions and organizational objectives. As argued in 9.2.1. above, participants demonstrated fidelity towards the practical requirements of their respective occupations in the company. At higher levels, there was evidence of managers being concerned with meeting the quality standards of diamond cutting. This was shown to be related to the product that the company was dealing with. After the change of management and ownership, new top managers in addition demonstrated fidelity towards the managerial 'requirement' of running a profitable business. The emphasis on profitability was a result of the financial crisis that the company was facing. As managers of a profit making organization, the new managers had to act to ensure that the company became profitable once again. The observations provide evidence that the construction of occupational accountability at higher levels was influenced by the organizational situation (the product, the type of organization and the financial crisis).

At lower levels also, various departmental personnel demonstrated fidelity towards upholding good standards as diamond cutters, polishers, accountants, etc. After the change of management, there was discontent by supervisors at the new practice whereby top managers demanded accounts from lower level employees without necessarily involving supervisors. This provided evidence that (i) the changed organizational situation (employment of new top management personnel), (ii) the changed participants' perceptions (new top management's perceptions regarding the accountability relationship between top managers and lower level employees) and (iii) changed cultural ideals (new top manager's cultural ideals on the accountability relationship between themselves and lower level employees) all influenced the construction of occupational accountability.

9.3.3. Public accountability

The construction of public accountability at DC Ltd was influenced by legal requirements, public expectations and participants' perceptions. Prior to the change of management as argued in 9.2.3. above, public accountability was evidenced by the meeting of legal requirements. After the change of ownership, changes were observed in the practice of public accountability. At higher levels, the department of labour and the media demanded explanations and justifications from top management regarding the re-structuring program (see 8.3.2.2.2). The department of labour's demands were informed by the employees' claim that the company had broken the legal requirement relating to employment. The media's demands were informed by the company's perceived breach of public expectations regarding the relationship between employer and employee. This observation provided evidence that the observed changes in public accountability were a result of the changing organizational situation (re-structuring). This changing organizational situation was perceived as a breach of public expectations and the law by the media and department of labour respectively. Both public expectations and the law were products of the society and culture in which the company operated and was also part of.

9.3.4. Personal accountability

There was no evidence of changes in personal accountability practices at lower levels following the change of company ownership. As argued in 9.2.4 above, participants constructions of personal accountability were influenced by economic rational as well as possibly concerns of pride. The participants who argued that it was better to be unemployed than to work for lower wages provided evidence that their constructions of personal accountability were influenced by economics and other concerns. Their constructions were economic in that they were contesting the lowering of their wages. It was not clear what other concerns were influential because the participants declined to explain how being unemployed would be better than working for lower wages. It is possible though that the employees' argument and ultimate decision indicated errors in calculation and judgement rather than the influence of other factors. This appears a more plausible explanation especially because the issue that employees were contesting was that of economics (wages) and also because they declined to offer further explanations.

9.3.5. Political accountability

As argued in 9.2.5. above, government ownership was influential in the company's construction of political accountability at higher levels. At lower levels, no political accountability was observed. The withdrawal of government ownership resulted in the discontinuation of (intrinsic) political accountability. This provided evidence that the change in political accountability was a result of the changed organizational situation; that is the organization no longer had the government as part owner. Embedded in this changed ownership was also the issue of organizational objectives; as a government partly owned company, the objectives included the provision of employment (see 8.3.0). This provided further evidence that organizational objectives were influential in the construction of political accountability. The discontinuation of political accountability was thus a result of changes in the organizational situation (change of ownership) and associated changes in organizational objectives.

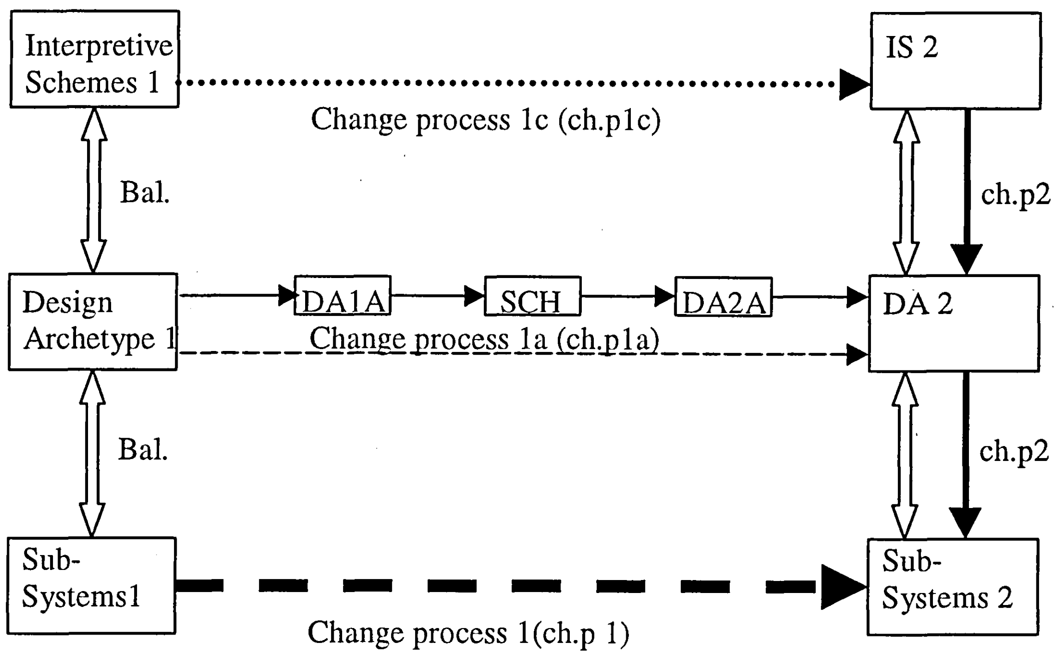
9.4. The change process.

The analyses in 9.3. above have identified the change of ownership as responsible for the observed changes in accountability practices at DC Ltd. The change of ownership was however a response to the threat that the company faced from the poor financial situation it was in. In terms of Laughlin's (1991) skeletal model, the poor financial situation could be conceptualised as the 'kick'. In response to the kick, the then owners sold the company to other investors. The new owners then appointed new top managers who had different perceptions (values and ideals). These different values and ideals were then brought into the organization as 'replacement' for the values and ideals already held by other participants; the cultural level of the organization's interpretive schemes was being forced to change. The new ideals and values were resisted by existing participants. This was a clear attempt at second order colonization type change (Laughlin, 1991) since the new values had not been chosen by all participants. The emerging changes were thus of a colonization type because they were occurring through the "activities and actions of a small group of organizational participants" (Richardson et al, 1996, p.12). New top managers were the 'colonizers'.

The resistance of or opposition to the changes by other participants (see 8.3.1.1) indicated that the change process was of colonization. The changes were thus 'forced' as far as the majority of members were concerned. Colonization change model as articulated by Laughlin (1991) is derived from Habermas' (1981, 1984, 1987) general model of societal development in which 'the systems colonize the lifeworld'. Applied to organizations, colonization occurs when the kick initially leads to changes in the design archetypes (steering media) which in turn force changes in the interpretive schemes (lifeworld). The design archetypes in such a scenario have colonized the interpretive schemes. In ordinary language, a disturbance (such as a financial crisis) initially leads to changes in procedures and operations of the firm. The changed procedures and operations in turn force changed views and philosophies among participants. The changed practices force participants to act and behave in accordance with the new values and ideals.

At DC Ltd., new managers brought with them different views and ideals about the company. These different views were then 'imposed' on other members by forcing them to act and behave (through new accountability practices and rules) in accordance with the new values and ideals. Not all accountability changes were introduced by the new top managers though. Changes to some aspects of the accounting system (for example budgeting) were imposed by Head Office (external stakeholders). These were also supported, accepted and actively furthered by new top managers. Top managers' support of the changes served to enable the changes to progress faster and in a spectacular type of manner. To capture this rapid and spectacular trait, the description "revolutionary colonization" is proposed for the observed model. Revolutionary colonization is thus an extension of the colonization model where top managers play the role of 'colonizer'. The model is proposed as a contribution of this case. The revolutionary colonization model is depicted in figure 9.1. below.

Figure 9.1. Revolutionary Colonization



The thick dotted arrow labelled "change process 1" indicates that the kick initially resulted in changes to the sub-systems. This was the change of top management personnel. The new management personnel in accordance with their values and ideals (different from those existing in the company before they took over) then introduced changes in practice. This is represented by the arrow labelled "change process 1a". Because the changes to the design archetypes were introduced in accordance with new ideals, then by acting as dictated by the new design archetypes, the organizational participants acted in accordance with the new values. By acting in accordance with the new values, which they actively opposed, participants values and ideals were colonized hence the organization displayed the new ideals and values. This is represented by the arrow labelled "change process 1c". The downward arrows labelled "chp2" (change process 2) indicate that as the company got colonized, further adjustments and refinements to the design archetypes, sub-systems were effected. When the process is complete, the organization is expected to display new interpretive schemes, design archetypes and sub-systems.

9.4.1. The level of changes achieved.

Organizational change is a process that unfolds in stages and often takes time to complete. The changes in accountability practices at DC ltd. were clearly unfolding in stages and still on going at the time the study was conducted. There were indications of the changes being gradually accepted by those still with the organization. The majority of those who were strongly committed to the old practices had already left or were due to leave very soon. The company's profitability was also reported to be improving and management was also confident of success. Personnel at managerial and supervisory positions also generally agreed (in spite of different preferences) that the changes appeared to be contributing positively to improving the company's financial position. It would appear that many organizational members however still had problems with the new management style rather than the whole idea of change, as was apparently the case at the beginning.

The company was also in the process of recruiting and training staff to replace some of those who had chosen to leave. According to one middle manager[4], it was hoped that the new recruits would not have any objections to the changes since they did not have prior experience with the company in the past. All 'recruits' were school-leavers who had never had full time jobs before, a factor, which according to the same manager, was expected to be in the company's favour. Taking all the above into consideration, it thus appeared highly unlikely that the change process would be reversed or abandoned. Instead the likelihood was that it would be completed in the foreseeable future. The process had reached a stage where the changes were getting firmly established. The company was moving from the 'embryonic' stage of the new reality to the 'adult' stage. In figure 9.1 above, the position of the company can be estimated as having been somewhere between 'DA2A' and 'DA2'.

9.5. Conclusion: Lessons from the case

9.5.1. Occupational accountability.

The case has reiterated the argument in chapter 7 that occupational accountability was a more encompassing form than professional accountability (see 7.2.1).

9.5.2. Personal accountability.

Evidence from the case has also strengthened the argument originally developed in 7.3.3. that economic values and concerns were crucial in participant's constructions of personal accountability.

[4] Designation withheld at participant's request

9.5.3. Political and public accountability.

Government ownership emerged as necessary condition for political accountability. Public accountability also emerged as arising from 'breaches' (Garfinkel, 1966) of public expectations. This was in addition to the routine practices of meeting legal requirements.

9.5.4. Accountability practices at different organizational levels.

The two-level analysis adopted enabled the differences in accountability practices at higher and lower organizational levels to be captured. It has emerged that management accounting procedures were more deployed at higher levels both as a medium and 'reinforcer' of accountability. At lower levels, there was no evidence of management accounting's use in the accountability relationship between supervisors/middle managers and staff. This observation led to the proposition that the role played by management accounting in accountability processes differed between higher and lower organizational levels.

9.5.5. Power, accountability and organizational practices.

Throughout the case, it has emerged that power played a crucial role in both accountability and other organizational practices. The changes introduced in accountability and other practices were influenced by the perceptions of the new top managers, which perceptions were different from those of other participants. This observation led to the proposition that virtually all changes in accountability practices observed at DC Ltd were determined by powerful participants (top managers and directors). The perceptions of less powerful participants (supervisors/middle managers and staff) were only secondary. This was consistent with the power asymmetry assumption of principal-agent theory (Scapens, 1992).

9.5.6. Culture and accountability construction.

The case has raised an important question relating to culture and accountability construction. Can all constructions of accountability observed at DC Ltd be understood in terms of culture? The skeletal model developed in chapter 4 was based on the theorization that organizations are creations of social actors whose actions and behaviour are influenced and sometimes constrained by culture. Embedded in this theorization is the implied assumption that organizational practices are therefore inevitably influenced by culture since they are dependent on human action.

The analyses in 9.3. above have also identified cultural values as having had influence in participants' perceptions and organizational objectives. Participants' perceptions and organizational objectives were in turn identified as influencing the organizational situation. That is, the organizational situation is dependent on the perceptions and capabilities of the participants and also on the objectives of the organization. The construction of accountability practices observed at DC ltd was shown to be influenced directly by cultural ideals and values as well as by (i) participants' perceptions and capabilities, (ii) the organizational situation and (iii) organizational objectives (see table 9.2. above). This provides strong evidence for arguing that the case study has provided evidence that culture underlay all constructions of accountability practices observed at DC Ltd.

Though participants did not always have similar values and beliefs, the values and beliefs of powerful participants underlay practices. The practices observed at the company prior to change of ownership were consistent with the underlying cultural values of all participants. After the change of ownership however, the new practices were inconsistent with the cultural values of the majority and this sparked opposition to the new practices. The new practices were themselves consistent with the cultural values and beliefs of the new owners and top managers. This led to the proposition that accountability practices in the organization were enactments of powerful participants' cultural values and beliefs; the observed accountability practices were based on accountability relationships and practices embraced by powerful participants' cultural values and beliefs.

9.6. Summary.

The key lessons emerging from this case along with those from the Oxo Ltd case (Chapter 7) will be reflected further upon in chapter 10 to identify lessons from the research.

CHAPTER TEN

Discussion and Implications

10.1. Introduction.

This chapter considers (i) Sinclair's (1995) accountability forms, (ii) Laughlin's (1991) skeletal models of organizational change as used to explore the changes in observed accountability practices and as used to understand the observed practices, (iii) the skeletal model of accountability construction presented in chapter 4, then gives an account of the theoretical observations.

10.2. Sinclair's (1995) forms of accountability.

10.2.1. Professional accountability

Chapters 7 and 9 proposed modifications to Sinclair's (1995) professional accountability. It was argued in both chapters that professional accountability was a subset of the more encompassing 'occupational' accountability. Occupational accountability (as developed and proposed) was defined as arising from the demands of one's occupation, as a professional, tradesman or practitioner. Three subsets were therefore embedded in this conceptualisation of occupational accountability; (i) Professional accountability would arise from the demands of the professional body that one is a member of. (ii) Trade accountability would arise from the standards expected of a member of a particular trade (e.g., carpenter, plumber, builder, etc) who became a member by virtue of having undergone formal training and testing. (iii) Practice accountability would arise from the demands of a practice that one is involved in but for which the individual has not undergone formal training, testing and certification.

10.2.2. Public accountability.

Sinclair' (1995) described public accountability as arising from direct public interest. Chapters 7 and 9 argued that public accountability could also be practised even where direct public interest did not arise (see 7.2.3. and 9.2.3). Sinclair (1995) further described public accountability as relating to "public concerns about administrative activity" (Sinclair, 1995, p.225) without clearly defining 'public concerns'. At both DC Ltd. and Oxo Ltd., it was observed that the reported incidents of public accountability involved employee grievances and concerns. The grievances and concerns were referred to public authorities (the department of labour) by the employees for arbitration. Public accountability hence was traceable to employee grievances and concerns. The employee concerns attracted the concerns and interest of public authorities.

By providing explanations to the public authorities, the companies practised public accountability. At DC Ltd, the explanations to public authorities further attracted media interest. The importance of this finding is that this research has identified employee grievances and concerns as constituting 'public concerns'. There were expectations among the public (as represented by the labour department) that employees be treated fairly by employers. Public accountability thus arose whenever a breach of this expectation was perceived.

The practice of public accountability could be understood as being rooted in the structures and cultures existing in the society. The society embraced a culture of fairness (see 5.3.), thus the expectation that employees be treated fairly. The society also had procedures (e.g., complaining to powerful authorities) and structures (e.g., the department of labour) through which the fairness ideal could be policed and enforced.

10.2.3. Personal accountability.

Sinclair (1985) argued that personal accountability arose in relation to personal values that could be moral, ethical or idiosyncratic. In addition, this research has provided evidence that economic values were embedded in personal values. It was further argued in both chapters 7 and 9 (see 7.2.5 and 9.24 respectively) that personal economic concerns were embedded in issues of morality, ethics and culture. Evidence from both cases suggested that cultural, ethical and moral reasoning that underlay personal accountability were related to participants' economic interests. Employees' participation in the organization for economic gains was related to the culturally determined obligations of providing for themselves and their families. As social actors and family members, employees held themselves accountable for providing for themselves and their families. They could provide for themselves and their families by being economic participants in organizational settings. Their actions were thus consistent with the rational economic person assumption underlying economic analyses of principal-agent relationships (see for example, Baiman, 1982, Holmstrong, 1987 and Scapens 1992).

But further analyses indicated that economic rationalizing was only part of the discourses that informed personal accountability. There was strong evidence from observations at DC Ltd that economic rationale was secondary to morals. It was reported in 8.3.2.2.2 fifty-one out of sixty-two employees 'ear-marked' for re-deployment preferred and actually chose not to work at all than to work for reduced wages (see also 9.2.4). Their decisions were inconsistent with the rational economic assumption because by choosing to quit, they chose to receive no income instead of to receive reduced income. Though the root of the employees' objections was economics, issues of possibly morality, ethics and idiosyncrasy were clearly more influential that economic rationalization. This observation, it is argued indicated that economics was embedded in and a possibly sub-set of complex personal values. The complex personal values, it is further argued can be understood in the context of the social environment and culture of the participants.

10.2.4. Managerial accountability.

Managerial accountability practices in the two cases were consistent with Sinclair's (1995) explanation of managerial accountability being related to a superior calling a subordinate to account for the performance of delegated duties (the stewardship function). In addition it was argued in chapters 7 and 9 that the observed practices indicated that the nature of the practices implemented by different principals differed depending on the principals' perceptions and capabilities (see 7.2.2 and 9.2.2).

At higher levels, directors devised controls to enforce accountability in relation to the perceptions they had about agents' likely conduct. At Oxo Ltd. for example, directors increased the use of ex-ante controls when they appointed managers who they perceived as inexperienced. At DC Ltd. however, the directors imposed ex-ante controls based on their perceptions of a financial crisis. Embedded in this perception of a crisis was the perceived likelihood that managers may not act in accordance with the directors' wishes regarding averting the crisis.

At lower levels in both organizations, managers also imposed ex-ante requirements and controls whenever they perceived the likelihood of employees not acting in accordance with their demands. These observations were consistent with Laughlin's (1996) argument that the methods of controls that a principal devised to enforce accountability were influenced by the level of trust that he had on the agent (see chapter 2). Laughlin (1996) further explained that the principal's level of trust was influenced by the agents having values and beliefs that may conflict with the demands of the principal. Laughlin's (1996) explanation was especially consistent with observations at Oxo Ltd following the second and third kicks (see 7.3.1.2 and 7.3.1.3). The values that employees were perceived likely to follow ahead of the manager's demands were cultural.

Employees had culturally determined values regarding who could and could not demand and get accounts from them; culturally, the young black manager could not demand and get accounts from them. Employees thus expected accountability practices in the organization to be consistent with accountability relationships existing in society as embraced by their culture. Their constructions of practices in the organization were thus based on relationships already existing in society. The concerned manager's 'knowledge' of the culturally determined relationship on which employees based their constructions, led him to devise a management accounting based system to enforce accountability. This observation provided evidence that culture was very influential in the manager's construction of managerial accountability.

Another key observation was that management accounting system was used by the manager to convert a culturally inappropriate managerial accountability relationship into an economically and organizationally appropriate managerial accountability relationship; culturally, it was inappropriate for a young black man to be a 'principal', whereas organizationally and economically, it was appropriate for a manager to be a 'principal'. This identified a new role for management accounting in practices of accountability.

10.3. The skeletal models of accountability construction and organizational change.

The skeletal model of accountability construction developed and presented in chapter 4 (see 4.6) has been used to identify the factors influential in the construction of accountability practices in the case studies. Laughlin's (1991) models of organizational change presented in chapter 3 have also been incorporated into the data collection and analysis to trace the changes in accountability practices through the interpretive schemes and design archetypes (see also 4.6).

In line with the middle range thinking approach, consideration is given to the theoretical models (i) to see how well the models can be used as descriptors of the observations, (ii) to see if they can be refined or enriched and (iii) to see how useful the models were as analytical tools in the research process.

10.3.1. Laughlin's skeletal models as descriptors of phenomena.

Laughlin's (1991) models have been used previously in different organizational studies (for example, Broadbent, 1992, Richardson, 1996 and Soin, 1996), which studies along with this one, provided evidence that the models can be used to explore, explain and theorize about different processes of organizational change. This research in particular, demonstrated that the models could be used to study changes in accountability practice.

10.3.2. Enriching Laughlin's skeletal models of organizational change.

10.3.2.1. Fragmentation.

Laughlin (1991) explained that organizations could survive with conflict and tension among the interpretive schemes held by participants. Broadbent (1992) also provided evidence of "fragmentation at the cultural level" and argued that "the coherence of higher level metarules and missions contains the conflict and the organization continues" (p.363). The existence of different perceptions detected at the two organizations was thus a form of 'fragmentation' at the interpretive schemes levels of the organizations.

At Oxo Ltd, the conflicts were so strong that fragmentation was also detected at the design archetypes levels (conflicting accountability practices), as Soin (1996) also reported in her study (see 3.5.5). But the fragmentation at Oxo was so strong that it threatened the survival of the company, which depended on the crisis being averted. The evidence from Oxo indicated that fragmentation at the design archetype level was a possible step towards the organization disintegrating; the accountability practices and conduct of the two managers were disintegrated and threatened the survival of the company. However, it was not possible to make any further observations and inferences regarding 'fracture' (Broadbent, 1992) in the organization because one of the managers was dismissed within six months thus ending the fragmentation at the design archetypes level.

10.3.2.2. Power and organizational change.

Laughlin's (1991) models did not fully address the role of power in organizational change. The organizational change literature also generally recognizes power as crucial to change. Greenwood and Hinings (1988) argued that the outcome of organizational change processes depended on power dependencies within the organization. They further theorized that one way of introducing change was to "remove the existing senior managers and replace them with a group who are committed to the new design archetype and whose interests are served by ensuring its introduction and success" (Greenwood and Hinings, 1988, p.312). Their arguments are consistent with events at both Oxo and DC ltd. At DC ltd, top managers were replaced with those who were committed to the emerging interpretive schemes. At Oxo ltd, it was observed that the dismissal of the company's second manager (see 6.4.) was aimed at replacing him with a manager who preferred the new interpretive schemes. When the new manager proved to be no different from his predecessor (in terms of furthering the changes that the directors preferred), he also was replaced.

Richardson *et al* (1996) also argued that middle managers acting on their own did not have sufficient power to implement change; they needed the support of powerful external stakeholders. Their argument is consistent with the events observed at Oxo Ltd following the second kick (see 7.4.2). The administration manager attempted to introduce changes, but was unable to do so because as a middle manager, he lacked the requisite power since his ideas were not supported by the general manager. It was only after the directors intervened by removing the general manager from the company that the changes were implemented. The observations thus provided evidence that power was crucial to organizational change processes.

10.3.2.3. The Change pathways.

The two change pathway models of 'semi-colonization' and 'revolutionary colonization' developed in chapters 7 and 9 respectively provided evidence that the change processes were complex as Laughlin's (1991) original skeletal models suggest. The 'revolutionary colonization' change model developed in 9.4. and the 'semi-colonization model developed in 7.4 clearly demonstrated that colonization change was complex; in both cases, colonization was demonstrated by changes at the cultural levels of the interpretive schemes and not at the missions and meta-rules levels. Broadbent (1992) however opened up the debate on whether all three levels of the interpretive schemes needed to change in order for a second order type change to occur. This research however only followed Laughlin's (1991) models and considered change in any of the levels of the interpretive schemes as second order change.

10.3.2.4. The kick(s)

Laughlin (1991) conceptualised the kick as an uncontrollable environmental jolt (see chapter 3). This research has provided evidence that not all kicks observed were 'uncontrollable environmental jolts'. The first kick reported at Oxo Ltd could not be described as an 'uncontrollable environmental jolt' (see 6.4.1.2). The reasons underlying the changes in accountability practices were not attempts to control or avert an environmental jolt; they were instead attempts by the manager to 'align' existing accountability practices with new organizational structures and practices. From this finding it is proposed that the 'kick' could be better defined as "an event or act that affects the organization". The event or act then causes the organizational participants to reflect on various aspects of the organization and to implement changes in light of the event or act. This definition is proposed as more encompassing than Laughlin's (1991) in that it is not restricted to events outside management's control.

10.3.3. Reflections on Laughlin's skeletal model as an analytical research tool.

10.3.3.1. Conceptualising the organization.

Laughlin's (1991) model starts by conceptualising the organization as an amalgam of interpretive schemes, design archetypes and sub-systems. Identifying the design archetypes and sub-systems was not problematic. The sub-systems are tangible and hence easy to identify. The design archetypes though less tangible, were also easy to identify. The difficulty lay with identifying the interpretive schemes. This was because the interpretive schemes are constructs and hence intangible. Identifying the meta-rules and missions was less problematic than the culture. At DC ltd, the company's mission and meta-rules were spelt out in official company data in the company's website on the Internet. At Oxo Ltd, however, no such information was available. Instead, the researcher relied on explanations from the managers and other participants.

The difficulty with culture arose from the fact that the companies had different participants who had different values and views. As chapters 7 and 9 have demonstrated, culture was not a unitary construct. This meant that the different cultural values be taken into account. But this was probably the most difficult part about using Laughlin's (1991) model as an analytical tool because it required considerable effort to understand the cultural values explained by participants.

10.3.3.2. Identifying the Kick(s)

Identifying reasons leading to the observed changes was not difficult. In both cases, various reasons underlay the decisions to replace managers. These various reasons and not the change of managers were identified as the 'kicks'.

10.3.3.3. Conceptualising balance.

Conceptualising balance was difficult because Laughlin (1991) in his original model did not provide specific guidelines on how to assess whether or not an organization was in a state of balance. The issue was also complicated by the detection of fragmentation. The issues of balance and fragmentation featured in both Broadbent's (1992) and Soin's (1996)' studies. Both argued that balance was still possible despite fragmentation at the cultural level of the interpretive schemes. The findings of this study are consistent with their arguments. Cultural fragmentation at DC Ltd. was evidenced by the views of new top managers, which were different and opposed to those of the employees. In particular, new top managers and employees held different views about responsibility and supervision (see 8.2). At Oxo Ltd., fragmentation was evidenced by the different views embraced by members of the management team in late 1991 as well as between the manager and employees in 1992 (see figure 7.1).

This researcher however encountered difficulty in determining whether there was any balance whenever cultural fragmentation was detected. This was partly because Laughlin (1991) provided no clear specifics of what balance meant and also because the two organizations studied were undergoing processes of change at the time the data was collected. Laughlin (1991) described balance as a state in which the organization is bound by certain characteristics which make it "a coherent whole, albeit with disagreements and conflicts openly or subsumed in its makeup" (p.213). Laughlin (1991) further explained that despite the conflicts, participants would be reluctant to change from the current organizational makeup. Following this description, it would have been easy to determine that balance had been lost by simply observing change. The problem however was that in both cases, the changes were opposed by the majority, a factor that made it difficult to determine whether a new balance position was achieved or not. It was difficult to determine whether the dissenting subsumed values indicated 'normal fragmentation' or loss of balance.

10.3.4. The skeletal model of accountability construction as a descriptor of phenomena.

The skeletal model of accountability construction developed in chapter 4 suggests that accountability practices in organizations are influenced by (i) participants' perceptions and capabilities, (ii) the organizational situation, (iii) organizational objectives and (iv) culture and social structures and practices. Analyses in chapters 7 and 9 provided evidence that all four factors were influential in participants' constructions of the practices observed at the two organizations (see 7.3 and 9.3). Also as theorized in the model, the changes observed in accountability practices could be understood in terms of changes in the influencing factors.

10.3.5. Enriching the skeletal model of accountability construction.

10.3.5.1. Participants' perceptions and capabilities.

The accountability construction model developed in chapter 4 did not address the issue of whether participants needed to have the same or similar perceptions and capabilities; it only theorized that participants' perceptions and capabilities were crucial in the construction of accountability practices. The case studies have however provided evidence that participants need not have the same perceptions and capabilities.

There was strong evidence from Oxo Ltd that accountability practices following the second and third kicks (see 7.3.1.2 and 7.3.1.3. respectively) were greatly affected by the fact that participants had different perceptions. After the second kick (7.3.1.2) conflicts were detected in the perceptions of the administration manager and other participants, especially the (general) manager.. Because of this conflict in perceptions, two sets of conflicting and disjointed accountability practices emerged (see also figure 7.1). The accountability practices observed at the organization were thus 'products' of conflicting perceptions. Further, after the third kick (see, 7.3.1.3), the resulting accountability practices were influenced by the conflicting perceptions of the employees to the manager's. The manager developed an accounting system to 'force' the employees to be accountable. The employees had to be 'forced' because they did not share the manager's perceptions.

At DC ltd, the new top managers and other participants also had different perceptions about the conduct of managers and employees in an organizational setting. The accountability practices that were implemented in the company however reflected the perceptions of the managers and were opposed by other employees.

Evidence from the case studies indicated that because of the varying perceptions, constructions also varied; different participants with different perceptions preferred different practices.

10.3.5.2. Power.

The skeletal model of accountability construction also did not fully address the issue of power in accountability construction. The model only theorized that accountability was an asymmetric power relationship between the principal and agent. The evidence from both cases suggested that power was crucial in the construction of accountability practices. Where employees resisted or objected to particular practices, the successful implementation of the disputed practices and systems depended on the outcome of power struggles. At Oxo Ltd, a power struggle arose between the administration manager on the one hand and the general manager and other employees on the other (see 7.3.1.2). It emerged that neither manager, without the other's support, had enough power to have their preferred accountability practices to dominate the organization. The design archetype fragmentation discussed in 10.3.2.1 above arose because the power struggle metaphorically, 'produced no clear winner'. The dismissal of the general manager and promotion of administration manager ended the power struggle. The remaining participants did not have enough power to stop the new practices from being implemented.

The accountability literature (e.g. Laughlin, 1996) clearly argues that the principal is more powerful than the agent and that it is therefore the principal who dictates the terms and procedures. However, the power struggle between two almost equally powerful members of the management team observed at Oxo identified a different dimension of power. It highlighted the potential 'danger' to organizational survival arising out of power struggles among managers.

The role of power in both accountability and organizational change is well documented in literature. The accountability literature clearly states that the principal is more powerful that the agent and that it is therefore the principal who dictates the terms and procedures (see for example, Laughlin, 1996). However, the power struggle between two almost equally powerful members of the management team observed at Oxo identified a different dimension of power. It highlighted the potential 'danger' to organizational survival arising out of power struggles among 'principals'.

10.3.5.3. Culture versus institutionalisation.

The skeletal model did not address the influence of institutionalisation in the construction of accountability practices. Only culture was theorized as influential. Evidence from the two case studies indicated that institutionalisation played a role in participants' constructions of accountability practices. Institutionalisation occurs when a practice through repetition over time becomes taken for granted as the norm Scott (1995). There was evidence from both cases that certain accountability practices had been institutionalised. It was clear from participants' arguments for and against changing certain practices that such practices had over time and through repeated application become normalized.

At DC ltd, the new managers changed the practice where top managers did not demand accounts directly from lower level employees. Instead, the new managers demanded accounts directly from lower level employees. Arguments for and against the new practice by the new managers and employees respectively indicated the influence of institutionalisation in their respective constructions of accountability. Employees argued that the practise they preferred was 'normal' and also practised 'everywhere' (see chapter 8). The new managers on the other hand argued that the practice they were introducing was 'normal' where they came from and that the one preferred by employees was 'strange'. At Oxo Ltd, employees argued that being accountable to more than one person was not normal and also that it had not occurred in the company before. The directors on the other hand argued that being accountable to more than one individual was 'normal' (see chapter 6).

It was clear from both parties' arguments and preferences that institutionalisation was influential in their constructions of practice. The question of how such practices became institutionalised leads to the proposition that it (institutionalisation) was a result of participants' culture. Following Hofstede's (1991) explication of culture as shared values and beliefs, it is argued that the beliefs and values underlying the institutionalised practices were part of employees' culture. As social actors, participants' actions were influenced by their cultural values and beliefs. These values and beliefs informed their constructions of accountability relationships, which led to the construction of accountability procedures and practices. These accountability practices, through repeated application over time came to be taken for granted as the norm. Participants' defences of institutionalised practices were thus only defences of the cultural values underlying them. The defence of institutional practices is however not a unique discovery since the influence of institutionalised and routinized accounting and organizational practices has been widely reported in the literature (see for example, Burns, 2000, and Burns and Scapens, 2000).

The observed 'clashes' between managers and employees regarding 'normal' practices were nothing but clashes of culture. Both parties were experiencing culture shocks (Hofstede, 1991) at the practices preferred by the other. But once again, the culture of the more powerful party (managers and directors) determined the organizations' ultimate practices.

10.3.6. The skeletal model of accountability construction as an analytical research tool.

10.3.6.1. Conceptualising participants' perceptions and capabilities.

Participants' perceptions about accountability were inferred from their explanations of and arguments for and against particular accountability practices. This was probably easier than it maybe in other situations because the researcher was familiar with most of the values that were expressed. This may be an area of great difficulty where researchers are unfamiliar with the values underlying participants' explanations. Identifying participants' capabilities was also easy but sometimes cumbersome, especially at DC Ltd where there were many employees. Participants' capabilities were inferred from their formal qualifications and experiences as well as the posts that they held in the organization.

10.3.6.2. Culture, social structures and practices.

Understanding the culture, structures and practices of the society in which the two companies operated and were part of was made easier by the researcher's prior knowledge of the society. Being a member of the same society, the researcher was able to understand and appreciate some of the cultural arguments advanced by many participants. In situations where the researcher is not part of the wider society on which the research is based, understanding the culture of the participants is likely to be difficult and may require more time.

A similar difficulty to the one explained above was experienced when attempting to understand the culture of the foreign participants. The difficulty was compounded by the fact that the research was not based on the society that these participants came from and hence the researcher could not observe the practices and structures of such societies. However, foreign participants were only a minority and they were also keen to justify their preferences whenever cultural values clashed. It was from such justifications that their culture was inferred.

10.4. The role of management accounting in accountability.

The research has argued that management accounting processes and procedures were used by principals to enforce managerial accountability (see 7.5.2). It was also reported that management accounting's role in managerial accountability differed between higher and lower organizational levels. At higher levels (relations between directors and managers), management accounting procedures and reports served mainly to inform principals about agents' conduct. This was consistent with management accounting's role of providing visibility (Hopwood, 1989).

At lower levels (relations between managers and employees), the Oxo Ltd case reported a different role of management accounting in managerial accountability. It was argued in 7.5.2 that management accounting played a role in the construction of a new accountability relationship. Management accounting procedures and requirements facilitated the conversion of an accountability relationship based on cultural values to a relationship based on economic values. It was argued that prior to the second and third kicks, employees' constructions of their accountability relationship with their managers were based on a relationship already existing in society and embraced by their cultures (both employees and managers cultures). The second and third kicks resulted in practices that were inconsistent with (existing) accountability relationships that were embraced by employees' culture. This resulted in the manager deploying management accounting procedures and controls to 'create' a new accountability relationship embraced by economic rather than cultural reasoning. This observed role was consistent with Hopwood's (1989) argument that accounting not only plays a part in reflecting organizational circumstances but also in changing them. The research thus provided empirical evidence of how management accounting changed accountability relationships.

Questions arise regarding the role of management accounting in organizational management and control. In the two Cases, it emerged that management accounting procedures were introduced or altered during times of crises as attempts by principals to contain the crises. These observations were again consistent with the view that management accounting has a crucial role to play in organizational management and control. Observations from the Oxo Ltd. case in addition indicated that management accounting only played a crucial role in organizational control after the second and third kicks. Incidentally, these were the two periods in which an accounting competent manager was in the company's employ. Prior to his employment and after his departure, no tight management accounting procedures were observed. The conjecture developed from this observation is that the role of management accounting at Oxo Ltd was not crucial, at least during non-crises periods; rather it was just a way of control that the manager preferred because of his training and competence on the subject of accounting. This raised the question of whether the company could have actually survived the crises without using management accounting procedures. It also raised further questions of whether Oxo was a unique case or that other organizations in similar circumstances could survive with or without relying on management accounting. To answer the question required further data to determine whether the company would not actually end up in a crisis at some time in the future after discontinuing the management accounting system. Further data was also required to explore in depth, whether or not the reasons for the initial crisis were related to the fact that management accounting was not a crucial part of organizational control. But it was not possible to explore these possibilities because of time and scope constraints. A follow on research could be a topic of future research. Future research could also shed light into the issue by exploring the role of management accounting in similar organizations.

10.5. Discussion and implications

The study has provided evidence that the construction of accountability practices observed at the two organizations were as hypothesized in the skeletal model presented in chapter 4 influenced by (i) participants' perceptions and capabilities, (ii) the organizational situation, (iii) organizational objectives and (iv) culture and social practices and structures. Differences in accountability practices observed at the two case organizations were also shown to be a result of the fact that the four factors differed at the two organizations. Sinclair's (1995) findings differed with those from the two case organizations for the same reason; the four factors differed between Sinclair (1995) and the two Cases.

All changes and alterations observed in accountability practices at the two case organizations were also shown to be related to changes and alterations in these four factors. Culture also emerged as having an influence on the other three factors. The data has also indicated that economics was itself a sub-set of culture. This led to the theoretical proposition that the construction of accountability practices were virtually all culturally determined. The accountability practices observed at the two organizations were based on accountability relationships already existing elsewhere in society[1] and embraced by and based on the particular society's culture. Observed changes in accountability practices were therefore classifiable into two; those changes based on and reflecting existing accountability relationships and those based on and reflecting new[2] accountability relationships. Changes based on existing relationships were only adjustments to practices including refinements and improvements to existing methods.

[1] Recall that organizations are theorized as part of society.
[2] Relationships not based on those already existing in the local society.

In terms of Laughlin's (1991) skeletal methods of organizational change, such changes were of a 'first order' type and could were either of rebuttal or reorientation (see 3.4.5.1).

Rebuttal changes included minor refinements and extensions to methods whilst reorientation included the introduction of new and possibly improved accountability methods. First order accountability changes were necessitated by an event or act (the kick) that affected the organizational situation (design archetypes and sub-systems). As a result of the changed organizational situation balance between the organizational situation and existing accountability practices was disturbed. To achieve a new balance position, refinements (rebuttal) to or major improvements (re-orientation) to existing methods were required. The exact nature of the changes depended greatly on the powerful participant's perception of the situation and his/her capabilities and were hence difficult to predict.

Accountability changes based on and reflecting new accountability relationships were classified within Laughlin's (1991) skeletal models of organization change as second order type changes. In the observed second order type accountability changes, the event or act (kick) resulted in changes to any, some or all of (i) participants' perceptions and capabilities, (ii) the organizational situation, (iii) organizational objectives and (iv) cultural values. As a result balance between existing accountability practices and the changed factor(s) was lost. The loss of balance was more serious in that it required changes to the underlying accountability relationship(s), which were informed by and based on culture. To achieve a new balance position, existing accountability relationships needed to be abandoned (deconstructed) and new ones constructed. The deconstruction of existing accountability relationships, started with the recognition and acceptance by powerful organizational participants that the cultural values on which the existing relationships were based were inappropriate, improper or obsolete (given the kick) and that replacements were needed. The powerful participants then decided on appropriate values and then constructed new relationships from which new practices were developed.

Within the framework of Laughlin's (1991) second order change models, the observations were classifiable as of a colonization type (see 3.4.5.2). Powerful organizational participants developed and relied on new methods of accountability, which they imposed on other participants. Those who felt strongly against the new methods and practices left the organizations while others surrendered and unwillingly stayed in the organizations. Through staying in the organization and acting and behaving as dictated by the powerful participants, other participants also acted out the new relationships and embraced their underlying values and relationships, albeit unwillingly.

It was therefore not necessary for all participants to agree on the 'appropriate' relationships for the organization to achieve a new balance position; a new balance position was achieved because the 'colonizers' (powerful participants) had sufficient power to ensure that all participants acted in accordance with the new relationships. The organizations achieved new balance positions albeit with fragmentation (Broadbent, 1992) in the cultural values. But where the 'colonizer' did not have sufficient power, the organization may fail to reach a new balance position. Fragmentation may as a result of this failure, also occur in the practices observed indicating a dysfunctional organization (see 7.4). The organization may in the long run collapse if sufficient power is not 'swung' to one of the two parties competing for dominance.

Within this theorization, management accounting emerged in the case studies as playing three roles. Firstly, it was used by powerful participants as a method of changing (deconstructing) existing accountability relationships and secondly as a method for enforcing the new accountability practices. As a method of deconstructing existing relationships, management accounting reports imposed visibility (Hopwood, 1989) thereby influencing participants' conduct to reflect new relationships. As a method of reinforcing new practices, management accounting procedures, controls and requirements forced participants to behave and act in accordance with the new relationships. Through enforcing the new practices, management accounting also played a role in the construction of new accountability practices. By forcing participants to act out the new practices, management accounting forced participants to construct and embrace the new relationships.

10.6. Conclusion.

The thesis concludes that the construction, maintenance and change of accountability practices observed at the two case organizations depended on the cultural values, beliefs and ideals underlying the accountability relationships existing in wider social settings. Such relationships were replicated, furthered and refined in organizations so long as no social events caused the relationships to be reviewed by participants. The thesis further concludes that refinements and changes to accountability relationships in the organization were likely to influence changes in accountability relationships outside the organization as well. This proposition is developed from the fact that the same organizational participants were members of the general society, so it was likely that their experiences in the organization would affect their behaviour and actions outside the organization. Embedded in this proposition is the conjecture that powerful organizational participants have potential to change a society's culture. Societies dominated by foreign investors (such as in Botswana) are more susceptible to such cultural change because of the cultural changes that the foreign investors may introduce at organizational levels through accountability practices. These changes are then introduced at societal level by the organization's employees. The society then reflects both local and foreign cultures. This research did not however explore this proposition because of scope limitation. Follow on research can clarify this issue and is hence a potential topic for future research.

CHAPTER ELEVEN

Conclusion

11.1. Introduction.

This chapter summarizes the research and draws some conclusions. The chapter consists of five sections; the first presents an overview of the thesis, the second identifies the key contributions to knowledge, the third reflects on the limitations, and the fourth identifies potential areas of future research. The chapter concludes with reflective comments on the research process.

11.2. Overview

This research was concerned with understanding how accountability practices were constructed, changed and maintained in business organizations.

In chapter 4, a skeletal model of accountability construction was developed and presented as an analytical tool for conducting the research. The theory base for the study was social construction theory. In line with the social construction theory, the skeletal model theorized that accountability practices in organizations were products of human agency. The model further theorized that the construction of accountability practices in organizations were influenced by four factors namely (i) participants' perceptions, (ii) culture and social practices and structures, (iii) organizational objectives and (iv) the organizational situation.

The research also adopted Laughlin's (1991) skeletal models of organizational change as an analytical tool for understanding the processes of change and construction of accountability practices. The research also adopted Sinclair's (1995) forms of accountability to guide in analysing and understanding the observed accountability practices.

A middle range thinking methodology was used to guide data collection, analysis and interpretation. The research used longitudinal data collected from two different companies using case study research methods.

11.3. The contribution to knowledge.

The thesis contributed to our understanding of (i) Sinclair's (1995) forms of accountability, (ii) Laughlin's (1991) models of organizational change, (iii) the construction of accountability practices and (iv) the role of management accounting in accountability practices in business organizations.

11.3.1. Accountability Forms.

The thesis has benefited from and contributed to our understanding of Sinclair's (1995) accountability forms. By using the forms as a starting point in analysing and understanding the observed accountability practices, the thesis has demonstrated that Sinclair's (1995) conjectures were in principle transferable to different situations but as already argued in chapters 7, 9 and 10, Sinclair's (1995) study was based on public sector organizations in Australia whereas this thesis was based on private sector profit-making organizations in Botswana. Sinclair's (1995) study also only included Chief executives as research participants whereas this research included participants from different organizational levels. Despite these differences, Sinclair's (1995) conjectures were useful in understanding the observed practices. This provided evidence that Sinclair's (1995) conjectures were not limited to the type of environment on which her study was based.

The thesis also offered extensions to our definitions and understanding of Sinclair's (1995), public, personal, professional and managerial forms of accountability. It was concluded that professional accountability could be better understood as a sub-set of the more encompassing occupational accountability (see 10.2.1). It was also concluded that public accountability could be better understood as arising from breaches of public expectations and that such expectations were based on the culture of the society. The thesis further concluded that personal values and beliefs underlying personal accountability were heavily laden with personal economic concerns. Managerial accountability was in addition to being dependent on participants' relative locations in the organizational hierarchy, also influenced by the respective participants' accountability relationships in society.

The thesis also concluded that in the contexts of the Case studies, the public, personal and professional forms of accountability were all intertwined with the managerial form; public accountability, personal accountability and professional accountability were invoked in relation to managerial activity.

11.3.2. Laughlin's (1991) skeletal models of organizational change.

By using Laughlin's (1991) models, the research has demonstrated theory in action. The thesis has demonstrated that the models can also be used to trace and understand processes of accountability change.

This thesis also concluded that the impetus for change (the 'kick') need not be an 'uncontrollable environmental jolt'. Instead it was proposed that the kick could be better understood as an event or act that affects the organizational situation. The event or act may or may not be controllable.

This thesis further provided empirical evidence that power was very crucial to processes of accountability construction and change; accountability practices in the two case organizations were determined by powerful participants. It was important that those seeking to introduce changes to accountability practices have sufficient power. Lack of sufficient power could result in the organization ending in a 'schizoid' position.

Evidence from the Case studies also indicated that fragmentation at the design archetypes and sub-systems levels posed threats to the organization's survival; fragmentation at these levels was a possible step towards organizational collapse.

The thesis also proposed two extensions to Laughlin's (1991) second order colonization type change model. Chapter 7 developed and proposed 'semi-colonization' model and chapter 9 developed and proposed 'revolutionary colonization' as possible outcomes of colonization (see 7.4.4. and 9.4.1. respectively).

11.3.3. The skeletal model of accountability construction.

The thesis has contributed to our understanding of accountability practices and construction by providing empirical evidence of accountability construction and practices in two Case organizations. As argued in chapter 1, there are few such empirical studies reported in academic literature. The research was also conducted in a post-colonial developing country whose environment was different from those of the Western developed economies on which research reported in the literature is largely based. Chapter 5 provided an overview of the environment on which this research was based.

The thesis developed and proposed a skeletal model of accountability construction as both a descriptor of phenomena and as an analytical tool (the model is presented in 4.6). As a descriptor of phenomena, the model identified four factors namely, (i) participants' perceptions and capabilities, (ii) culture and social practices and structures, (iii) the organizational situation and (iv) organizational objectives as influential in the construction of accountability practices.

The thesis provided evidence that the perceptions and capabilities of the powerful participants directly determined the methods and systems of accountability at the two Case organizations. The perceptions and capabilities of other participants were only indirectly influential in that they could inform the powerful participants' perceptions about appropriate accountability methods and systems to employ in the organization.

It was also observed and argued that participants' perceptions and capabilities, the organizational situation and organizational objectives were all influenced by culture and social practices and structures. These observations led to the conclusion that all accountability practices observed at the Case organizations were influenced by culture and social practices and structures (see 10.3.5).

It was further argued that accountability constructions by different participants in the Case organizations were based on accountability relationships already existing in societies outside the organizations. These relationships were transferred to the organizations. As long as the changes to accountability practices introduced by powerful participants maintained these relationships, other participants did not object to the changes. Objections to new accountability practices were thus objections against deconstructing accountability relationships existing in wider societal contexts.

11.3.3.1. Critical reflections on the skeletal model of accountability construction.

In line with the middle range thinking approach, the skeletal model was used as a 'lens through which observations and descriptions of phenomena were made. A critique of this approach is that it may involve 'circular reasoning' in that the model influenced the observations that it was used to describe. However the task of this research project was to generate understanding of the construction of accountability practices in Botswana enterprises.

Model may be used to describe, to predict and to explain relationships between variables or between causes and outcomes.

The skeletal model was useful as a descriptor in that it was used to organize the descriptions of the observed events, which are themselves, a fleshing out of the model. Predictive models have the intent to identify possible outcomes of changes in related variables. This skeletal model however has only been produced to trace, demonstrate and elaborate theoretical relationships between observed accountability practices and the various influencing factors and has no status as a predictor of events.

The skeletal model was explanatory (in the sense of middle range theory) in that it provided only 'skeletal' (Laughlin, 1991) explanations of relationships, providing middle range theoretical explanations of relationships between accountability practices and the four factors theorized as influencing construction.

Like all skeletal models, there is a need to 'use' the model in further empirical studies in order to develop it further. As mentioned in 10.3.5, there were issues (such as whether or not participants needed to have similar perceptions) that the model was silent on that were identified and addressed in the research. Further empirical work has potential to identify similar issues and carry on the theoretical development of the model.

There were also difficulties and potential difficulties associated with using the model as an analytical tool reported in 10.3.6. Though possible solutions were offered, the difficulties also indicated and supported the need for further critical and empirical work to develop the model further.

The skeletal model also did not fully elaborate on the four factors theorized as influencing accountability construction. The interrelationship and interdependence between the four factors was also not elaborated on. Instead it was only theorized that (i) culture influenced the other three factors and (ii) participants' perceptions and capabilities, and organizational objectives influenced the organizational situation. The influence of particularly the other factors on culture needs further elaboration. Further research is required to elaborate on these issues and thus help develop the model into coherent theory.

Despite the criticisms mentioned above, the model highlighted the different theoretical perspectives underlying accountability practices in organizations. Though, the model was developed from a broad social construction perspective, it has incorporated and highlighted the multi-theoretical perspectives from which accountability practices in organizations have been studied and reported in academic literature.

In line with institution theory (Scott, 1995), this thesis has demonstrated that organizational practices of accountability were enactments of social values and beliefs. This was consistent with the point advanced by Willmot (1996).

The model was also consistent with the conceptualisation of accountability from the frameworks of discipline and power (Roberts, 1996). The thesis has provided empirical evidence that power was a crucial factor in accountability construction (see 10.5).

The skeletal model developed in this thesis did not ignore or dismiss the principal-agent theory analyses of accountability as has largely been the case with other works conducted from a social theory perspective (see for example Munro and Mouritsen, 1996). The model instead acknowledged that accountability practices in organizations were inextricably linked to organizational participants acting as principals and agents of economic resources. This was consistent with critical theory based frameworks which argue for the reconciliation of instrumental (economic) and non-instrumental reasoning in understanding accountability (for example, Laughlin, 1996)

11.3.4. The role of management accounting in accountability.

The thesis contributed to our understanding of management accounting by providing empirical evidence of how management accounting was implicated in accountability. The data provided evidence that in addition to the role of enforcing and being a medium of accountability, management accounting played roles in deconstructing 'old' accountability relationships and in constructing new ones (see 10.4).

11.4. Limitations.

Chapter four outlined some limitations of the research resulting from the methodology and methods adopted. The research relied heavily on participants' perceptions and the researcher's interpretations to make sense of the data. Other limitations are associated with the difficulties encountered in the research process such as those associated with adopting Laughlin's (1991) models and the skeletal model of accountability construction (see 10.3). Other limitations arise from the limited access to data. The problem arose partly because some participants were under time pressures and partly because some did not have the data. Clearly the research would have benefited from the availability of more data some of which could have been obtained had a longer time period been available. But this is not a unique problem as many doctoral studies are restricted to specific time frames.

A limitation perhaps unique to this research arose from the unwillingness of some participants to provide data. Others particularly at lower levels had difficulty in understanding and appreciating the research objectives and the researcher's role in the organization. They appeared to believe that the researcher was a government representative investigating their grievances with the objective of ultimately taking management to task. This was a particularly big problem in that it made focussing interviews almost impossible. Some participants appeared suspicious of the researcher's identity and objectives. There were suspicions that the researcher was management's' 'spy.' This made data collection difficult since some were reluctant to have their interviews tape-recorded despite assurance by the researcher of anonymity. In fact no interviews were recorded, and in one incident, an interviewee had the researcher remove the batteries and tape from the dicta-phone before the interview commenced. This was despite the researcher's assurance that the interview would not be recorded. Many participants also objected to being quoted in the text. These problems restricted the richness of the case to be captured and made the research even more difficult (see chapter 8).

Finally, it should be recognized that the case material presented in chapters 6 and 8 represent the researcher's own account of events as observed and understood. There is no claim that the accounts are definitive and absolute descriptions of the events. Efforts have however been made to ensure the reliability and validity of the accounts (see chapters 6 and 8). There is always the possibility that a different researcher utilising different interpretive schema could reach a different understanding. The researcher regards such alternative interpretations of the data as crucial to our understanding of organizational practices and encourages and invites such research endeavours.

11.5. Future research.

11.5.1. The influence of organizational accountability practices on practices outside the organization.

Proposition; changes in organizational practices of accountability have potential to lead to similar or related changes in accountability practices in society (see 10.5). The thesis did not however provide empirical evidence in support of this proposition. Future research could explore this proposition by analysing how the changes in accountability practices in an organization affect participants' behaviour and conduct outside the organization. Such research will enrich our understanding of accountability by outlining the complex relationship between practices in organizations and in society.

11.5.2. Permanent colonization?

Chapter 7 raised the question of whether colonization type accountability changes could survive the departure of the colonizer[1] where non-crises situations were anticipated (see 7.4.4). The conjecture was that the likelihood was that only an anticipated crisis could prevent the changes being reversed when the colonizer left the organization. Future research could explore this proposition by studying organizations that have undergone colonization type accountability changes.

11.5.3. The role of management accounting.

The thesis raised questions regarding the role of management accounting in organizations. Section 10.4 questioned whether management accounting played a crucial role in organizational control at Oxo Ltd. Follow on research could clarify the

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[1] Assuming that the colonizer's replacement in the organization does not share the same 'colonists' ideas.

issue by tracing whether the company (Oxo Ltd.) would continue to exist after abandoning management accounting practices without ending up in a similar financial crisis.

Future research could also explore whether companies that experienced crises did so because they did not utilize management accounting as a crucial part of organizational control.

11.5.4. Theoretical developments of the skeletal model of accountability construction.

Areas of future research also arise in relation to further theoretical developments of the skeletal model of accountability construction as identified in 11.3.3.1 above.

11.6. Summary: Reflective comments on the research process.

The entire research process was a learning exercise for the researcher. In particular, valuable practical research experience was gained. No amount of research training could have equated or compensated for the actual practical experience. The problems of participants' uneasiness are demanding of the researcher's own fieldwork skills, something that can only be bettered through practice. What perhaps made some participants doubt the researcher's identity and objectives was the fact that he was introduced to them by management. This made participants associate the research with management. Other than relying on the researcher's own persuasiveness, there was no way of going round the problem since only management can grant permission for organizational case research.

Another problem related to the environment in which the research was conducted. Unlike the Western environments in which most of the research methods literature is based, case based organizational research by doctoral students and other researchers was not a common occurrence in Botswana. Secrecy and confidentiality was also a major problem that the researcher has experienced in previous studies (see for example, Othata, 1994). For the two organizations studied, the research was the first of its kind in which they participated. Though it was suspected that the organizations might not have had research experience, this was not expected to pose problems to the research. The biggest problem lay with participants understanding what 'research' meant and the type of information that the researcher required. Many participants at first were eager not to express their perceptions and experiences, but rather limited themselves to factual information such as number of employees, etc. This was perhaps attributable to the researcher's inexperience. Had this been anticipated interviews and discussions could have started with clear explanations of the type of information required.

There were also problems of some participants, particularly at lower levels, understanding some of the expressions and terms that the researcher used. Though care had been taken to ensure that the data collection instrument (reproduced in Appendix II) did not contain commercial, economic or accounting jargon, the researcher in follow up questions, comments and discussions tended to use such jargon more often than not. The problem was compounded by the fact that some interviews and discussions were conducted in Setswana (local language) and though words like 'economics', 'accountability' and 'rationale' could be translated, such translations were not commonly used in everyday language. Even in English, the word 'accountability' turned out not to be used commonly in everyday language. In the end the researcher had to rely on explaining the meaning of such words mainly through examples and this took a considerable amount of time. Some participants also often responded in unfamiliar slang, some of which was region and organization or industry specific. Perhaps this problem could have been avoided had the researcher prior to going on the field, familiarised himself with 'organizational' slang especially since the researcher had personal acquaintances in both organizations.

In both cases, participation and access were secured through personal acquaintances and contacts. Initially, the research had intended to study three organizations but this was not possible because many of the organizations approached could not afford the time or did not have policies regarding research.

Despite these problems the research was an enriching experience. Some participants raised issues (that had never crossed the researcher's mind) that proved helpful. In particular, conversations with non-accounting or economics trained personnel enabled the researcher to realize how his (accounting and economic based) theoretical orientation was only one of the many ways of understanding organizational practices. Though the researcher makes no claim that he was able to free himself of this mind-set, he was able to engage the different views versus his own in attempting to understand the events observed. This was enabled by the skeletal nature of the models utilized as well as the middle range thinking methodology and provides evidence of the appropriateness of both methods and methodology.

The differences observed between the two cases helped in data collection and interpretation. Although data was collected first at Oxo Ltd and then at DC ltd., the process was not linear and simple as might have been planned and anticipated. Whilst collecting data at DC ltd., the researcher relied on experiences at Oxo for guidance. But different observations and experiences at DC ltd caused the researcher to reflect on and revisit some issues at Oxo. Even during data analysis and interpretations, it was difficult to concentrate on one case at a time; there was always interplay between the two cases. This interplay though sometimes painfully cumbersome, clearly was helpful. This points to the value of having more than one case even in studies that are not necessarily case-comparative.

Finally, the research is a significant contribution to management accounting, accountability and organizational change literature in Botswana, which is rarely existent in academia. With more studies like this, there is an opportunity for this 'rarity' to change and also for the organizations in Botswana to be more academic 'research friendly'.

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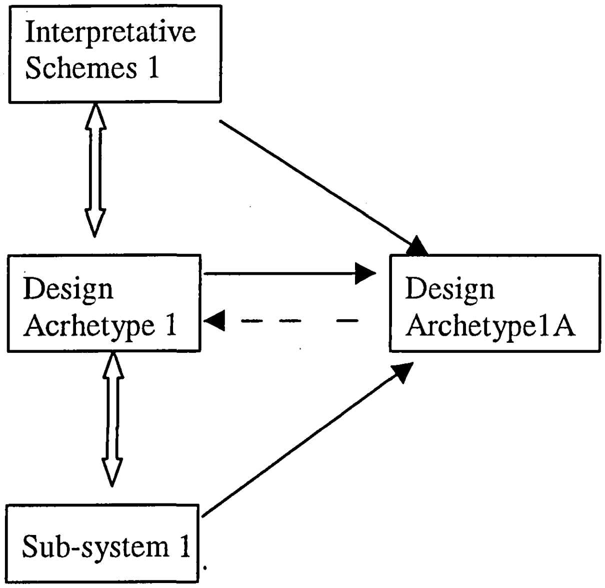
APPENDIX 1. Laughlin's (1991) original organizational change models.

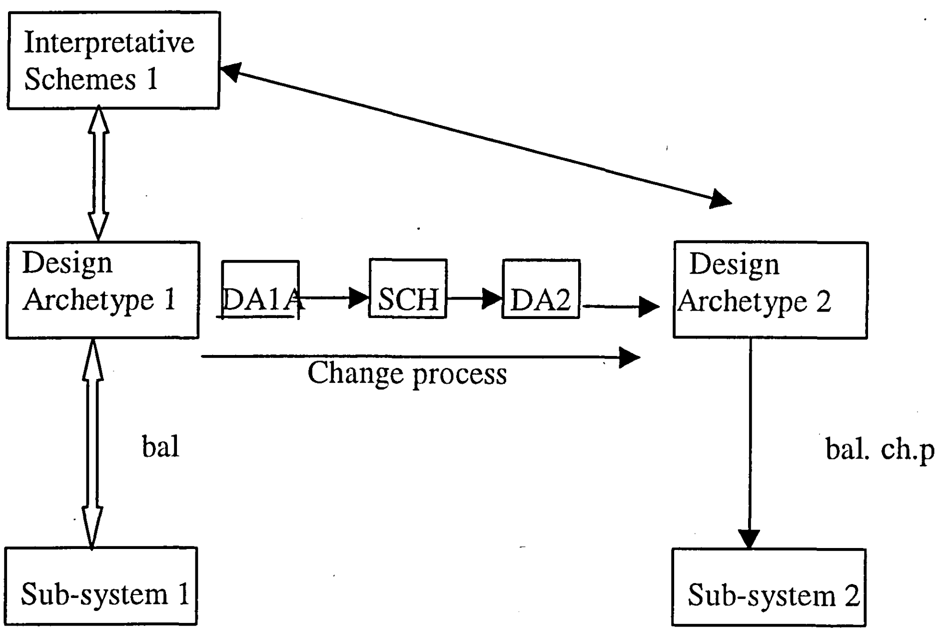
1. **(a) First order change models.**

Figure 1: Rebuttal



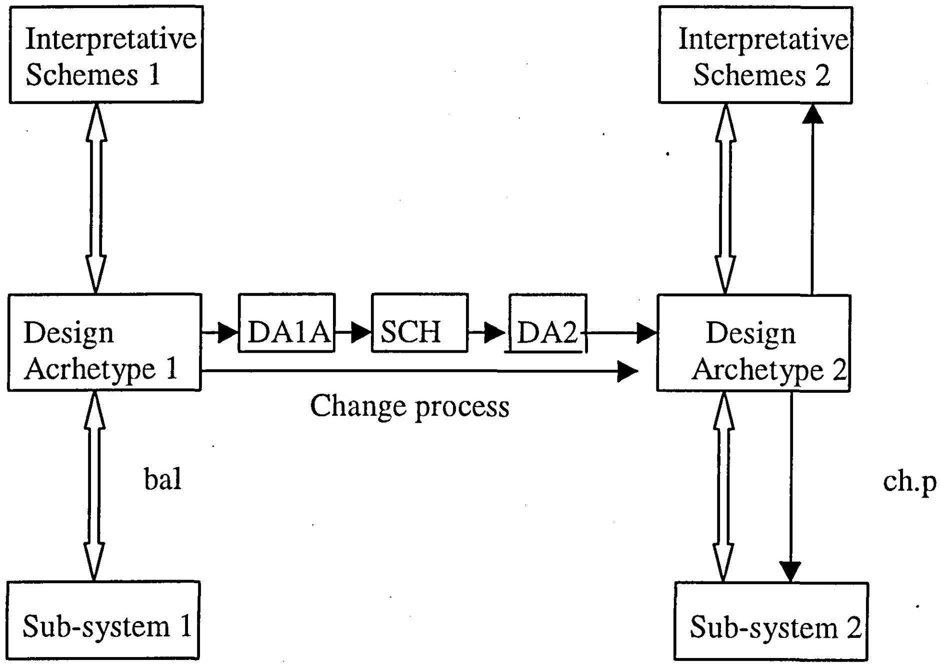
Source: Laughlin (1991) p.216

Figure 2. Reorientation Model



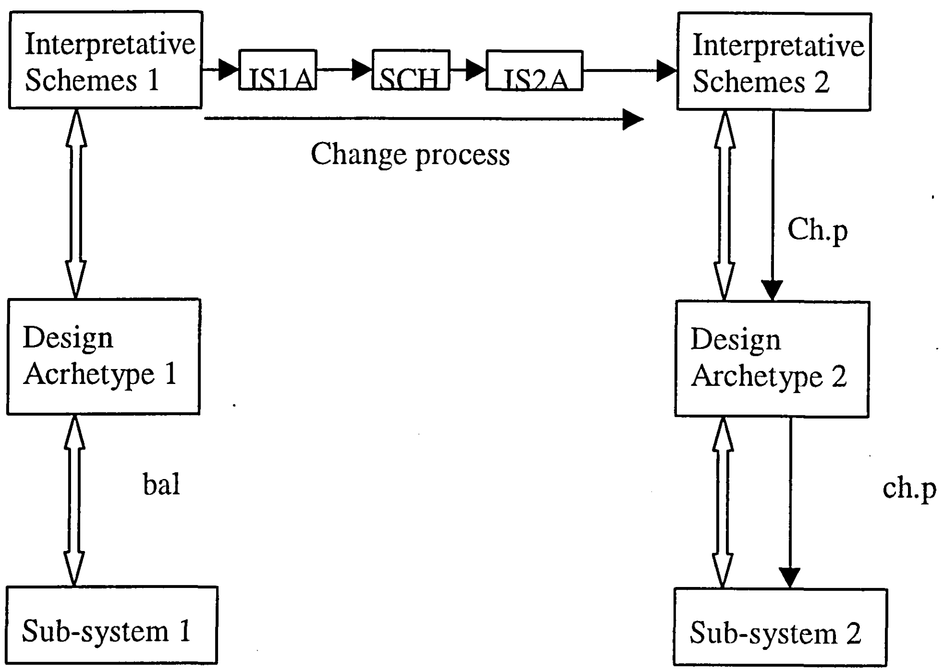
Source: Laughlin, (1991) p. 217

Figure 3. Colonisation model



Source: Laughlin (1991) p.219

Figure 4. Evolution model



Source: Laughlin (1991) p.221

APPENDIX 2: DATA COLLECTION INSTRUMENTS

2(a) Background information collection guide

1. History of the Organization.

First year of operations
Location of premises
Type of Business/Nature of operations
Mission statements, objectives
Culture
Size : turnover, number of employees, customer base
Management/organization structure
Early management accounting practices
Business environment
Success indicators, e.g., turnover, profits, loses, market position etc
Management and personnel turnover patterns
Identity of key personnel and their backgrounds over the years
Critical events, incidents and news items/headlines over the years

2. The Current Organization.

Location of premises
Type of Business/Nature of operations
Mission statement, objectives, culture
Size : turnover, number of employees, customer base
Management structure
Current management accounting practices
Business environment
Success indicators, e.g., turnover, profits, loses, market position etc
Management and personnel turnover patterns
Identity of key personnel and their backgrounds, aspirations etc
Recent critical events, incidents, news items/headlines

3. Reasons for any differences between 1 and 2 above, to be noted and followed up.

2 (b) Interview Guide.

1. Management Accounting Practices.

How would you describe the following?

Overview of MA system
- Structure of acc. Department.
- Key players in dept.
- Nature of reports
- Use of information: Roles of MA in firm (Visibility, etc)
- Rationale for system

History of MA system
- How long current system in use
- Significant changes since inception
- Rationale for such changes

2. Accountability

Line of authority
- Performance appraisal and incentive schemes, is accounting info. an input?
- Generally, who reports what to whom and when?
- How are various types of expenditures authorised, by whom, procedures, rationale?
- Income received and accounted for, how and by who
- General control and physical safeguard of assets, e.g., use of vehicles

3. Interviewees' Perceptions.

Given your experience with this company, how would you describe or comment on the following and why?

A. Corporate issues
- Mission statement, objectives, culture
- Management structure
- Business environment
- Success indicators, e.g., turnover, profits, loses, market position etc
- Management and personnel turnover patterns and reasons
- Key personnel and their backgrounds, aspirations etc
- Critical events, incidents

B. Management Accounting Practices
- Key players in dept.
- Nature of reports
- Use of information: Roles of management accounting in accountability.
- Rationale for practice

General effects of practice on organisational life. (e.g., effect on workload, schedules, rewards etc)
Effects of such changes on accountability, reporting patterns etc
Major personal appreciation/ objection, etc regarding current practice

C . Management Accounting, accountability and organizational Changes
Summary of major and minor changes
Reasons/causes of change
Benefits/limitations of changes
Who initiated/originated them? What reasons did they give? How were the changes operationalised?
Do you agree with the rationale for the changes? Why?
i.e. compare past with present.

D. Accountability
Reporting patterns
Rationale for such patterns
Do you personally find the existing accountability practices acceptable? Why?
Strengths and weaknesses
Summary of changes, improvements

Who originated or initiated the changes, what reasons did they give, the process of change.

Do you agree with the rationale for the changes? Why?

SUMMARY QUESTIONS AND COMMENTS

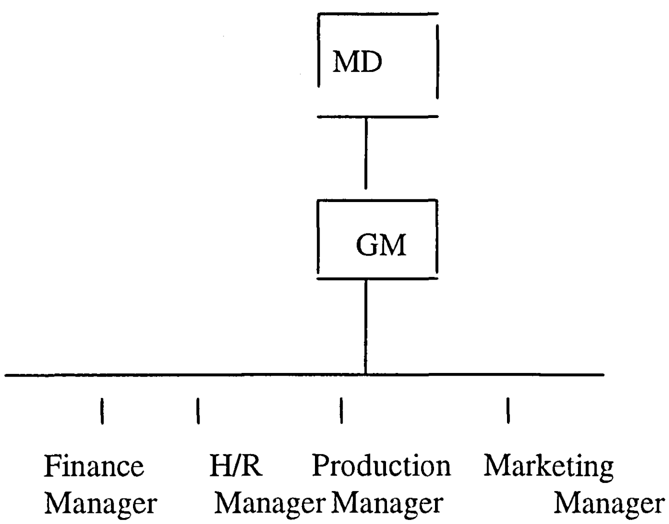
- **IN GENERAL, WHY DO YOU THINK, THIS COMPANY'S ACCOUNTABILITY PRACTICES ARE AS THEY ARE?**
- **DO YOU THINK THE PRACTICES SHOULD BE LIKE THAT? WHY?**
- **WHAT FACTORS DO YOU THINK SHOULD BE INFLUENTIAL IN DETERMINING A FIRM'S (INCLUDING THIS 1) ACCOUNTABILITY PRACTICES? WHY?**
- **DO YOU BELIEVE THAT ANY OF THOSE FACTORS HAVE BEEN INFLUENTIAL IN DETERMINING THIS FIRM'S PRACTICES.**
- **DO YOU BELIEVE THAT MANAGEMENT ACCOUNTING PLAYS A ROLE IN THIS FIRM'S ACCOUNTABILITY PRACTICES? WHY? WHAT IS THE ROLE, IF ANY?**
- **ANY COMMENTS?**

2(c) Follow up questionnaire to Human Resources manager of DC Ltd.

<u>Human Resource Issues.</u>

1. .Number of Departments_______________.
2. Approximate number of Employees_________________
3. Designation of Chief Executive: Managing Director / General Manager / Manager/ Other
4. Chief Executive's Background: Engineering/ Business/ Diamond Industry/ Other
5. Designation Of Deputy Chief Executive: General Manager/Deputy General Manager/ Other.
6. Deputy Chief Executive's Background: Engineering/ Business/ Diamond Industry/ Other
7. Organisation structure: Please Draw Rough Diagram

Example



8. Has this structure always been like this?_____________
9. Please Outline any changes and approximately when they occurred

10. What were the reasons for the changes?

11. Between the years 1992 and 1999 both inclusive, has there been any turnover among the management personnel? Please give details and approximate dates below

12. What were the reasons for the turnover?

13. Between the years 1992 and 1999, has the company ever been involved in retrenchments? If yes, please provide details of what categories of employees were involved, dates and the reasons for such action.

14. In general, would you say the company is presently Understaffed / Overstaffed / well staffed ?

15. In your opinion are the employees generally satisfied with their jobs? Please provide details below

16. Over the years (1992-1999) has the company had any major personnel problems such as strikes and petitions? Please provide dates and details.

17. Any other comments, ideas and suggestions most welcome.

Many thanks for your kind assistance

2(d) Follow up interview guide for Finance manager and accountant at DC Ltd.

<u>Aide Memoire forAccounting Staff.</u>

1. When You joined, how long had the firm been in operation?________
2. How many people were in the dept?________________

What were their designations and duties?

3. **Now that there's only two, when did the others leave?**
4. **How did their departures affect your work?**
5. Were you previously overworked/underworked? What's the case now? Did the co. really need them?

.<u>Accounting System.</u>

(A) <u>Budgetting</u>

How was this done? Was it prepared internally or by head office?

Who was involved and how?

What would you say was the major objective of such practice? What would u say was the main advantage of having it? Did you find it useful?

Over the years has there been any changes in the budgeting system? Its uses and preparation etc?

Now that its not there anymore, would you say things are better or worse? Why?

In general how has its absence affected your work? The co. as a whole?

How are the objectives being met now?

(B) Wages and Salaries

System? i.e., time based, piece based or fixed?

How do u get information for preparation?

(C) <u>Cost Analysis Reports</u>.

What did management use these reports for?

Was any action/decision ever taken/made based on the information contained therein?

Now that they are not there any more, would you say the company is losing out or not?

Would u say in general management pays more attention to accounting issues than before? Why?

Do you think the attention they pay is enough, little or exaggerated?

Do you think that over the years, management has become more cost or profit conscious?

Would you say that the company is now more cost efficient?

<u>(D) Responsibility, Transparency and Accountability</u>

Looking at the co. in general, would you say the level of accountability has increased or decreased over the years?

Explain WHY, WHEN, HOW

What about Transparency?

Your Responsibility and Accountability towards top management /(and your supervisor)
Has it changed over time?

Explain WHY, WHEN, HOW

2(e) Copy of revisit covering letter.

O.Othata
UB Post office
P.O. Box 70067
Gaborone

Office no. 225/120
University of Botswana
Tel. 71618334 (mobile)

Dear

Subject: Research on Management Accounting, Accountability and Organizational Change.

May I take this opportunity to thank you for taking the time and effort to assist in the above mentioned research project. As promised during our conversations of November 1999 and January 2000, I attach a summary of the information I obtained during my interviews with you. The summary will inform my analysis and write up of the case. To ensure that my report is a fair reflection of your views, I would once more be grateful if you could afford the time to go through the attached document paying particular attention to the following;

(a) Inaccuracies and Omissions.
This might be any information that is factually incorrect or where I might have misunderstood or misrepresented your explanations and views.

(b Objectionable or confidential information.
The objective is to make the whole report available to all those who assisted, so it is possible that there might be some information that you would rather is not made available to other members of the company.

(c) Any other issues or advise that you may have will be most welcome

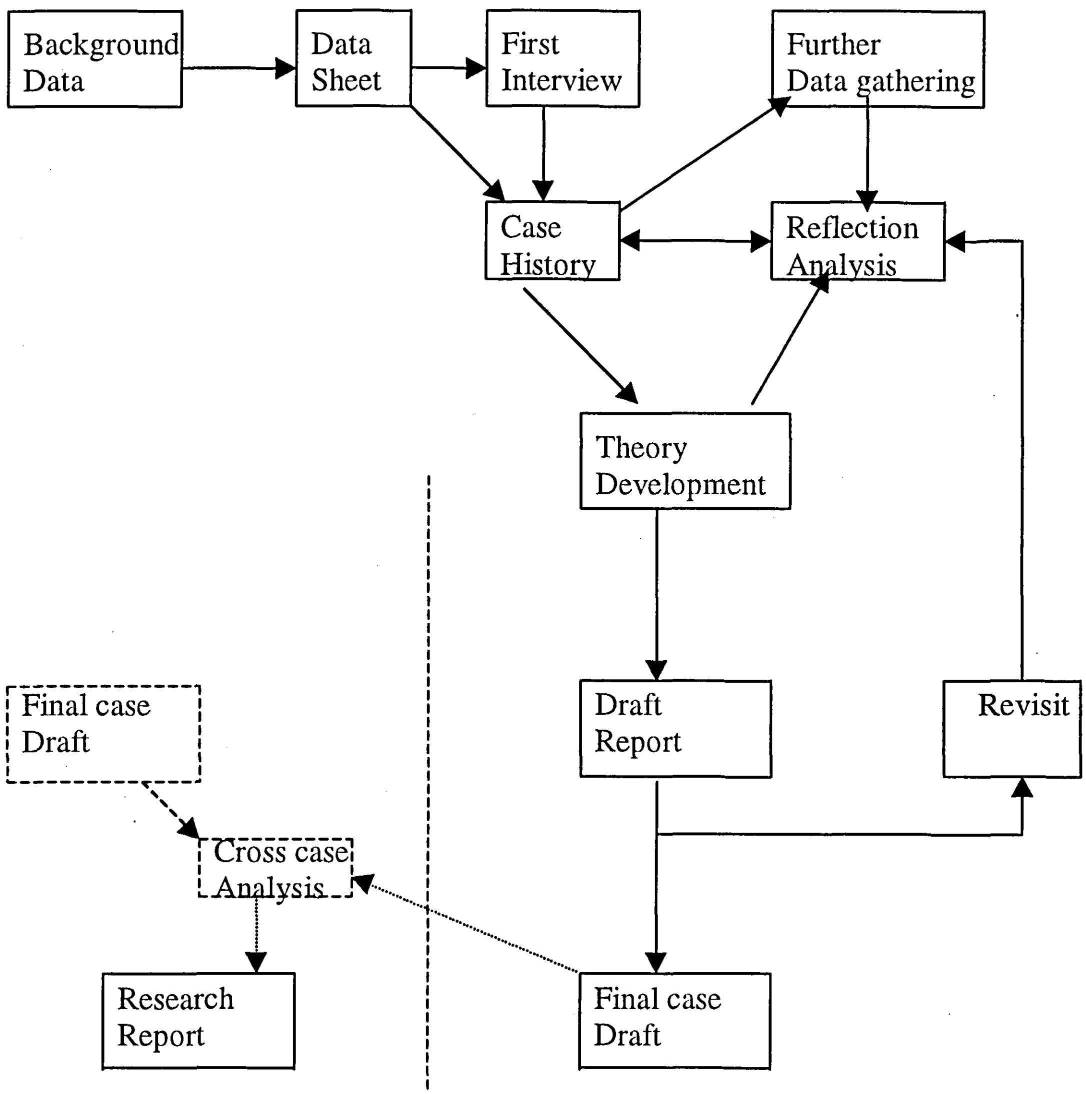
I will contact you by telephone to arrange for an appointment to discuss any issues that you might (I hope) raise regarding the above.

Thanking you once more.

O.Othata

APPENDIX 3. Data collection and analysis

Figure 1. Overview of the research process strategy.



APPENDIX 3(a)

Figure 2. Overview of the contact data recording, analysis and interpretation process strategy