

STRUCTURATION ANALYSIS ON A LONGITUDINAL CASE STUDY OF ACCOUNTING CHANGE EFFORT DURING TRANSFORMATION PROCESS

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ABSTRACT

Effort to transform public sector, especially statutory bodies, has been more evident since 1980s, with the dominance of privatization policy and 'managerialism' concept. The results of these efforts, as at today, are equivocal. Indeed, organizational change process is a complex phenomenon and difficult to manage. Accounting system, as part of the overall social systems is expected to play important roles in such efforts. It is especially critical since the ability of accounting, as a business language, to facilitate the adoption commercial ethos, through the calculative and constitutive power it posses. This paper investigates the role of accounting in such phenomena, by using structuration analysis in a case study. This paper suggests that the effort to transform public sector, a statutory body in this case, is not an easy and straight forward process. The utilization of accounting process as part of the organizational systems must be carefully planned and executed, whereby its interconnectedness with the overall organizational structure and system must be considered.

INTRODUCTION

Financial pressure is becoming more and more critical issue in Malaysian public service. The pressure is more towards government statutory bodies, so called self-accounting departments, as compared to government departments. This is because the former are created to lessen dependency on government fund, therefore having more relaxed regulation with regards to involvement in commercial activities. Indeed, the former experience more privatization pressure as compared to the latter due to the nature of their operation with regards to the interests of the public. As widely known, in Asia-Pacific Region Malaysia is considered the most aggressive privatizing economy (Fitzgerald, 2002; Bennington & Cummane, 1997).

Measures are being taken by statutory bodies in Malaysia to adopt commercial approach and to tackle financial pressure. Apart from fiscal and administrative approach, such as reorganization process and right-sizing, financial approach is becoming popular. There was the introduction of Modified Budgeting Systems (MBS), Macro Accounting Systems (MAS), Standard Accounting for Government Agency (SAGA), Electronic Procurement Systems, Bulk Payment Systems, computerised accounting packages and many others. However, the actual results of these programmes have been

bluntly questionable. Worst still, certain program implemented in statutory bodies such as SAGA and MAS are not traceable today. Even, MBS, so called reengineering process in government budgetary practice (Xavier, 1996), has not been implemented thoroughly by statutory bodies.

Many reasons proposed to explain this problem, such as financial constraint, lack of expertise, and coordination problems (Sun & Tong, 2002; Mail, 2000). As a result overall effort to improve public financial management in general, and to create accountable management control in public service in specific is less evident. Therefore, thorough analysis need to be done to explain why despite financial and commercial pressure, many statutory bodies still fail to utilise or to change its accounting practice accordingly.

This research is to explore the operation of accounting practice in public sector following financial pressure. The aim is two-fold; to investigate if there is any significant changes in management accounting practice, and to examine the process of change, or to explain the failure to change. Both technical aspect and conceptual area of management accounting practice will be investigated. Technical aspect will cover budgetary practice, product costing, and performance measurement systems. There are four possible findings in this research. First, neither technical aspects nor the conception have been changed. Second, both technical aspects and the conception have been changed. Third, technical aspects changed without the changes in the conception. Fourth, technical aspects remained the same, but the conception has been changed.

The research is focusing on management accounting practice in a selected organization, with an emphasis on the changes implemented to coup up with financial pressure. Purposely a longitudinal case study is conducted in a statutory body (MSB thereafter), in one of the states of Malaysia. MSB involves in agricultural sector since 1976. MSB is selected due to its important role in rural development programs, where agriculture sector is the main economic activity. Furthermore, its operation covers every district of the state, with total participants about twenty thousand families.

Since the research aims at uncover the real phenomenon of accounting practice at a government statutory body, intense investigation on the people and structure involved need to be carried out. Therefore structuration theory, a sociology theory will be employed as a frame for the research. The second part of this paper will review the literature. The third part is to discuss structuration theory. Methodology employed will be discussed in the fourth part, then, followed by findings in the fifth part. The sixth and seventh part presents discussion and recommendation of the study respectively.

LITERATURE REVIEW

The role of accounting is important to an organizational operation (Hopwood, 1989), especially in the functioning and transformation process of public and private sector in advanced society (Saccia & Steccolini, 2006; Hopwood, 1984). It is specifically to supplement organization efforts to absorb today's massive environmental changes, particularly in creating integrative control (Otley, 2001; Otley & Berry, 1980). It provides a key ingredient in the managerial decision-making process (Pettersen, 2001) through its constitutive and calculative power (Lowe, 2001).

As a social system, accounting is influenced and having influence on organization social context (Quatrone & Hopper, 2001). Accounting is not a static phenomenon (Hopwood, 1987). changed and actively involve in the change process, as new segmentation, autonomy, interdependency, managerial and social transformation introduced (Law, 1991). Therefore, accounting practice can't be studied in

isolation (Kaplan, 1984; Hopwood, 1983; Tiessen & Waterhouse, 1983) without considering its inter-relationship with other aspects of organizational management.

Indeed, as a component of management control system, management accounting practice must change to suit to the current and new environment of an organization (Busco et al., 2001; May, 1995). Management accounting itself can alert the need for organizational change as well as disclosing the effect of such changes (Hopwood, 1987). However, the changes introduced sometimes reported to be in the state of inertia, rebuttal or merely cosmetic (Abdul Rahman, 1994; Greenwood & Higin, 1988). Further more, accounting practice is usually the last and the most difficult part to change in organizational effort to change (Johnson & Kaplan, 1987; Kaplan, 1990, 1985).

Majority of the efforts to change management accounting practice failed during implementation process (Schaffer & Thompson, 1992), due to a number of advocated reasons, such as staff resistance, unsupportive management team, and strategy mismatch (Burke, 1994; Kanter et al., 1992; Beckhard & Pritchard, 1992; Tichy, 1983). For instance, individual resistance found to be the main obstacle (Bovey & Hede, 2001; Argyris & Kaplan, 1994; Sullivan & Smith, 1993), those who tends to perceive new system as a threat (Nadler & Robinson, 1987). Meanwhile Tiessen & Waterhouse (1983) proposed that difficulties in fixing contracts between principle and agent make it difficult to implement changes in management accounting systems.

It has been recognized that accounting need to be understood in its social context (Tsamenyi et al., 2006). However, very little is known about accounting change process, as well as its human, organizational and social consequences, rather it has been viewed more as technical elaboration (Ezzamel et al., 2006; Hopwood, 1987). Cooper (1983) even, stressed that most research in management accounting are focusing on system maintenance rather than its potential changes. Therefore, failure to produce intended change in accounting practice has been explained from various epistemological standpoints. Yet, detail observation from a specific theoretical ground is hardly available, especially in Malaysian context. As claimed by Hopwood (1987), most research in accounting change pretend to discover accounting in its 'should be' form, instead of 'what is was not' form.

One of the remarkable movements to liberalise accounting knowledge is the application of social theory in extending theoretical domain of management accounting theory into the social realm (Laughlin, 1987). The movement has started since the later part of 1970s, where according to Scott (1981) open system models introduced into organization analysis in accounting research. Such view as claimed by Cooper (1983) is towards subjectivist approach, where organization reality treated as social construction, symbol creation, and a product of human imagination.

In 1980s accounting concept is increasingly accepted as rooted partly in social conflicts enacted in the organizational arena (Hopper et al., 1986; Tinker et al., 1982). In this view, actors are part of the problems, interacting socially, through symbolic codes and meanings, sharing subjective interpretations, creating social reality and polarities through experience and learning process (Boland & Pandy, 1983). Behaviour consideration in management study, however, has started earlier on, such as the concept of bounded rationality in decision making process (Simon, 1957, p. 198). In accounting studies, it started with motivational issues (Argyris, 1952), participative behaviour (Milani, 1975; Swieringa & Moncur, 1974; 1972), then followed by agency issues (Hopwood, 1987), and lately a wide variety of behavioural issues have been introduced.

In light of behavioural approach, and motivated by the work of Macintosh & Scapens (1991), Buhr (2002) and more recently Gurd (2007), this research will employ structuration theory in understanding, describing, analysing, and explaining the phenomenon under study. It is in line with Cooper (1983) proposition that study on the role of symbol, myth, and meaning in accounting will enhance understanding on accounting in the context where it operates. Despite overwhelming attention on organization theory, management theory and other prominent conventional theory in accounting research, structuration theory offers a potential answer to the calls for a more rigorous research in management accounting in practice and management accounting practice in its social context.

Structuration theory

Theoretical framework of the study is based on structuration theory, to frame the study and to analyse the data (Wasliham & Han, 1993). In order to extend the boundary of the tradition of social theory which is grounded in the pioneering of Spencer, Weber, Parsons, Marx (Macintosh & Scapens, 1991), and Giddens (1976, 1979, 1984, 1987) has developed structuration theory. In an effort to enlighten conceptual framework of social transformation and its conditions, structuration theory offers analysis coverage on both organization and individual level, in which both are interacted in organizational social setting, through certain symbolic phenomena (Boland, 1996; Walsham & Han, 1993). In brief, the theory is concerned with the analysis of the relationship between agents' actions and social structures in the production, reproduction and regulation of social order (Conrad, 2003). Therefore, structuration theory offers to illuminate organization phenomena from the viewpoint of structural and behavioural approach, and in the conception of rational and neutral models (Otley, 2003).

According to Buhr (2002) structuration approach offers dualism in organization analysis. Both individual and structural issues are covered. It is better than structuralist Marxism and normative functionalism that are focusing on structural issues, or interpretive sociology that focusing on individual perspective. Both aspects are equally important in organization analysis since individuals are empowered by structure and structure is the product of individual action (Buhr, 2002; Bovey & Hede, 2001; Boland, 1993; Macintosh & Scapens, 1991).

According to Macintosh & Scapens (1991), structure depicted by a collection of codes, templates, blueprints, rules and formulas that shape and program social behaviour and practice in organization across time and space. Individual (agency), as an agent of social interactions, subjectively involves in producing, re-producing, maintaining, and repairing structure, through shared meaning and understanding that guides them in organization's social setting. Agency is the ability of individual to be seen as functioning in organization, rationalizing their behaviour, guiding future actions, monitor and being monitored within the structure's context, through their 'working' implicit stocks of knowledge and experience.

The interaction process between (and among) structures and agents, in which transformation, change and maintenance process of social interactions is taking place is termed by Giddens as 'structuration' process. Structuration is about the interplay between agent and structure (Buhr, 2002). Structuration process takes three dimensions; signification, domination, and legitimation.

Signification

Signification process is the abstract cognitive dimension of social interaction based on semantic rules applied in interpretation process. It provides meanings for agents to communicate. According to Macintosh & Scapens (1991) signification process involves three parts; signification structure, interpretive scheme, and discursive practices. Signification structure consists of connected and related webs of semantic codes. Interpretive scheme consists of a collection of knowledge, experience, and skills, shared among agents in the process of using signification structure. According to Boland (1993) interpretive scheme is the core of mutual knowledge, understanding, and meanings whereby accountable universe is sustained. Discursive practice consists of approaches and mediums, those used by agents in social interaction process, in which they deliver and receive meanings, within the framework of shared knowledge, experience and skills. Approaches and medium used in discursive practice may be in the form of verbal, written, signal or other form of communications.

Therefore, established set of meanings will be moderated and conceptualised through experience, skills and knowledge, then communicated through social interaction of the agents, in interpreting present phenomena, understanding contextual situation, looking for consensual acceptance and understanding among members, and directing present and (as well as predicting) future expected behaviour. Signification process will continue in every time and space to produce and reproduce new meaning to frame social interaction among agents, as quoted by Buhr (2002), "*in communicating reality we construct reality*".

Legitimation

Legitimation structure involves the moral constitution of social interaction, in which 'collective conscience' or 'moral consensus' is developed to frame social order (Macintosh & Scapens, 1991). It consists of legitimacy codes, normative rules, moral obligations, actualization of rights, and moral constitution of interaction, which legitimate or sanction particular behaviours. Legitimation structure comprises of shared values and ideals about what things are important and what things are trivial in nature (Johanson et al., 2001), normative rules, mutual rights, and moral obligations (Buhr, 2002). In brief legitimation structure provides moral constitution for social action to ensure social fit among individuals and between individual and society.

In organizational context legitimation structure will produce and provides moral guidance for the members (agents) on how to behave individually, so as to align his or her behaviour with collective values. According to Dowling & Pfeffer (1975, p.122), legitimacy will exist once there is "congruence between the social values associated with or implied by their activities and the norms of acceptable behaviour in the larger social system of which they are a part". However, moral guidance is depending on the signification process whereby systems of meaning, symbol and semantic codes that embedded in signification structure, interpretive schemes, and discursive practice will be used as a frame of reference. In other words what is right or wrong in social interaction (legitimation structure) depending on the meaning (signification structure) given by the actors and structure on particular behaviour or actions.

Domination

Domination structure consists of codes and templates for the relations and ordering of interdependency and autonomy within social interaction (Macintosh & Scapens, 1991). According to Giddens relations and order depicted by the autonomy over two kinds of resources, 'allocative' resources and 'authoritative' resources. Autonomy over allocative resources refers to the command over tangible (such as asset) and non-tangible (such as production systems and social interaction) economic and non-economic resources. Autonomy over authoritative resources refers to the ability of a social agent to dominate others, or command over personals. Domination structure, through social interaction, will define autonomy over resources among members. Segmentation of power in rational setting may exist in the form of organizational hierarchy, whereas in natural setting it may be characterized by the 'dialectic of control' (Macintosh & Scapens, 1991).

METHODOLOGY

This paper employs qualitative interpretive method as proposed by Silverman (1989). During the observation, it enables the researcher to draw careful interaction between selected events and particular changes in accounting practice. This method is useful to understand the root of the issues, particularly in appreciating the interconnection between the individuals and the structure of organization under study. The following sections present methodology adopted in this research.

Case study

Case study method is becoming more popular among researchers in management accounting (Scapens, 2006). For this research it is adopted for a number of reasons. Firstly, case study approach offers a number of advantages for management accounting research. It recognizes the uniqueness of particular organization and event, therefore enable deeper understanding of every case, avoiding over generalization problems as facing by many other social science research approaches. Case study can offer more than 'illustrate' particular social theories and will facilitate a wiser role in the development of accounting theory. For that reason, Humphrey & Scapens (1996) proposing case study approach in accounting research to enable a greater attention on intricacies, complexities and inconsistencies of accounting practice within organizations, they quote:

"We believe the case studies of accounting practice are a vital, albeit not the only way of informing such debate (about limited practical appreciation of accounting technical capabilities) and enhancing understanding of both the day-to-day organizational complexities of such practices and the interrelated influence of wider social and political contexts"

Secondly, case study method is relevant to critical approach in accounting research. This notion is acknowledged by Humphrey & Scapens (1996) and Hägg & Hedlund (1979) in their argument about theoretical perspective in accounting research. According to them, case study method provides more space for researchers to ground relevant theories.

Thirdly, to study control system in management accounting, we need to address the issue from various perspectives such as sociological and psychological stand points (Macintosh & Scapens, 1991). Organizations are heterogeneous and having different characteristics. To understand the

change process, it is best to carry out study on case by case basis, and case study offers a better approach for that purpose.

Data collection method

This study employs triangulation approach (Pettigrew, 1988) as data collection strategy, in which more than one method combined to inspect the same dimension of researched area. This approach enables thorough and creative analysis to be carried out (Jick, 1979), and helps to uncover newly related issues to the change of accounting process that are to be answered in this research. Data collection process is conducted in three mediums; interview, document analysis, and content analysis.

Interview – Interview is conducted among the top management of MSB, including the General Manager (GM), two Deputy General Managers (DGM I and DGM II), Corporate Planner (CP), five Regional Managers (RM), Financial Controller (CA), and selected staff in Accounting Department. Semi structured interview is conducted to enable researcher to discover any relevant issues during the process and to grant freedom for the researcher to highlight any interesting issues.

Document analysis – The study examines related document of MSB to discover relevant pattern that explain organizational structure and social order. For that, minutes of meeting, internal and external memos, government circular and other related document were analysed. It aims at discovery of meaning and symbolic interpretation that performed by the agents in relation to the financial pressure they are facing, as well as to connect these meaning and symbolic interpretation to their response. This method is useful to enable analysis on the period of 1994-1997 because the research was just begun somewhere in the middle of 1997.

Content analysis - The study carried out a series of observation in MSB, particularly in an event that can disclose the process of production, reproduction and maintenance of social order among the agents. Purposely researcher has observed a number of budgetary meetings, quarterly performance reviews and monthly management meeting. Since 1997, researcher had been observing a number of meetings at regional level, particularly to examine staff interaction at the level other than headquarter.

Scope of study

The study covered the period of thirteen years (1994-2006). Financial pressures experienced MSB had been more evident during the period. It can be seen from the amount of annual grant received by MSB. There are two types of annual grants channelled to MSB through State's central department; operating grant and development grant. Operating grant is to finance annual normal activities and usual organization management, namely emolument, recurrent expenditure, and asset procurement. Development grant is concerning projects implementation, which is to finance emolument, recurrent expenditure and asset procurement. Grants are allocated to MSB on quarterly basis, upon request, based on expected next quarter requirement and justified by the spending achievement of previous quarter.

* Phrase added by writer.

Since 1994 MSB has experiencing a more critical financial standing, in which the average of annual operating grant from the state government is less than 70% of its annual requirement. Meanwhile, development grant has gradually reduced since 1995, leading to the closure of many development activities, particularly asset procurement. Consequently, the staff of MSB did not receive annual salary increment and annual bonus for a number of years. Many projects discontinued and most of the important one (poultry) has been downgraded in their size of operation and financing. The maintenance of certain projects was justified mostly on political reasons. In 2003 the annual grants allocated by central agency to MSB was about half of what it received in 1994. Allocation for 2005 and 2006 did not show significant improvement despite more government emphasis on national agriculture policy.

Financial constraint forced the management of MSB to reduce the number of staff. Beside no new recruitment retired staff was not replaced. Another option was to close a number of development projects, to reduce the number of project's participant, and to relocate some staffs into functions which were previously run by private parties (such as cafeteria and security guard). During the period there were two significant events occurred in 1997 that affected MSB financial standing the most. They were the privatization of 32 companies and the separation of Rural Credit Scheme. In 2004, there was another significant event occurred; the relocation of organization head office to the central building of the Ministerial concerned. Therefore, analysis will be divided into three parts; pre 1997 (1994-1997), post 1997 (1997-2004), and post 2004 (2004-2006). Furthermore, financial crisis experienced in Malaysia during 1997 has affected MSB's financial standing to some extent. In addition, due to the 1997 financial crisis Malaysia has re-evaluated its agriculture policy in order to reduce import dependency on agricultural products.

The privatization of 32 companies (state-owned enterprise) to outside party

In 1997, 32 companies belonged to MSB, mainly in agricultural and hatchery industry, sold to outside party in a package agreement between the state government and an outside group of buyer. Financial constraint, efficiency issues, managerial and economic rational were the main reasons of the decision. Some of the companies were profitable and the others were not. Since profitable companies had been contributing substantial amount of cash to MSB, their privatization have significant impact on MSB financial standing. In fact, the effect is bigger than the amount of money that MSB can save through the sale of nonperforming companies.

Another significant impact is on the new structure and inter-relationship between MSB and those privatized companies. Before privatization, these 32 companies were closely related with the operation of MSB in the form of input and output for their operation. Some of the products of MSB were supplied to the companies for further process, such as raw materials for canned products, and poultry products. Certain input acquired by MSB from these companies, such as agricultural chemical, poultry-based input, and veterinary services. After privatization, the relationship however tuned to a more commercial tone, although government is having 30% ownership in those privatized companies. Because of the privatization, subsequently MSB needs to redefine its relationship with these companies.

The separation of rural credit scheme from MSB

Rural credit scheme (RCS) was one of the main functions of MSB, mainly to provide venture capital to small traders in rural areas all over the state. The performance of this scheme was quite well in term of social benefit, steady increasing number of participant, recorded participants' success story, and roll over cash for MSB. In 1997, in light of its potency to serve rural small traders, the function was transferred from MSB to a newly formed foundation. The foundation is placed under different ministry.

The decision had several financial impacts on MSB. In a way some good financial justifications that normally stated in yearly budget proposal had to be withdrawn. More significantly, it brought some impacts to the success story of MSB, which for so long has becoming a myth to organization members. According to the GM, for so long MSB has been successful in convincing the participants as well as the people at central agencies by highlighting the success story of RCS. According to him, it was easier to attract rural people to join MSB's agricultural programmes by quoting the image of RCS. The same goes in an effort to apply for annual budget from central agency, or to seek for other agencies' assistance in particular MSB rural projects.

The relocation of MSB's head office

In 2004 the head office of MSB was moved to a newly completed building of the central State's agricultural ministry. To the state, the movement was appropriate to coordinate the activities of agency and department under the same ministry. To the management of MSB, the relocation was hoped to assist MSB in developing new image and better culture among the staff since there was better opportunity to communicate with staff from other departments and agencies. Furthermore, according to the management, the new location could facilitate a better communication with people from central agencies. To the staff of MSB, being under the same roof with other central agencies and watchdog departments, more working pressure need to be absorbed. Closer monitoring, they feared, might expose worse MSB's problems to the attention of central officers, and might lead to the closure of MSB or more pressure to the organization and its staff. According to the CA, financially, this might lead to two possibilities. First, central officers might understand better MSB's situation, therefore increase annual allocation. Second, they could jump into conclusion that MSB could not be improved, and therefore would be more economic to be closed. According to the CA, these positions stimulated MSB's accounting practice to change, at least to show a better picture in the management report.

FINDINGS

The changes of management accounting practice, both technical aspects and the conception, will be discussed comparatively between the period prior to 1997 (1994-1997) and post 1997 (1997-2003). Management accounting practices of MSB are analysed extensively for the period covered, of which technical aspect and the conception of management accounting practice are given special attention. During the study, organization's practice in budgetary process, product costing and performance measurement systems were investigated. Findings will be discussed in two sections: pre 1997 and post 1997, through the elaboration in the frame of structuration theory analysis.

Pre 1997

It is found that bureaucratic structure dominates codes, templates, blueprints, and rules that shape and program social structure in MSB. In light of management accounting practice in MSB, bureaucratic structure has bounded the way technical and rational conception works. Detail structuration analysis is discussed in the following parts. Above all, prior to 1997 accounting practices were perceived as merely technical service, servicing division and isolated from other departments, and as an intermediary between socio-economic functions and financial functions. Signification structure depicted in the way MSB's staff and structure perceived management accounting, merely a control and justification mechanism rather than strategic tools. Legitimation structure then manipulated management accounting system to frame what is right and what is wrong in term of decision making and overall operation of MSB. Since accounting aspects was considered exclusively and 'untouchable' domination structure concurred by bureaucratic structure where allocative and authoritative resources embedded profoundly.

Signification structure

It is found that signification structure in the actors' cognitive structure was dominated by bureaucratic structure. Most organization members perceived themselves as typical government servant, working in an agency called implementing agency. Implementing agency, as the name they prefer to use, depicted the image of MSB in their perception, in relation with higher authority at state level. It was top-down management style they assimilated instead of entrepreneur culture and self-dependant behaviour. Subsequently, the staffs tend to portray their functions and MSB's function as a compliment to the roles play by other agencies under the same ministry. Along the way, rather than building their new image or identity, the intention to maintain status quo has been focusing on MSB's complimentary role. In this context the inclination of control and power by central agencies, through bureaucratic structure, has influenced the practice of management accounting in MSB.

Budgetary process will be started once central agency issued call circular. The format must be synchronised so that all agencies under the same ministry and all ministries under the state will have the same format of presentation. Format standardization was to ease the process of coordination. However, according to the CA, since different agencies were having different nature of operation, it was quite troublesome to have same format and detail presentation. When come to budget defend, representatives from other agencies tend to mislead the meaning of other agency's budget document. Product costing in MSB was basically used for project planning and performance evaluation. However, product costing information was not used for pricing decision, since the price of produce was subjected to government pricing policy, if not, the price of produce was fixed in a contract between MSB and its subsidiary companies.

In performance measurement systems, management accounting information was more toward project monitoring and evaluation. Budget information for example was used to compare targeted and actual cost. Since the projects were more politically justified, performance measurements were skewed towards socio-economic achievements. It was normal to proceed if a project wasn't financially viable, as long as it was socially viable. This was especially true if the projects were to be implemented in a remote area where the rate of poverty was quite high. Product costing was technically simple, in which only direct labour and direct material considered. Indirect costs, such as administration,

overhead, and marketing were treated separately, and charged to the respective area office. Development expenditure and fixed asset, such as machinery and building were treated as development cost, charged to development fund, and not to be amortized versus revenue generated. Somehow rather, the system was designed by Sri Lankan consultant in 1970s to suit to certain agricultural styles adopted from that country. Again, to MSB management it was not a problem as long as central agency did not say anything about it.

Despite the pressure towards profitability, organization survival, continuation of organization's function, and rational for existence, the operation of MSB was heavily underlined by political justification. Management accounting practice, such as budgeting, product costing and project performance measurement were closely related to the standard outlined by central agency. For example poverty level set by central agency was the main consideration in project planning for rural areas. The poorer region will have better chance to get budget allocation. In order to avoid function duplication, a project mustn't have the same criteria with any project implemented by other agencies. As mentioned by the GM, profitability consideration will come up later than socio-economic argumentation. According to him, once a project is politically justified it will be implemented, only then the operation will consider commercial approach. This can be achieved through cost saving, marketable production and packaging, and well-promoted programmes.

It is found that in MSB operation, over emphasis on social and political agenda has undermined commercial conception. The managers themselves were not clear about the conception of commercial and profit in their operations. As mentioned by one of the RMs, he was not sure whether the profit in this sense was referred to financial gain or political mileage. In service and asset procurement, government policy and central agency basic guidelines have to be adhered. Even, management accounting reports, such as product and project costing which need to be presented to central agencies need to portray government policy and must be justified by socio-economic conceptions. As such number of participants, geographical coverage, rate of poverty eradication, the introduction of new agricultural products, contribution to other industry (such as agro-tourism), and infrastructure development are normally considered the reports.

As the CA mentioned, a quarterly spending performance is more important than cost saving performance if the next quarter's allocation is to be withdrawn from central agency. MSB will be questioned by central agency, and central agency is answerable to state's financial authority if spending performance is below the target. As can be observed from the document archive and interviews with the participants, procedural structure was the main signification structure before 1997. Political justification was an integral part in the procedure, where the rational behind agents' action, the meaning and symbolic interpretation of their social interaction are guided and framed.

At the same time MSB was under pressure to redefined its operation, to consider a more commercial and profitable approach. Indeed MSB was put under probation to turn around certain problematic and bleeding companies to avoid continuous fund injection from government. The social and political responsibility that was to be carried out versus the pressure to absorb commercial approaches had put MSB under dilemma. The interviewees agreed that it was impossible for them to perform both functions without any clear borderline from higher authority. In fact, according to the GM, input price acquired from subsidiary companies sometimes higher than market price, and output price charged to them is lower than market price. Since they were fully owned by government,

and some of their functions benefited rural people and state industrial development (directly and indirectly), contracted and politically justified input price was adopted.

Simply, these issues are the main agendas in organizational reality that perceived by the organization. These issues then interpreted by the staffs according to their frame of references, directly or indirectly, according to their perception on organization reality that portrayed in their mind. These terms of reference have been developed throughout the years of their living experience in MSB. Subsequently, these issues communicated by the staffs in their everyday functioning in MSB. There have been a wide variety of medium they used for communication, such as verbal and written communication, jargon and sign language, which are performed in formal as well as informal occasions.

Legitimation structure

Legitimation structure consists of legitimacy codes, normative rules, and moral obligations (Macintosh & Scapens, 1991). In the case of MSB, legitimation structure appeared in performance measurement structure that rationalized very much on spending performance, participant number in every agricultural project, geographical coverage, and quantity of produce. Those figurative measurement used to "make sense" of their activities. In other words, management accounting presentations during the period were used very much to legitimate and justify participants' action.

Instead of for planning and strategic purposes, accounting records were maintained mainly to provide evidence in case there is any discrepancies later on. As a government servant, moral values of the staff laid behind procedural adherence and regulation conformance. Job security was more dependants on procedural adherence than performance issues. Directly or indirectly interviewees agreed that conforming to the minimum procedural requirements is more important than achieving more than what they expected to deliver.

Socio-political consideration has always been the frame of reference in MSB's managerial decision process. Budget process and performance measurement has most of the time connected to the impact of the projects on service receiver. Project viability was always conceptualized in the form of tangible and intangible benefits that participants were going to receive. Observation on the documents of project monitoring meeting found that problems facing during implementation process concerned mostly on technical and political areas. Whereas, financial problems has always been stated in the form of spending performance, balance available, and procedural issues. If there is any problem regarding production performance, financial aspects of it only appeared in the form of revenue generation. In most of the meetings, the issues of cost saving and financial adjustment were almost disappeared. As agreed by the CA accounting function was merely intermediary.

In planning process, accounting department did not participate actively. In the process, finance people will provide cash flow planning, budgeted cost and revenue, according to the detail given by the project management. According to the CA his department was not responsible to judge project profitability since Regional Managers knew better about it, somehow rather it was politically justified in most of the time. His department was only responsible to apply grant for the project, provide information about spending performance, recording and reporting project financial achievement, and make sure financial matters adhere to the rule and regulations. As mentioned by CA:

"My department will arrange project and product information according to the format presentable to the central budgetary level, i.e. finance people at ministry level. It is not our concern about project or product profitability since top management knows better about it, they are more sensitive to government political agenda and socio-economic considerations. Since people at ministry level do concern more on technical aspect of budget presentation and fund withdrawal forms, we provide them the information suit to their interest."

Prior to 1997 MSB was in a centralized structure. In term of financial decision most expenditure were controlled via budgetary document. Staffs and projects were bounded by budgeted amount that decided before accounting year started. Little flexibility was given in petty cash form where only minor expenditures were authorized, yet they were limited to a pre-determined amount. Based on the interview it is found that staffs were not well verse about financial procedure. Therefore to the staff, financial procedures were legitimate guidelines that were untouchable and must be adhered in all the times. To the staff there was no room for creativity in financial matters, and whatever decided must be followed.

Domination structure

According to Macintosh & Scapens (1991) signification and legitimation structures are inextricably intertwined with domination structure. In MSB, bureaucratic structure has clearly outlined the authority over resources and personnel. At planning stage project financial requirement was discussed at area level before submitted to the headquarter level. Later, that particular financial requirement will be defended at central budget meeting. Once decided, MSB will proceed with budget proposal to be discussed at ministry level. It is noticeable that planning process was dominated by technical values, where agriculture scientists and agriculture engineers played the major roles, and strengthened by political justification that is the main value of the top management. Both political and technical values were not likely to clash, but according to the CA, both were always in disagreement with financial justification. At the area level, organizational level and ministry level financial gain was not considered as the main issue, instead socio-political factors were dominated the decision. As commented by the CP, financial tools for planning such as accounting measurement were not important criteria for project selection and financing decision.

Every project was entitled to spend yearly allocation plus expected revenue it can generate. Observation has shown that in most of the times, projects were unable to meet targeted revenue and targeted physical performance was rarely achieved. As a consequence project has always spent more than the amount it has, although according to the spending record it was still within spending limit. Spending authority in this sense was more towards expenditure ceiling which can't be exceeded, rather than what a project was actually have in its drawer. Since allocation for a project can be transferred to other project (subjected to the approval from the GM) shortage in revenue of a project has always top-up by fund transfer from other projects.

To carry out its functions, branches of MSB were located in five main regions in the State, as frontiers to carry out major functions of agricultural projects. At head office level, there were supporting departments to assist the operation of major areas. They were Accounting Department, Engineering Department, Property Department, Administration Department, Legal Department, and Internal Audit Department.

At individual level, as found during the interviews, members of MSB have a different meaning about present financial pressures. It might be interpreted in the context of job security, the status quo of organization, areas and departments, the priority of project implementations and many others. Anywhere, the multiplicity of these meanings remained in the context of bureaucratic structure. This is according to Giddens's (1979, p. 108) 'the multiplicity of meaning to the equivocality of being'.

Post 1997

Financial pressure became more critical in MSB, especially in the fourth quarter of 1997, and during 1998 and 1999. This is the period of intense global recession. Furthermore MSB had just privatized its 32 companies and separated RCS from its operation. Even before 1997, MSB had already been experienced steady reduction in yearly allocation from central agency. Besides government intention to re-evaluate agricultural policy after 1997-1998 economic recession, MSB itself has been in urgent needs to adopt commercial way in their operation. However, according to the GM, current economic condition has witnessed a more stringent financial control imposed by central agency. Notwithstanding financial freedom and entrepreneurship environment to adopt commercial pressure, tightened economic and administrative policy imposed in project planning to secure economic recovery. Therefore, commercial pressure has to fight with social consideration during project planning process. In the case of MSB, of course political domain in project rationalization has prioritized social obligation more than commercial consideration. Therefore, in general, structuration analysis on post 1997 structure of signification, legitimation, and domination shows that there is no significant changes compare to the analysis on pre 1997 structure.

Signification structure

Signification structure of pre 1997 was grounded in the struggle for status quo between commercial approach and socio-economic obligation. As mentioned earlier the symbolic meanings, codes and templates in both individual and structural conception were identified between commercial and socio-economic stream. However, post 1997 has shown that status quo struggle has entered into a more serious structure, i.e. MSB survival and going concern issues. Since MSB experiencing a more serious financial problem, and witnessing the privatization of its 32 companies as well as the separation of RCS, the participants have started to think about MSB future existence.

Following the fall of 1997 global stock market, government ceased many development projects, delayed many spending programmes, implemented many unpopular financial measures, and restudy existing development plan. To MSB, government has instructed its management to look for a more sustainable agricultural program which is more marketable and profitable both to MSB itself and its participants. The management was having a tough time to implement such program whereby a new and sustainable product may need new investment. Under existing economic condition, it looks impossible to have extra money for new investment. At the same time GSB are instructed to concentrate on socially benefited program, both to accelerate the economic recovery process and to retain the confidence of MSB participant. As commented by the GM it was more difficult to draw the line between operational efficiency and political efficiency during the period.

According to the CA budgetary process during the period seemed useless. As he quote "...in 1998, 1999 and even in 2000, it was not only difficult to get your budget approved, worst than that, it was difficult to get your approved budget. I was not sure about the availability of our approved budget". It shows that legitimation structure has entered into a more critical area, going concern of the entity. As mentioned by the CP massive project evaluation by the government during the period made them curious about the future of MSB. There was the possibility of closure, going private or absorbed by other agency. Spending policy has changed steadily as economic condition was not stable. Then, it was impossible to have a good and stable project and financial planning.

Among the project and regional managers, the prestige in budget process is neither to get new project approved, nor to increase yearly allocation for any ongoing project, rather it is to minimize the reduction at least, if it can be maintained. It was acceptable among the regions then to maintain any project that can justify the maintenance of contracted staff and daily-rated labour.

Legitimation structure

In the period of pre 1997 new approved projects and programmes were the main target of MSB, every region, as well as every individual officer. It was a prestigious moment to have a new project to be implemented since responsible officer will be perceived as reliable, responsible, proactive and convincing. Same goes to the area, the manager as well as the whole regional staff. In post 1997, however, neither it was easy to maintain existing project nor to create new program. Therefore opportunity to maintain existing project or at least to minimise allocation reduction was the main focus during the period, rather than to get more allocation. As such, according to the CP, project managers are more concern on projects' political and social viability instead of economic and marketing viability. At least in short term, during the economic recession, political and social consideration will be more valuable to get more allocation since government is more concern on the rehabilitation of economic images to restore public confidence.

Product costing is not important during post 1997 due to a number of reasons. Firstly project implementations are more on top down basis, depending very much on the direction from higher authority. Indeed it shows a more centralized management and control on MSB implemented by central agency. Second, since political consideration overshadowed commercial approaches, product costing is less critical and merely for reporting purpose. Third, since there are more government subsidies and incentives for project participants during the period detail product costing is not that critical. Again commercial obligation in project implementation is not of special interest anymore as compare to pre 1997. Furthermore, according to the CA the main target is to improve the economic status of rural people, as the most effected group of citizen during economic recession.

Domination structure

As explained earlier, during pre 1997 authoritative and allocative control over MSB and its personnel was heavily grounded in procedural structure. A tighter control over government spending programmes during post 1997 has witnessed a more stringent control over MSB by central agency, and MSB control over its personnel and regional operation. Since there are more programmes planned by government to enhance a faster economic recovery, MSB has involved in a number of inter-agency collaborative programmes. As a result MSB freedom to implement its own project is minimized.

Consequently the image of MSB portrayed in the perception of its staffs, as a supplementary agency, has influenced the way they possess themselves within a new structure of tighter control.

According to the CA, it is impossible to have a good project plan in the situation where MSB doesn't sure about the availability of the fund to finance the project for the whole year. Financing priority in the years after 1997 was operating cost, just to ensure the continuation of MSB daily operation. According to the CA emolument part has always been the most important issue to be considered in allocation decision. According to the DGMI, labour law and acts on labour-related statutory contribution are very critical to be adhered, as important as social obligation that need to be carried out by MSB.

Post 2004

Post 2004 was relatively stable as compared the previous two periods. Normatively, however, the organization had continuously suffered from financial instability as annual allocation did not improved, and project coverage did not expand. It portrayed consistent government financing policy on MSB (as compared to the previous periods) despite improved national economic climate. Recruitment and operational policies remained under financial distress. The going concern of MSB was still questionable, at least among the organizational members, as the operation continuously concentrated on the existing project with more and more pressure (from the central agencies) to become self-sustaining agency.

Signification structure

Signification structure of MSB during the period implied the struggle to form organizational identity, since many of the previously routine and taken for granted way of doing things needed to be adjusted. In the new location, some parts of new culture need to be adopted as some of the old one needed to be scrapped, since the staff lived in a bigger office community. Staffs of department might have different values as compared to those of statutory bodies, especially in relation to working pressure and the way they perceive their existence.

Closer to the central agencies, the pressure to fulfil top-down requirement was more evident. In this case it was to enhance operational performance in term of productivity, coverage area and number of participants, new projects, and participants' income with the lowest possible government grant. Focus of the management accounting report was more to reflect the necessity to maintain the existing rationality, with the justification to carry out the government political and social roles. To enhance financial management a finance director was appointed in 2005. However, it didn't bring significant impact on the accounting practice. The appointment was more to satisfy external expectation that there is an internal effort to improve financial affair, rather than to bring about a genuine internal improvement.

Legitimation structure

To the staff, MSB's relationship with the central agencies was clearer as both are under the same roof. At the same time it was easier to compare MSB's performance and financial positions with other agencies in the same ministry. According to the CA, expectedly it should motivate MSB's staff to compete with those from other agencies. However, according to him, since there was still no clear direction about MSB's operational priorities, no solid effort could be put in place. For example,

MSB was urged to go commercial and self reliance to lessen financial dependency. Before it could be achieved, according to the CP, DGM I, and DGM II, the government need to channel a significant working capital to MSB as a revolving fund. Furthermore, according to the CA, there were social responsibilities to be considered and could jeopardize effort to commercialize MSB operation.

Domination structure

Apart from being closer to the higher authority, the domination structure of MSB did not change significantly. Allocative structure was mainly dominated by struggle between and among projects to maintain the existing allocation. There were a few moves to detail out reports of project costing, but they were rather for internal coordination purposes instead of for strategic management. According to the CA, the new head office does not provide enough space for MSB to retain its identity, such as storage for agriculture equipment, life stock cage, cold storage, nursery, and fresh market for agricultural products, as the old location provided. Therefore, according to him, it is a bit difficult to impose MSB strong image among other agencies and departments. It affected MSB's status as a champion in the State's agricultural activities, and serendipitously affecting MSB ability to convince central officers to support annual budgetary application.

DISCUSSION.

It is quite clear that since 1994 MSB has been under financial pressure. The pressure has becoming more evident since 1997. In 1997 MSB's subsidiary companies were privatized, and RCS function was separated from its operation, thereby MSB cash standing has been badly affected consequently and made worst by 1997 market crash. Experiencing financial pressure does not force MSB to change its management accounting practice significantly both in technical and conceptual aspects. However, the examination on post 1997 shows that budget process has changed its conception on MSB status quo a little bit. In pre-1997, allocation struggle was to get more allocation for existing projects, and to get new projects approved. While in post-1997 allocation struggle was to maintain existing projects and to minimize allocation reduction. The same technical aspects with little change in conception may be best explains by the concept of functional fixation that made popular by Duncker (1945). According to Barnes & Webb (1986), functional fixation concept explains a situation whereby an individual or a group of people will discover the new use of an object (budget process) to suit to the new encountered problem, but limited by the individual or the group previous experience in using the object. Structuration analysis shows that the organization reality and its symbolic meaning perceived by the members hasn't change significantly. That is MSB complementary roles, political and socio-economic issues, and obstacles towards commercialization hindering management accounting practice to take its new form and new use. It is in line with Ijiri et al. (1966) argument that people tend to unable to find alternative ways in decision making process once he/she attaches a meaning to an object and putting a value on it based on his or her past experience.

Investigation on product costing and performance measurement system shows that there is no significant different between the practice of pre-1997 and post-1997. These arguments based on structuration analysis on the signification, legitimation, and domination structure of MSB accounting practice, in the area of budgetary practice, product costing, and performance measurement systems. The analysis considered both the structure of individual and the structure of institution of MSB during the period under study.

Notwithstanding that government pressure on MSB to absorb commercial approach as well as to increase the performance of its financial management, political and socio-economic issues have been so dominant that MSB couldn't change its management accounting practice. As proven from the interviews, the management of MSB wasn't provided with clear borderline between socio-economic and commercial consideration in decision-making. As MSB's members perceived their organization functioning in supplementary position to the other organizations, it was quite difficult to enhance self-dependent and entrepreneurship culture. Therefore, performance management system wasn't able to portray clearly MSB priority in either socio-economic or commercial objectives. Since most of the project selection based on political justification it is difficult to implement them in a real commercial way, although cost saving and marketing issues considered in the implementation part.

Decision to move MSB's head office in 2004 was perceived by the staff as an intention of the central agencies to monitor their operation more closely. As a respond, management attempted to detail out some management reports and appointed a finance manager. However, these actions were more towards cosmetic change (Abdul Rahman, 1994) that considered external legitimation more than internal improvements (Zucker, 1982; Meyer & Rowan, 1977). As a result, the change efforts did not permeate to the overall organization structure (see Levy, 1986), and failed to stimulate organizational effort to adopt commercial values.

CONCLUSION AND RECOMMENDATION.

Commercial approach that forced by government onto its statutory bodies will not easily accepted and implemented by the agency without clear conception about borderline between socio-economic and political functioning versus entrepreneurship playground. It is especially true in an effort to imposed suitable and efficient control to that particular organization. As proposed by Hofstede (1981) if objective of an organization is not clear, and product is not measurable hence political control is more proper. In the case of MSB, where objective between commercial and social function are not clear, plus its product and services that are not well measured, commercial control is unlikely to success. Therefore, management accounting practice of MSB doesn't change significantly in technical and conception area, despite financial pressure and commercial approach imposed on it.

Therefore, any changes promote by central agencies should consider the capacity to adopt both by individual as well as structural aspects. Therefore, central agency should carry out a thorough study on implementing agency before any improvement measure put forward into management consideration. It is important for planning agency such as Economic Planning Unit at Federal and State level to know the present structure of individual and institutional perception on proposed policy. The present perception and conception about organization are closely associated with participants' experience about the past, therefore significantly influence the success of any reform introduced at organization level.

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