

Accounting Practices: The Change I See

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Abstract

Purpose – The aim of this study is to clarify the nature of change based upon the concept of impermanence. In particular, we will answer two questions; what change is, and why individuals perceive change differently. These are some key issues raised by past researchers of accounting change that require further examination and fuller explanation.

Design/methodology/approach – This study uses the concept of "*aniccata*" (often translated as "impermanence") from Buddhist philosophy, which assumes that everything that one perceives as existing is a construction of the observer, owing to limitations in perceiving the continual process of emergence and decline of all things. Empirical materials were gathered on change in a telecommunications organisation in Sri Lanka using interviews and document reviews to construct our knowledge about Sri Lanka Telecom, its context and accounting practices.

Findings – Using the concept of impermanence, we demonstrate that what individuals observe as change in accounting practices is the difference in the properties of the static entities constructed by individuals due to delays in observing or inability to observe all instantaneous changes of a given aspect. As individuals' constructions are subject to their personal knowledge, interests, and experiences, properties of these constructions differ from one observer to another. As individuals observe changes relative to the properties of their own constructions, they perceive change in accounting practices differently and act accordingly.

Originality/value – This study introduces a different perspective to extant literature in order to explain change in organisations and accounting practices. It answers questions that remained open in relation to the nature of change in accounting practices.

Key words: Accounting practices, Accounting change, Impermanence, Sri Lanka Telecom

Accounting Practices: The Change I See

1. Introduction

The aim of this study is to contribute to the on-going inquiry concerning the nature of change as applied to the accounting practised in an organisation or similar formal identity of study (hereafter "accounting change"). A review of the extant literature raises the need for a different perspective, in particular, a perspective that revisits the ontological assumptions of various organisational change theories that have been applied in explaining the concept of accounting change. In this paper we consider the nature of change, and interpret questions about change. It has been claimed that, in spite of the amount of research carried out on accounting change, the debate on the concept of change is inadequate (see Andon et al., 2007; Busco et al., 2007; Busco and Scapens, 2011; Quattrone and Hopper, 2001). According to these authors, much of the inadequacy stems from change being generally assumed to be a transformation from one defined point to another. They suggest overcoming inadequacies by conducting research of accounting change using alternative ontological and epistemological assumptions.

This study pursues suggestions made by the above-named authors, using empirical evidence collected about Sri Lanka Telecom, ranging from its inception in 1857 through to 2010. Various informants discussed the change of an entity that they perceive to be the current Sri Lanka Telecom in comparison with another past entity that they perceived and constructed. The informants compared the change of accounting practices of those constructed entities at different points in time. The many entities constructed by each individual comprised different properties depending on the individual. Therefore, the changes and explanations for them supplied by the informants differed for each individual. These issues led us to develop an alternative framework for appreciating the nature of change in accounting practices. The framework is developed by interpreting two questions raised by Busco et al. (2007), namely, "What is change?" and "Why do individuals perceive change differently?" In this framework, we assert that change appearing, or being constituted, is a constant occurrence through individuals constructing, reconstructing and sharing personal constructs or "realities"; and interpreting variations in those constructs as change.

The paper is organised as follows. In Section 2, we review the importance of alternative views on accounting change with reference to the past literature. The section includes a discussion

of the importance of considering change as a dynamic process and the holding of ontological assumptions that reality does not exist independent of the observer. Section 3 comprises a discussion of underlying methodological assumptions we used and their importance in conceptualising accounting change. Section 4 presents our interpretation of empirical materials we obtained from informants and documentation relevant to accounting and related change associated, over about 150 years, with the legal entity presently known as Sri Lanka Telecom. This includes elaborating on the Buddhist philosophical idea of *aniccata*, which we interpret as similar to impermanence (and which we hereafter refer to as "impermanence"). In Section 5, we synthesise the concept of impermanence and the evidence collected from Sri Lanka Telecom, to theorise that the entities individuals perceive as changing are entities constructed by themselves and, therefore, individuals perceive change differently. The sixth section concludes the arguments we put forward and summarises the theoretical contribution of this study to the literature.

2. Contribution of the Study

The perspective presented in this study is inspired by calls for a different approach to studying change in accounting practices. Busco et al. (2007) raise the importance of understanding ontological and methodological issues involved in explaining change and argue for greater and more diverse conceptualisations of change than those that have been used in accounting research. They claim that understanding accounting change should be linked with broader knowledge areas and not be confined to disciplines such as social sciences, sociology, philosophy of knowledge, and science and technology studies. Rather, what is required is a broader and more diverse examination of ontological and methodological issues than what has been used in accounting studies.

A particular set of assumptions we take issue with are modernists' assumptions of a linear and defined transition of an entity (a reality), so bringing into question much of the extant accounting change literature, as it is on such assumptions that that literature is based. That is, researchers study movement of a discrete organisation as it is transformed from one static reality to another static reality, ranging from one instant to another instant (e.g., see Fox-Wolfgramm et al., 1998; Van de Ven & Poole, 1995) through to even one era to another era (e.g., see Davila & Foster, 2005; Granlund & Taipaleenmäki, 2005; Kallunki & Silvola, 2008). For criticism of these assumptions, see Andon et al. (2007) and Quattrone and Hopper (2001).

Usually associated with the aforementioned assumptions is the assumption that researchers can identify a barely contested reality (i.e., one independent of individual or similar social constructions) as a starting point from which to trace the scale and direction of changes. Busco et al. (2007) and Quattrone and Hopper (2001) argue that this assumption is present not only in rational choice approaches but even in "non-positivist" approaches. We verified this by reviewing studies based on relevant contextualist approaches (see, e.g., Alawattage & Wickramasinghe, 2008; Burns & Baldvinsdottir, 2005; Busco & Scapens, 2011; Guerreiro et al., 2006; Wickramasinghe & Hopper, 2005), finding that such approaches assume change of a discrete organisation or similar entity from one state in time to another.

By going beyond these assumptions in seeking to clarify the nature of accounting change we argue we have made better understandings of such change possible. This is the intended contribution of this study.

3. Methodological assumptions and their implications

The alternative, "going beyond" assumption about the nature of accounting change we assert in this study is the aforementioned concept of *aniccata*, translated as "impermanence". As the translation infers, the concept puts to one side sets of assumptions about change having a starting point of a permanent nature (see Section 2). However, a further facet, which is lost in translation, is that reality does not exist independent of the observer. This coincides with concerns raised in Section 2 not only about being able to separate the agent and the object of change (i.e., existence of management accounting practices independent of their users and other system participants, including persons affected by them and persons for which their uses have consequences) but also about researchers or any observers being able to arrive at uncontested views of them (i.e., management accounting practices being matters of fact not of interpretation).

Our impermanence-based approach is to explain change as a collection of dynamic processes constructed by the researchers from the evidence compiled and interpreted from oral and written accounts of live informants and documents left behind by previous participants. As indicated above, our approach derives from Buddhist philosophy, explaining the nature of change as "impermanence", or the continuous emerging and declining of constructions from one moment to another. This concept is adopted in this study to establish how individuals construct different entities that appear to exist and how they perceive change of those

constructed entities. Based upon the concept of impermanence, in this study we argue that everyone constructs his or her own knowledge about change individually; and so the prospect of a universally observable change is unreal. Our interpretation of the nature of change is grounded on the ontological assumption that there is no real world existing outside the individual. This assumption undergirds our interpretation of what change is and why individuals perceive change differently.

As to existence of objects, Buddhist philosophy claims there is no self and "the person (the psycho-physical complex as a whole) is a conceptual fiction, something that is only conventionally and not ultimately real" (Siderits, 2014, p. 297). According to the Buddhist philosophy, each psychophysical element is impermanent, thus no self can be found. We will use the conceptualisation from Buddhist philosophy on how individuals perceive enduring entities to show how individuals construct entities that they think are real and observe the change of those constructed entities. The same concept will be applied to illustrate why different individuals perceive change differently.

Nyanatiloka Thero (2004) claims that the *anatta* (non-self) doctrine is the only specific Buddhist doctrine that distinguishes it from other philosophies. Nyanatiloka Thero (2004, p. 16) explains *anatta*:

neither within the bodily and mental phenomena of existence, nor outside of them, can be found anything that in the ultimate sense could be regarded as a self existing real ego-entity, soul or any other abiding substance.

According to Buddhist philosophy, impermanence of things is the emergence and the decline of things. In other words, it does not assume all conditioned phenomena "persist in the same ways, but that they are vanishing, dissolving from moment to moment. Impermanency is a basic feature of all conditioned phenomena, be they material or mental, coarse or subtle, one's own or external: 'All formations are impermanent' (*sabbe sankhārā aniccā*)" (Nyanatiloka, 2004, p. 16).

A chariot is a metaphor used in *Questions of King Milinda*¹ to explain the concept of *anatta*. Nāgasena Thero asks the King,

¹ *Questions of King Milinda* is "a famous work of Buddhist literature, probably compiled in the first century B.C. It presents Buddhist doctrine in a very attractive and memorable form as a dialogue between a

Is it the wheels, or the framework, or the ropes, or the yoke, or the spokes of the wheels, or the goad, that are chariot?...is it all these parts of it that are the chariot?...is there anything outside them that is the chariot?

The King's answer is,

It is on account of its having all these things—the pole, and the axle, the wheels, and the framework, the ropes, the yoke, the spokes, and the goad—that it comes under the generally understood term, the designation in common use, of “chariot”.

Thus, Nāgasena Thero uses the analogy of a chariot to explain that there is no permanent individuality that can be known by a name, rather it is only a generally understood term or a designation in common use. Similarly, as we discuss in this study, there is no permanent entity or organisation called Sri Lanka Telecom, rather the terms we use, such as the Ceylon Telegraph Department, Sri Lanka Telecommunications Department, Sri Lanka Telecom Corporation or Sri Lanka Telecom, for the entities that we constructed (based on its previous legal existence) are designations in common use.

Realists assume the existence of real substances along with real qualities, whereas the Buddhist view is that ultimate reality cannot be so divided, it cannot represent a stable stuff with real moving qualities situated upon it. However, it is hard to eliminate terms such as thing, qualities, substances etc. implying a sense of reality which is rejected in Buddhism (Stcherbatsky, 1930, p. 97).

Based on the concept of impermanence, we argue that "realities" that appear to exist (for example, Sri Lanka Telecom, Sri Lanka Telecom before privatisation, accounting reports before privatisation, commercial accounts, performance measures) are constructions of individuals and do not exist independent of the observer. Each person's constructions differ from those of others, if only in minor respects.

Bactrian Greek king, Milinda, ... and a Buddhist sage, Nāgasena" (Bhikkhu Pesala, 2001, p. 3). The King poses questions on Buddhism, religion, and existence and Nāgasena Thero responds with either a tale about the Buddha in some previous life, or an analogy. The quotations here are from the translation of Davids (2003).

Furthermore, an individual's perception of changes to what he constructed or observed will be different from another person's constructions, again if only in minor respects. Making up for their "*avidya*" (translated as ignorance) of "*aniccata*" (impermanence), each observer views various things as static and others as changing among the constructions they refer to as Sri Lanka Telecom. Thus, we cannot study the change of an object that is independent of individuals or the researchers. Instead, what we can try to study are individuals' constructions of circumstances or situations, how these constructions differ among individuals, and how these circumstances change among these individuals. Hence, researchers should not study changes to an organisation that they refer to as Sri Lanka Telecom and that exists independent of the observer. The same applies to the accounting practices that each observer associates with Sri Lanka Telecom, or their constructions of it.

Further to our contention that there is no world existing outside of an individual, we argue that the world is constructed by individuals with the process of cognition arising from the contact of sense organs (eye, ear, nose, tongue, body and mind) and external sense objects (visible forms, sounds, odours, flavours, and tangible and mental objects). Knowledge created about the world is subject to the consciousness of the people creating the knowledge rather than being created independently from an individual. That is, knowledge is relative to individuals and it is a process of assigning different interpretations to events, and so the concept of an objective knowledge is rejected (De Silva, 1999). It then follows that since there is no real objective world to be understood, knowledge created about the world is subject to the consciousness of the people creating knowledge. No one can ever achieve an "absolute truth". Knowledge is a creation and not a discovery or something to be found.

Our explanation of how knowledge is constructed by individuals is applied in this paper in order to understand how different individuals perceive Sri Lanka Telecom and its accounting practices at various points in time, including how they attach various properties and meanings to the organisation and its practices. Since informants, by nature, perceived Sri Lanka Telecom and its accounting practices according to their interests, experiences and priorities, the knowledge and meanings they attached to the organisation and its accounting practices were different. This assumption about knowledge helped us to understand how and why different informants constructed knowledge about the organisation and its accounting practices using various attributes and combined them differently. According to our assumptions, the knowledge about change in Sri Lanka Telecom and its accounting practices is not independent of the observers or the researchers.

Two individuals from different organisations may respond to a similar situation in a different manner as their behaviour is constrained by their knowledge, past experiences, culture, religion and priorities. Similarly, a past behaviour occurring at one place will not necessarily happen at another place under similar conditions. Also, two individuals might behave in a similar manner under different circumstances for different reasons. Reasons for these differences in human behaviour can be understood in terms of the assumptions explained before. Individuals construct entities subject to how they perceive impermanence and perceive change subject to what they have constructed. Accordingly, behaviours of different individuals vary, depending on what they constructed and perceived. We apply this assumption to establish why different individuals had different opinions and responded differently to changes in Sri Lanka Telecom and its accounting practices.

We applied an in-depth case study method to establish our framework for change in accounting practices as it was the most appropriate method to study change in accounting practices (Burns & Scapens, 2000). The main methods of collecting empirical material about Sri Lanka Telecom were interviews and document reviews. The interviews were particularly significant for collecting information about the recent past of both the organisation and the telecommunication industry as a whole. Evidence gathered from both publicly available and corporate documents, as well as observations from these, were used as supplementary evidence to the interviews. In relation to the more distant past, documents available at the Department of National Archives and the National Library and Documentation Board, both in Colombo, were key sources of information. Books and other documents also provided information about the context of Sri Lanka Telecom (i.e., the circumstances and events in Sri Lanka, global trends in the telecommunications industry, the accounting profession in Sri Lanka and the telecommunications industry of Sri Lanka that we observed as important and relevant to changes in Sri Lanka Telecom), its various "owners" (including the Governments of Ceylon and Sri Lanka) and the country. Thus, the individual observers in this study comprise interviewees, authors of books and other documents, and the researchers themselves.

Applying the above assumptions to the subject of this study, it would be a mistake to believe that a person, an organisation or an accounting practice remains the same for more than an instant. Instead, these things change every moment: people, organisations and accounting practices are impermanent. However, as observers cannot observe all these instantaneous changes, they construct something permanent at points in time and they construct

explanations about differences occurring during the intervals between each chosen two points. They then explore these differences to identify how and why they occurred and refer to them as changes. This exploration process leads to an explanation of change of an existing organisation or accounting practice.

The use of the concept of impermanence arose from the process of induction during the study, most of which was conducted between 2009 and 2014. The concept gave rise to different ontological assumptions that are important in understanding the nature of accounting change. Application of the concept of impermanence helps to show how constant motion can be reconciled with apparent stability of managerial practices, an issue of concern to Busco et al. (2007). The concept of impermanence establishes the world persons perceive as a construction of themselves, deriving from individuals' inability to perceive the impermanent process of any object. We attempt to apply the concept of impermanence to show that the subject and the object of change are not separable and any object or "entity" that individuals perceive is a construction of the individual, subject to how they perceive the impermanence process. Each person's construction is also limited to how much they are able to observe. Thus, what they perceive as "reality" or "the world" or "knowledge" or "the organisation" or "management accounting practice" is a construction of each individual.

Based upon this notion, we establish that what we perceive as changing (i.e., the object of change) is the impermanent construction of the individual. This provides an answer to the questions raised by Busco et al. (2007). Then we extend this concept to demonstrate that, as the constructions of individuals are subject to their interests, experiences and knowledge, the change of any object that individuals perceive differs from one individual to another. This issue is linked with the concerns raised by Burns and Scapens (2000), Guerreiro et al. (2006), Wickramasinghe and Hopper (2005) and Mumby (2005) on differences in perceiving accounting change. Burns and Scapens and Guerreiro et al. raised the importance of understanding the differences in institutionalisation of management accounting practices among various groups within an organisation. Wickramasinghe and Hopper questioned why traditional management accounting practices took unexpected roles and failed in a traditional society based on a rural culture. Mumby claims that studies should try to understand how these contradictions and resistance occur. This paper shows how individuals construct their own realities owing to the inability to perceive impermanence of organisations and accounting practices, which is why the aforementioned issues arise.

Impermanence can be applied to understand the nature of constructions (i.e., things that we construct). Impermanence helps in studying change as a dynamic process, rather than as a comparison of two static realities. In other words, in contrast to studying properties of predetermined discrete realities existing independent of the observers (e.g., studying accounting practices of the Department, the Corporation and the Company in the case of Sri Lanka Telecom), we attempt to explore the impermanence of Sri Lanka Telecom and its accounting practices. In doing so, we consider how various observers have perceived the impermanence of Sri Lanka Telecom and its accounting practices, and constructed different realities. These constructions can be used to illustrate why various individuals perceive changes in accounting practices differently. Thus, we are going to explain change as a construction of events; and what individuals perceive as change is the change of what they constructed.

4. Sri Lanka Telecom and its accounting practices

The Sri Lanka Telecom PLC (hereafter SLT) of today may be traced as a legal entity back to the Ceylon Telegraph Department, as established in 1857 under the Government of the British Crown Colony of Ceylon. It had the status of Government Department from then until 1990, and then of Government Corporation between 1991 and 1996 (by this time the government in question was the Government of the Democratic Socialist Republic of Sri Lanka). It was then partially privatised, with the sale of 35.2% of its shares to the Nippon Telegraph and Telephone Corporation, a Japanese company. With the divestment by the Government of a further 14.3% of its shareholding to the general public in 2002 and subsequently, SLT became a public company under its present name; and in 2003, its shares started to be traded on the Colombo Stock Exchange. In 2008, the Japanese company sold its entire shareholding to Global Telecommunications Holdings N.V., a Dutch company, which also acquired a portion of the publicly traded shares, bringing its stake to almost 45%. These various changes in legal form are tabulated in Table 1, along with other information outlined in the next few paragraphs.

Table 1: Summary of the Perceived Changes in Accounting Reporting Practices

Year	Legal Form	Accounting and Reporting Practices
1858	Colony of Ceylon Government Department	Accounting information for British Imperial authorities: Financial Performance; Analysis of profits, costs, details of special projects, estimates of receipts, financial controls and issues in controls; Operational Performance; Delays in transmission, expansions in network, maintenance activities; Administration of staff and general administration
1876		Statement of loss suffered by the Government of India
1900		An analysis of the services provided to other countries
1904		Balance sheet, statements of income/revenue and expenditure, revenue analysis
1906		Statement of estimated value of work done free for other departments
1939		Free services and concessions given to military forces
1942		Auditing of the statements; Reconciliation between cash figures and commercial accounts figures
1946		Statement of loan liabilities with the Ceylon government
1948		Ceylon / Sri Lanka Government Department
1953	General summary of profit and loss	
1991	Sri Lanka Telecom Corporation	Accounting requirements of government corporations: Annual corporate plan; Financial management including target required return; Improved financial controls and internal audit function; Inventory management; Computerised accounting data entry system; IMAS accounting system introduced
1996	Sri Lanka Telecom PLC	Accounting requirements of public companies:
1997		Introduction of Japanese management controls, emphasis on improving productivity and quality; fund management and budget functions separated
1999		New performance management system
2000		Computer applications for accounting
2001		Company-wide cost control system introduced
2002		New quality assurance system
2003		New revenue collection system; New division for investor relations
2006		ISO 27001
2008		Revenue Assurance division
2009		Planning to obtain ISO 9000
2010		Business process re-engineering

Not only was the Ceylon Telegraph Department the first organisation to bring together and develop telecommunications in Sri Lanka but also it is still the largest telecommunications organisation in Sri Lanka; it enjoyed a monopoly status until the 1990s. We studied records of accounting practices at SLT since its inauguration as the Ceylon Telegraph Department. We took this longitudinal approach intent on obtaining a deeper understanding about these practices now and in the past, and identifying specific and separate settings of the organisation and its accounting practices.

In constructing our knowledge about the change in SLT and its accounting practices, we used evidence collected about the organisation and the context in which it has been and is operating. Indeed, throughout the various legal existences of the organisation, we observed SLT seems to have been impermanent on virtually every front, including the character of ownership and idiosyncrasies of owners; the nature of products and services provided, and their recipients or users; the technology used; the nature of administration, management governance; and the purposes, and technical and social nature of accounting practices. Further, it has been impermanent in terms of the telecommunications industry of Sri Lanka; economic, political and social policies of the country; and, just as importantly, in terms of trends and innovations of global technology and telecommunications industries.

Even though our various informants and the authors of documentary evidence we incorporated into our empirical materials consistently associated the changes in SLT with, among other things, variations in the legal form of the organisation (see Table 1), we observed differences in the properties of the entities they constructed for each legal form. Furthermore, even though we have used change in legal forms as a point of reference to present the knowledge we constructed about change in accounting practices, Table 1 shows that accounting practices have been impermanent even within the defined time periods.

As indicated in Table 1, quantitative descriptive reports of financial performance, administration of the staff and technical performance are the main reporting practices we observed during the Colonial Department period. These reports lacked standardisation and indeed were changed frequently. The changes we observed in these practices were relatively few during the Government Department period. These reporting practices continued until privatisation of the Corporation. According to our observations the changed context of SLT at the point of privatisation resulted in the introduction of new reporting practices related to the revenue collection process, companywide cost controls, quality assurance, performance management and investor relations.

We perceived that more significance was accorded to revenue, pricing and costing practices in this current SLT period than during the Colonial Department, the Government Department and the Corporation periods. Even though we observed revenue, pricing and costing practices from the inception of SLT, we perceived different objectives for application of these practices.

During the Colonial Department period and the Government Department period, the authority to make strategic, development and investment decisions was not delegated, although for different reasons: lack of staff and local knowledge in the former period, requiring Treasury or Cabinet approval in the latter. While the decision making structure was still rigid during the Corporation period, our observations showed that attempts were taken to change the long-standing decision making processes to meet the commercial objectives of SLT Corporation. A major change we observed during the SLT period was the improved efficiency in decision making brought about by decentralising the organisational structure and delegating decision making authority to lower levels.

According to our observations, SLT mainly focused on improving technical and operational performance until privatisation of the Corporation. Thus, performance measures until privatisation included measures that reflect the operational efficiency even though the information provided in the administration reports changed with the change in the nature of the services provided.

The evaluation of employee performance was not a significant concern during the Colonial Department period. A major change we observed in the performance evaluation system during the SLT period was that attempts have been taken to integrate performance of operations and employees. We perceived frequent changes in employee performance evaluation after privatisation compared to the prior ownership periods.

We observed that since its inception SLT has been adopting controls such as inventory controls, safeguarding of assets, auditing and cost controls. These various accounting and management controls continued even after privatisation but with modifications to meet the requirements of the changing context.

According to our observations, annual budgets were the key planning tool used in the Government Department period and applied to all other parts of the Government as well. These annual budgets can be perceived as an extension of the revenue and expenditure estimates prepared during the Colonial Department period. The introduction of annual business planning during the Corporation period is evidence of SLT applying planning tools with commercial objectives for the first time. After privatisation, planning tools, such as annual business plans, budgeting, cash management and forecasting techniques, became more significant and the objectives of their application changed with the altered context of SLT.

We perceived that the revenue collection process was not complex until privatisation of the Corporation. However, introduction of various products and services, new payment methods, and the change in the context of SLT resulted in more control issues in the revenue collection process. Therefore, we perceived the establishment of the Revenue Assurance division and introduced further controls specific to the revenue collection process from 2008.

Most of the informants perceived application of quality assurance practices as another accounting practice that is specific to the privatised SLT. According to them, quality assurance was not important before privatisation because the Department had monopolistic power. However, our observations show that quality of the services was an important aspect even during the Colonial Department period.

5. Change as impermanence and construction of entities

As we conducted the gathering, analysing and interpreting of empirical materials, the essence of which is presented in Section 4, we applied a deep insight into human behaviour in order to explain the complex nature of social phenomena that most of the literature refers to as "change" but that we are arguing is "impermanence". As discussed previously, studying change of an object that is independent of the observer, i.e., the separation of the object and the subject, is a main cause for inadequacies in finding answers to what is changing and why individuals perceive change differently (Busco et al., 2007). Thus, in this study we show that everything that observers perceive as real is a construction of the observer owing to the limitations in perceiving the impermanent process and what we can observe is the difference of two consecutive entities that an individual constructed.

As explained by Stcherbatsky (1930), every extension in space consists of point-instants arising in close succession or sequential emergence of observations. Therefore, a separate reality of time and space existing independent of the observer is denied, in contrast to realists. As mentioned in Section 2 the concept of impermanence can be used to understand how individuals construct real entities and the nature of those constructs. A movement of an object, an organisation, or an event comprised of point instances can be illustrated using Figure 1. It shows how a construct, in this case a ballerina in one instant, changes to another construct in the next instant. Thus, the picture captures very closely (theoretically there are an infinite number of instances) how one action is followed by another and shows how movements of the dancer follow one another.

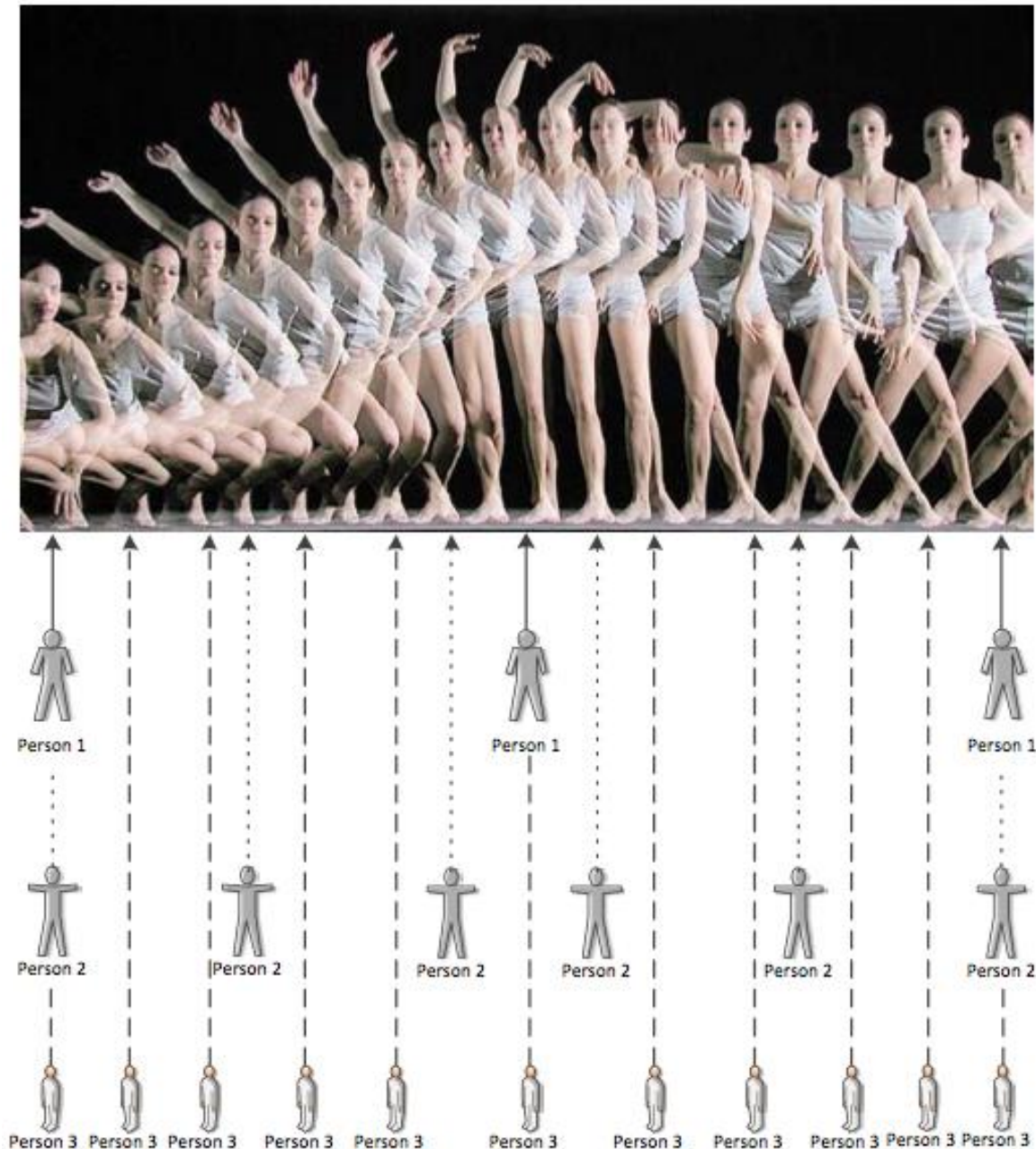


Figure 1: Constructions by individuals

(Source: Columbia University Graduate School of Architecture, Planning and Preservation, 2012)

In practice, a human eye may not capture all the movements visible in Figure 1. The Figure also shows how three observers construct real entities subject to how they perceive the impermanence of the ballerina. Depending on how fast the dancer makes the movements and on the observational capabilities of the observer, the points of change that are observed would vary. Observers construct discrete entities to overcome their inability to observe an otherwise blurred sequence of instances: the impermanence. This understanding of how individuals construct various entities of existence helps us to gain a better understanding about change, such as change in organisations or in accounting practices.

A rotated fire brand is another way of illustrating how we construct entities. When someone rotates a fire brand quickly, it appears as a ring of fire to the observers; in other words, observers "construct" a ring of fire. That is because the observers are not capable of perceiving the impermanence of the fire brand. Similarly, when we perceive the impermanence of an organisation or accounting practices, individuals construct static entities at intervals in time, due to the inability to perceive a difference between each point instant.

As shown in Figure 1, the entities that are constructed do not exist independently of the observer, but they are a construction of the individual. Thus, these constructed entities are not the only possibilities of entities, and the number of entities and length of the interval in between observations of those entities may vary from one individual to another. As the informants and we could not perceive the impermanence in the organisation or the accounting practices within the interval, we each constructed a particular static entity of the organisation or accounting practice at the beginning and end of each interval. When those constructed entities were perceived to differ, we said that there was "a change" in the organisation or the accounting practice during that time interval. Thus, we explained the observed change of the properties of the previously constructed entity relative to the current entity that we constructed. However, as shown in Figure 1, the frequency of observing change varies from one individual to another. Thus, the entities constructed by each individual informant and by the researchers do not have identical properties.

The essential feature of the framework that we are applying in this study is that it is not founded on the presumption of there being a distinct organisational entity. We are arguing that observers construct different entities out of an "organisation" depending on how each observer perceives the impermanence of the tangible and intangible elements that comprise or give the illusion of the organisation. Accordingly, as organisations are impermanent, the observers' constructs will take another identity as a result of each observer's construction of "the change process".

Having arrived at their constructions, observers then attempt to explain change of those constructions. However, as shown above, when observers try to explain the reasons for the change in what they perceived, they may be ignorant of some important information in the intervals between the point instants that they have observed. Likewise, a researcher of organisational change may observe only a few point instances of the organisation that is

impermanent and construct different static entities of the organisation depending on the researcher's own capacity to observe and that of informants or other sources of evidence.

This can be illustrated using the evidence gathered in this study. Informants who observed change of accounting only before and after privatisation constructed accounting practices as pre- and post-privatisation. They constructed the organisation as "the Department" and "the Company". They did not identify any entity as "the Corporation". A few informants were able to construct different entities of the organisation as "the Department", "the Corporation" and "the Company", but they did not possess adequate information to perceive changes before the organisation was privatised. For instance, no informant mentioned the separation of the postal and telecommunications functions in 1980 and the changes that occurred as a result, either because informants did not have knowledge about it or because they did not consider it to be a significant event. Thus, they could not perceive that change. Even the informants who worked in the organisation around the mid-1980s did not mention this change and its consequences. Accordingly, we noticed that the informants did not perceive any changes in the organisation and accounting practices when it was a Department. Thus, they had a single construction of the organisation until it was transformed into a corporation. However, the knowledge that we constructed based upon the evidence collected on SLT from its inception, demonstrate that we could construct new entities of SLT, its context and accounting practices whenever we perceived a change in SLT, its context and accounting practices. For example, while informants considered there to be just one entity of the organisation as "the Department", we had many constructions of the organisation during the period they referred to as "the Department". However, two very senior informants did perceived more changes than any other of our informants, claiming that privatisation of the organisation was a gradual process. They perceived the changes that took place in the 1980s in the context of the organisation, including liberalisation of the telecommunications industry in Britain, developments in technology and changes in the government policies. Thus, they constructed different entities of the organisation than those of the other informants and could see a relationship between those changes and the change in their constructed entities of the organisation.

The entities constructed by different informants and by us had varying properties. For example, the preparation of commercial accounts and performance measures, such as employee and operational efficiency and cost minimisation, were not attributes of the entity that most of the informants constructed prior to privatisation. However, the entities that we constructed prior to privatisation have those attributes (see Table 1). Moreover, we observed

that the entity that the most of the informants called "Sri Lanka Telecom prior to privatisation" had been impermanent, thus our observation of the properties were different from the informants'. For example, introduction of local language telegraph and Sinhala-English teleprinters in collaboration with Japan are changes that we perceived in 1962, which led to our development of a different entity of the organisation from that which we had just previously constructed. When we perceived the automation of the operations of the organisation in the 1970s, we constructed another entity of the organisation. Likewise, whenever we perceived a change in the properties of the entity that we constructed, we constructed another entity of the organisation. Moreover, the organisation constructed by a senior manager for the period prior to 1997 did not have various accounting practices which were in the entity we constructed for the same period, accounting practices such as budgeting, evaluation of operational activities and employees, cost controls, policies to safeguard assets and internal auditing.

Even though none of the informants could construct the entities that we constructed before privatisation, they constructed several entities of the organisation and accounting practices after privatisation based on the changes they perceived as they had more knowledge about the organisation and accounting practices during that period. However, the properties of these entities were different from one informant to another, depending on the nature of the changes they perceived. For instance, informants in the Billing and Collection division perceived changes in the structure of their division and constructed different entities of the organisation and accounting practices. For example, two informants from this division claimed that the accounting controls, especially cash management, the revenue collection process and associated control procedures, and the billing process changed with the change in the structure of the division. These informants' interpretations are relative to the entities that they constructed immediately prior to the perceived changes in the organisation and in accounting practices. However, these entities were not constructed by other employees in other divisions, especially operational employees, because they were not aware of these changes. Thus, the entities of the organisation and accounting practices the operational employees constructed at the same point in time had different properties.

As another example, informants from the Quality Assurance division constructed an entity of the organisation after privatisation with different properties, because they had different perceptions of the change in the organisation. According to one, the organisation established a Quality Assurance division in 2002 to improve the quality of operations. She claimed that the

Japanese management paid more attention to quality of work. Another senior manager asserted that quality assurance was not possible prior to privatisation because of the government administrative structure. According to these informants, quality assurance was not an attribute of the organisation prior to privatisation. However, such terms as "standard of services", "less interruptions", "less customer complaints" that were included in the Administration Reports of the colonial period indicate that quality of services was an important aspect of the organisation even during the colonial period. As these employees lacked knowledge about what was reported in Administration Reports, the entity they constructed prior to privatisation did not have an attribute regarding quality assurance, whereas the entities that we constructed included quality assurance practices. Accordingly, if these two informants compared the two entities that they had constructed, they perceived that quality assurance was a newly introduced accounting practice, whereas for us it was a change in the tool used for quality assurance. Furthermore, the entities that these informants constructed at that particular point in time were different from those of other informants because the other informants did not perceive changes or did not recognise that changes in terms of quality assurance were important.

The above evidence shows that any static entity (an organisation or an accounting practice) at a given point in time is a construction of the observer subject to the individual's experiences, interests and knowledge. Thus, the knowledge about the change of an entity constructed by an individual will be in relation to the immediate preceding entity that the person constructed.

Therefore, for researchers, it would not be possible to perceive and construct the present state of an organisation or an accounting practice in an informed way without linkages to continuous instances from its past, recent and distant. An observed instance will have some inheritance from a past moment or a few moments. For example, the present core business activities of SLT have an inheritance from the telegraphic business started at the establishment of the first department for telecommunication. The present state of the organisation is another construction by the observer from observing changes to the Ceylon Telegraphic Department as initially established. However, it cannot be said that it is the Ceylon Telegraphic Department that exists today; the SLT that we perceive today is another construction.

Based on the above illustrations, we contend that the identification of point instances of impermanence by an observer results in the creation of a variety of constructs of the initial

entity, all with at least some different properties. From this we can argue that the "thing" that is subject to change does not have a unique identity but is taking different identities. As constructions are relative to observers, they have different properties which differ from one observer to another.

Taking the "organisation" as different constructs of observers helps to clarify the issues we had regarding the definition of the organisation in this study. As the organisation is impermanent, observers' constructs of the organisation take varying properties. As a result, the change of the organisation should be viewed with respect to those constructs and not subject to properties of a single, existing entity. For example, we perceived changes in SLT in terms of legal ownership, the services provided, the nature of the employees working there, the nature of the context in which it operates, the technology used, and the accounting practices used. For each of these changes we could arrive at, and see how other people might arrive at, various constructs of an organisation with impermanent properties. However, a different observer may have different constructs of the organisation with different attributes depending on his perceptions of impermanence.

As different entities of organisations or accounting practices that appear to exist are constructions of observers and properties of each construction differ from one observer to another, the change they perceive in those entities is different. For instance, Table 1 shows our observations on introduction of additional accounting practices at SLT from 1857 to 2010. This is the knowledge we constructed about change in accounting practices relative to the properties of the entities of SLT we constructed based on the evidence gathered. However, as various informants constructed different entities of SLT with varying properties, their knowledge about change in accounting practices was different from ours as well as among themselves. For example as most of the informants lacked knowledge about the period before privatisation they tended to claim that accounting practices such as preparation of commercial accounts, quality assurance, performance measures, accounting controls were not used at SLT during that period. Moreover, informants from different divisions interpreted change in accounting practices in relation to their knowledge, priorities and interests. For instance, two senior managers had contradicting opinions regarding introduction of activity based costing at SLT. While one person was in favour of introducing activity based costing with necessary modifications to suit the telecommunications industry, the other senior manager claimed that activity based costing is not necessary.

As mentioned in Section 3, even though we perceived that SLT seems to have been impermanent on virtually every front (for example, the ownership, the nature of products and services provided, the technology used, and the nature of management accounting practices), informants at SLT perceived the change in accounting practices in relation to the entities they constructed at the point of privatisation. These constructs were different among the informants from different divisions as their interests, experiences and the level of significance they attached to the events they observed were different. Thus, the interpretations of individuals about change in accounting practices also had differences.

In conclusion, we take an organisation as an ever-evolving, dynamic entity. Thus, each moment of the organisation is linked to another moment. The organisation is a continuous stream of different entities, where each entity is linked to the next entity but with properties that vary. However, the properties of the organisation are a construction of the observers that depends on their different capacities to observe changes, which vary depending on their knowledge, experience, interest and priorities. Thus, when people perceive change differently at different instances, the organisation and the properties of the organisation they perceive at each point is different. It is also possible that some individuals might share perceptions, and so some uniformity or even unanimity can arise. However, it is clear that an organisation perceived by one person in a given instance can be different from the apparently same organisation perceived by another. Therefore, what individuals perceive as change is the impermanence of their constructions and not a change of an object that exists independent of the observer.

As entities are constructions of observers and differ among observers, change perceived and interpreted by each observer is also different. This concept explains why people act differently even though a given situation or a context might appear to a researcher to be common to everyone.

6. Conclusion

This study was inspired by the calls for a new approach to study change in accounting practices (Andon et al., 2007; Busco et al., 2007; Quattrone & Hopper, 2001). Particularly, Busco et al. raised the importance of a new perspective to study the nature of accounting change with different ontological and epistemological assumptions. Accordingly, this study adds a new interpretation to the current literature on change to accounting practices, one

based upon the concept of impermanence. Taking an approach that does not believe in a reality that exists independent of the observer enabled us to provide answers to some questions raised in the past: "what is change?" (Busco et al., 2007; Quattrone & Hopper, 2001) and "why do individuals perceive change differently and act differently?" (Burns & Scapens, 2000; Guerreiro et al., 2006). We have explained change as the observation of variances in the properties of entities constructed by observers, owing to observers' limitations in perceiving impermanence of accounting practices and organisations. As the properties of constructed entities vary among observers, individuals perceive change in accounting practices and organisations differently. Methodological assumptions of extant accounting change studies limit the ability of those approaches to explain the nature of change and answer the questions of what change is and why individuals perceive change differently and act differently. Therefore, our study has taken a different approach to clarify the nature of change based upon a different methodological approach that believes any static entity that appears to exist is a construction of the observer, which is constructed depending on the observer's ability to perceive the impermanence.

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