Management Accounting Change: A Model Based on Three Different Theoretical Frameworks

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Abstract

This paper aims to present and discuss a theoretical framework model to study the process of management accounting change. The paper draws on new institutional sociology, old institutional economics, and dialectical perspective. Specifically, the theoretical framework model combines three different frameworks that explain organisational change, namely: Dillard et al.'s (2004) framework, Burns and Scapens' (2000) framework, and Seo and Creed's (2002) framework. It is expected that this framework will be able to support the understanding of the complex 'mish-mash' of inter-related factors in both micro and macro levels that shape management accounting practices. In doing so, this framework will help to understand and explain the process of management accounting change.

1. Introduction

This paper aims to present and discuss a theoretical framework model to study the process of management accounting change in private, as well as public companies. The paper draws on new institutional sociology, old institutional economics, and dialectical perspective. Specifically, the theoretical framework model combines three different frameworks that explain organisational change, namely: Dillard et al.'s (2004) framework, Burns and Scapens' (2000) framework, and Seo and Creed's (2002) framework. It is expected that this framework will be able to support the understanding of the complex mismatch of inter-related factors in both micro and macro levels that shape management accounting practices. In doing so, this framework will help to understand and explain the process of management accounting change.

The issues regarding the relevance, nature and roles of management accounting systems within organisations have been debated by researchers and management accountants over the past 25 years. This debate has been intensified due to the major transformations in the organisational environment which have taken place in the last few decades (Marginson and Ogden, 2005). Nowadays, organisations face an uncertain business environment with increasing market competition. As a result, organisational resources and processes have to be organised and monitored to achieve organisational goals. In order to achieve this, management accounting systems play an essential role because they provide information for the decision-making process.

In the late 1980s, the discussion about the process of management accounting change within the broad organisational context became a popular topic of debate among management accounting researchers, in particular after the publication of the book 'Relevance Lost: the Rise and Fall of Management Accounting' by Johnson and Kaplan in 1987. Johnson and Kaplan (1987) questioned the relevance of contemporary management accounting practices. The main argument was that management accounting did not follow the fast development of the organisational environment. In other words, there has not been sufficient change in management accounting techniques to attend the changes in the organisational environment, and to support the growing demand for information. Johnson and Kaplan (1987) stated that in general, companies opted for internal information systems which were mainly designed to meet the requirements of external financial reports. For this reason, they called for the development and implementation of new 'advanced' management accounting techniques.

Since then, new 'advanced' techniques have been developed and introduced in the management field. The principal management accounting techniques introduced in 1990's are: activity-based costing (ABC); activity-based management (ABM); life cycle costing; target costing; quality costing; functional cost analysis; throughput accounting, strategic

management accounting; shareholder value techniques; economic value added (EVA); the balanced scorecard (BSC); and supply chain management (SCM) (Ax and Bjornenak, 2007).

The debate over the changing nature of management accounting has been supported by a wide array of research, whose findings are not uniform and, sometimes, contradictory (Burns, et al., 1999; Burns, et al., 2003; Busco, 2006). On the one hand, management accounting change can be understood as the introduction of new management accounting techniques, such as activity-based costing or the balanced scorecard. This particular view is largely supported by North American accounting scholars (Baker and Bettner, 1997; Hopper, et al., 2001). On the other hand, management accounting change can be understood as the process of change in the manner in which traditional and/or new techniques are actually being used. Therefore, management accounting change occurs with the creation and introduction of new techniques or with changes in the way managers use management accounting information generated by traditional systems.

This paper is divided into four sections. First, the previous organisational change frameworks that are the basis of the proposed theoretical framework model are discussed and analysed, therefore, the Dillard et al. (2004) framework, Burns and Scapens' (2000) framework, and the Seo and Creed framework are discussed. The next section deals with the proposed framework. Subsequently, the framework justification is presented and discussed, in addition, the reasons for combining the other frameworks are described and analysed. Finally, the main conclusions and the limitations of this paper are presented.

2. Previous Organisational Change Frameworks

This section aims to provide the basis of the proposed framework model by explaining the main assumptions of the previous frameworks that this model is based upon. Therefore, this section describes and explains the three frameworks that support the proposed model. These frameworks are: Dillard et al.'s (2004) framework, Burns and Scapens' (2000) framework, and Seo and Creed's (2002) framework.

2.1 Dillard et al.'s (2004) Framework

Dillard et al.'s (2004) framework combines old institutional economic (OIE) research on intra-organisational institutionalisation process with new institutional sociology (NIS) research on external pressure. The main objective of the Dillard et al. (2004) framework is to explain the institutional dynamics in the process of organisational change (see figure 1). This model uses the structural theory principle that action is changed but constrained by structure (institution) to develop a recursive institutionalization model that prioritises processes over outcomes (Hopper and Major, 2007). Dillard et al. (2004) advocate that the process of institutionalisation moves in a recursively cascading manner through three levels of socio-historical relationships, namely economic and political level (PE), organisational field level (OF), and Organisational level (see figure 1).
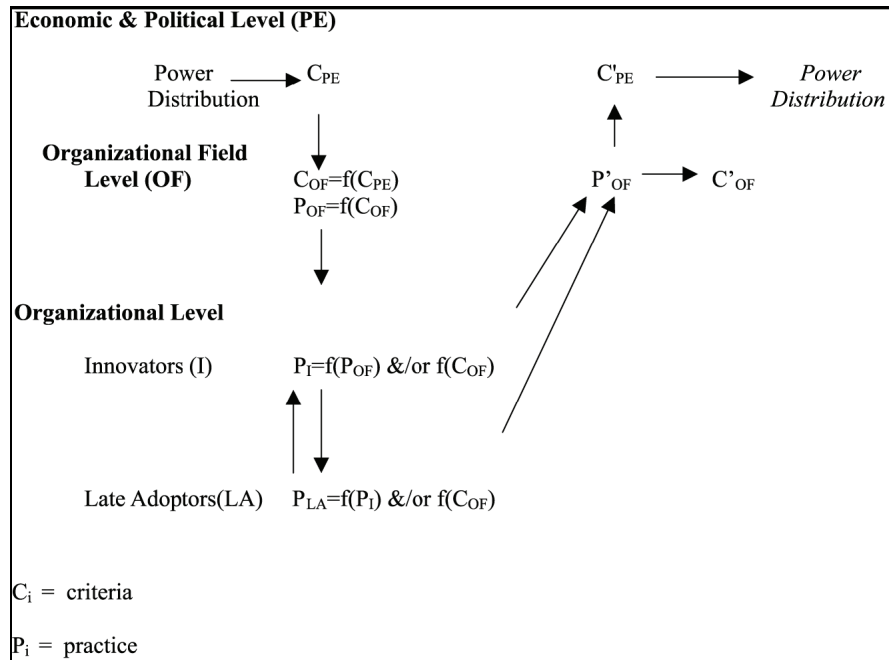
Figure 1 – Institutional Dynamics
Source: Dillard et al. (2004, p. 512)

Dillard's et al. (2004) model argues for an institutionalisation process by hierarchically linking the political and economic level (PE) with organisational field (OF). The PE level establishes the most general and widely accepted norms and practices (taken-for-granted norms) influenced by politically developed symbolic criteria (CPE), such as accounting principles, laws and regulations (Wickramasinghe and Alawattage, 2007). According to Dillard et al. (2004), these norms and practices tend to be strongly influenced by powerful coalitions (power distribution) and represent the macro context for resource allocation.

The second level consists of the organisational field (OF) which includes socio-economic configurations, such as industry groups, professional bodies, and consultants. The social, economic and political parameters embedded in the economic level (PE) enter the organisational field through the organisational field criteria (COF), which are a function of the societal level criteria (CPE) (Dillard, et al., 2004). COF provide legitimacy for the actions at the organisational field (OF) level, while CPE provide legitimacy for the existence of COF. The practices in the organisational field (POF) are a function of the organisational field criteria (COF), and provide the legitimating regulative base for action in the organisational level at the bottom of figure 1.

At the organisational level, individual organisations can be innovators (I) who develop new organisational practices (PI) within the POF and COF constraints from OF or late adopters (LA) who copy innovators' practices. For PLA, legitimacy comes from both OF and PI (Dillard, et al., 2004; Hopper and Major, 2007). Finally, Wickramasinghe and Alawattage (2007) point out that in late adaptor organisations, there could be actual practices which are decoupled from or loosely coupled with PLA, that is, the innovator practices are used in a ceremonial way to give legitimacy to late adaptor companies.

New innovative practices can move laterally and upwards. As a result, the innovative practices may modify the set of normative practices (POF) and criteria (COF) in the organisational field level by reinforcing, revising or eliminating existing practices (Dillard, et al., 2004; Hopper and Major, 2007). Changes in legitimate and accepted practices (P'OF) and criteria (C'OF) at the organisational field level normally influence the political and economic system criteria (C'PE). In addition, Dillard et al. (2004) state that the late adopters also

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support the process of change in the organisational level by encouraging more late adapters. Dillard et al. (2004, p. 514) conclude that the change in the economic and political level and in the organisational field level "may largely support the earlier accepted practices and criteria with some small evolutionary change, or they may involve larger or even on occasion revolutionary change".

The new organisation field practices (P'OF) and criteria (C'OF) will also modify the political and economic criteria (C'PE) by supporting the norms and practices articulated by the powerful interest groups or by modifying the current configuration of power in the economic and political level (Dillard, et al., 2004). After that, the process of institutionalisation is inverted again and flows downward through the three levels as explained above. Dillard et al. (2004, p. 514) conclude "recursivity is the key to understand change in the institutionalization process since taken-for-granted norms, values, beliefs and assumptions may be continually revised at all three levels of the model". Dillard et al.'s framework is also supported by the concept of 'axes of tension" proposed by Weber (1958; 1961; 1968) and insights from structuration theory, in particular three structural type concepts, namely: 'signification', 'legitimation', and 'domination' (Giddens, 1976; 1979; 1984).

2.2 Burns and Scapens' (2000) Framework

Burns and Scapens's (2000) framework was influenced by the ideas of old institutional economics, structuration theory and evolutionary economics (Wickramasinghe and Alawattage, 2007). According to Burns et al. (2003), this framework was influenced by the management and evolutionary economics literature on change, in particular by the studies developed by Barley and Tolbert (1997); Dawson (1994); and Nelson and Winter (1982).

As mentioned above, Burns and Scapens (2000) draw upon the work of Barley and Tolbert (1997) to develop their framework and to incorporate the idea of 'scripts'. Thus, by focusing on empirical scripts in organisations, management accounting can be studied in respect of how new management accounting systems bring rules, how rules became routines and how routines become institutionalised (Soin, et al., 2002; Wickramasinghe and Alawattage, 2007). As a consequence, management accounting practices are depicted as a collection of relatively stable rules and routines. Burns and Scapens (2000) point out that rules refer to the formal ways in which 'things should be done' and they are necessary to coordinate and give meaning to the actions of individuals and groups. Routines refer to the informal practices actually in use. Another modification in Barley and Tolbert's (1997) model was made by Burns and Scapens (2000) who converted the process of institutionalisation into new processes: 'encoding'; 'enacting'; 'reproduction'; and 'institutionalisation'.

The top of figure 2 shows the institutional realm which comprises the ways of thinking and the underlying assumptions that condition how people behave (Scapens, 2006). Burns and Scapens (2000, p. 8) define institutions as "the shared taken-for-granted assumptions which identify categories of human actors and their appropriate activities and relationships". Burns et al. (2003) add that institutions are taken-for-granted assumptions that inform and shape the actions of individuals who mould the company. At the bottom of the figure 2, there are the actions which are carried out over time by the organisational actors. The institutional realm and the realm of action are linked by rules and routines, which shape the actions that people take.

Burns and Scapens' (2000) framework combines both synchronic and diachronic elements. Burns and Scapens (2000, p. 9) state that "whereas institutions constrain and shape actions synchronically (i.e. at a specific point time), actions produce and reproduce institutions diachronically (i.e. through their cumulative influence over time)". In the framework the arrows a and b represent synchronic processes and arrows c and d diachronic

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processes. The process of institutionalisation follows four stages: encoding, enacting, reproduction, and institutionalisation.
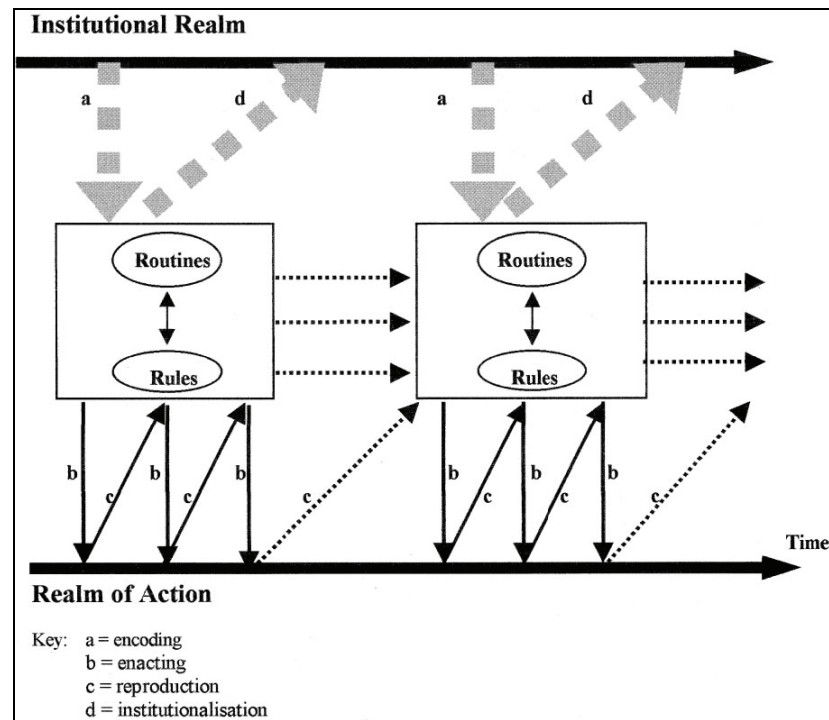

Figure 2 – The Process of Institutionalisation
Source: Burns and Scapens (2000, p. 9)

The first step (arrow a) concerns the 'encoding' of the existing institution and taken-for-granted assumptions and meanings into the new rules, routines and procedures which embody organisational values, such as management accounting practices. As a consequence, new rules or procedures are usually interpreted in terms of the current norms and values (institutions) of the group who use the system. Burns and Scapens (2000) introduce the term path-dependent which means that the existing routines and institutions will shape, to some extent, the selection and implementation of the new set of rules and routines. In addition, Burns and Scapens (2000) point out that even a revolutionary process of change, which involves radical change to existing routines and fundamentally challenges the prevailing institutions, will be path-dependent.

The second process (arrow b) refers to the 'enactment', through the day-to-day activities performed by organisational actors, of the routines and rules which encode the institutional principles. The arrow b is shown as a solid line because according to Burns et al. (2003, p. 19) "there is a direct connection between the rules and routines and actions", whereas arrow a is depicted as a broad dotted line, because "institutions are normally general, and the connection (to rules and routines) is more abstract and indirect".

Although the enactment process may involve conscious choices, it is generally the outcome of reflexive monitoring informed by the agent's tacit knowledge (Busco, 2006). In addition, Scapens and Burns (2000) state that resistance to change can arise in this stage, especially if the new rules and routines challenge existing meanings and values, and if actors have sufficient power to intervene in the process of enactment.

The third process (arrow c) represents the 'reproduction' of the rules and routines over time, through their repeated use in practice (Burns et al., 2003). According to Burns and Scapens (2000), the reproduction process might involve conscious and/or unconscious change. Conscious change is likely to happen only when actors are able to understand and incorporate

the rationales necessary to challenge the previous rules and routines. On the other hand, unconscious change may occur when the rules and routines are not adequately understood and accepted by the individuals.

The last step (arrow d) refers to 'institutionalisation' of routines and rules which have been reproduced through behaviour of the individual actors. According to Burns and Scapens (2000, p. 11), this process involves "a disassociation of the patter of behaviour from the particular historical circumstances, so that the rules and routines take on a normative and factual quality". In other words, the new set of rules and routines are taken-for-granted by the large collective of actors. Burns et al. (2003) point out that arrow d is shown by a broad dotted line because the process of institutionalisation is gradual and indirect.

To summarise, the process of institutionalisation (figure 2) can be described as a process in which rules and routines are first encoded within the institutional realm and then enacted by organisational members and gradually reproduced through their everyday actions, ultimately being institutionalised, that is, taken-for-granted by the majority of the organisational actors.

2.3 Seo and Creed's Framework – Dialectical Perspective

Seo and Creed (2002) proposed a framework which uses a dialectical perspective based upon Benson's (1977) paper to explain institutional change. The main pillar of this framework is the view that institutional change should be understood as an outcome of the dynamic interactions between institutional contradictions and human praxis.

The concept of contradictions is key to Seo and Creed's (2002) framework, because it can explain when, how and why institutionally embedded agents might come to challenge, and subsequently attempt to change, their and other's taken-for-granted beliefs and ways (Burns and Baldvinsdottir, 2005). As a consequence, institutional contradictions can contain the seeds of institutional change. Contradictions, which generate conflicts among the organisational actors, create the conditions for institutional change to take place, because groups or individuals recognise the need for change and, subsequently, put ideas into practice through human praxis. Burns and Nielsen (2006, p. 451) state that:

Contradictions represents ruptures and inconsistencies among, and within, established social arrangements that can incite tension or conflict and create the conditions for institutional change to occur, as group or individuals as an effect of their perception of such contradictions recognize the potential (and/or need) for change.

Seo and Creed (2002) identified four sources of contradiction: technical inefficiency, nonadaptability, institutional incompatibilities, and misaligned interests. First, isomorphic conformance to the prevailing institutional arrangements to obtain legitimacy might be at the expense of technical efficiency. A number of authors highlight that conformity to institutional arrangements may conflict with technical activities and efficiency demands (Meyer and Rowan, 1977; Powell and DiMaggio, 1991). The possibility of loose coupling can lead to a discrepancy between the functional/technical requirements of the company and institutional requirements. This possible discrepancy can be a source of institutional contradictions. Seo and Creed (2002, p. 227) conclude that "even if institutionalized organizations make decisions that improve both legitimacy and technical efficiency in the short run, those decisions easily become suboptimal if new optimal solutions are not continually pursued and adopted".

Second, contradictions can arise from non-adaptability to the external environment. According to Burns and Baldvinsdottir (2005) once institutions are in place, they tend to be self-enforcing and taken-for-granted. As a result, there is little or no response to shifts in external factors due to psychological and economic lock-in towards (internal) institutional arrangements. Seo and Creed (2002, p. 228) summarise this source of contradiction by stating that "although institutionalization is an adaptive process, once in place, institutions are likely

to be both psychologically and economically locked in and, in a sense, isolated from unresponsive to changes in their external environments". As a consequence, this non-adaptability creates a space where contradictions between the present institutions and their external environments develop and accumulate over time.

The third source of contradiction is related to intra-institutional conformity that creates inter-institutional incompatibilities. In other words, conformity to specific institutional arrangements often leads to conflict with alternative institutions. Seo and Creed (2002) emphasise that individual and organisations are increasingly exposed to multiple and contradictory, yet interconnected, institutional arrangements. As a consequence, an organisation or individual that conforms to particular embedded institutional arrangements might be incongruent to other institutional settings and different time-space circumstances (Burns and Baldvinsdottir, 2005). Therefore, these incompatibilities between institutions are the third source of institutional contradiction.

Finally, the fourth source of contradiction is due to political struggles among various participants who have divergent interests and asymmetric power (Seo and Creed, 2002). Seo and Creed (2002) point out that the actors, whose ideas and interests are not adequately served by the existing social arrangements, can act as potential change agents who, in some circumstances, become conscious of the institutional conditions. Therefore, contradiction can emerge due to misalignment between institutionalised ways and the divergent perceived interests of actors embedded in such ways (Burns and Nielsen, 2006). Seo and Creed (2002) suggest that these four sources of contradictions are not separate and mutually exclusive but are likely to be interconnected over time rather mutually exclusive.

Institutional contradictions are the essential driving forces of institutional change, but they do not inevitably lead to institutional change. Seo and Creed (2002) state that human praxis is a necessary mediating mechanism, between institutional contradictions and institutional change. Praxis defines human agency of a political nature which, though embedded in existing institutions, attempts to influence and secure change in the institutional configuration (Burns and Nielsen, 2006). In the same vein, Benson (1977, p. 5-6) emphasises that "people under some circumstances can become active agents reconstructing their own social relations and ultimately themselves". Praxis can be defined as "a particular type of collective human action, situated in a given socio-historical context but driven by the inevitable by-products of that context-social contradiction" (Seo and Creed, 2002, p. 230).

Although contradictions may create openings for institutional change, it is praxis that encapsulates the 'doing' of change (Burns and Baldvinsdottir, 2005). According to Seo and Creed (2002, p. 230) praxis has three component parts: (1) actors' self-awareness or critical understanding of the existing social conditions, and how these social conditions do not meet actors' needs and interests; (2) actors' mobilisation, rooted in new collective understandings of the institutional arrangements and themselves; and (3) "actors' multilateral or collective action to reconstruct the existing social arrangements and themselves". In addition, Benson (1977) point out that praxis involves two moments: (a) reflective, when actors critique existing institutions and search for alternatives; and (b) active, when political mobilisation and collective action take place.

To summarise, the seed of institutional change is the accumulation of institutional contradictions (technical inefficiency, non-adaptability, institutional incompatibilities, and misaligned interests) both within and between institutions. Institutional contradictions may trigger, enable, and limit praxis for institutional change (see figure 3). However, Seo and Creed (2002) highlight that the relationship between contradictions and praxis is not a linear causal model, because of the complex dynamics possibly involved in the process of institutional change.
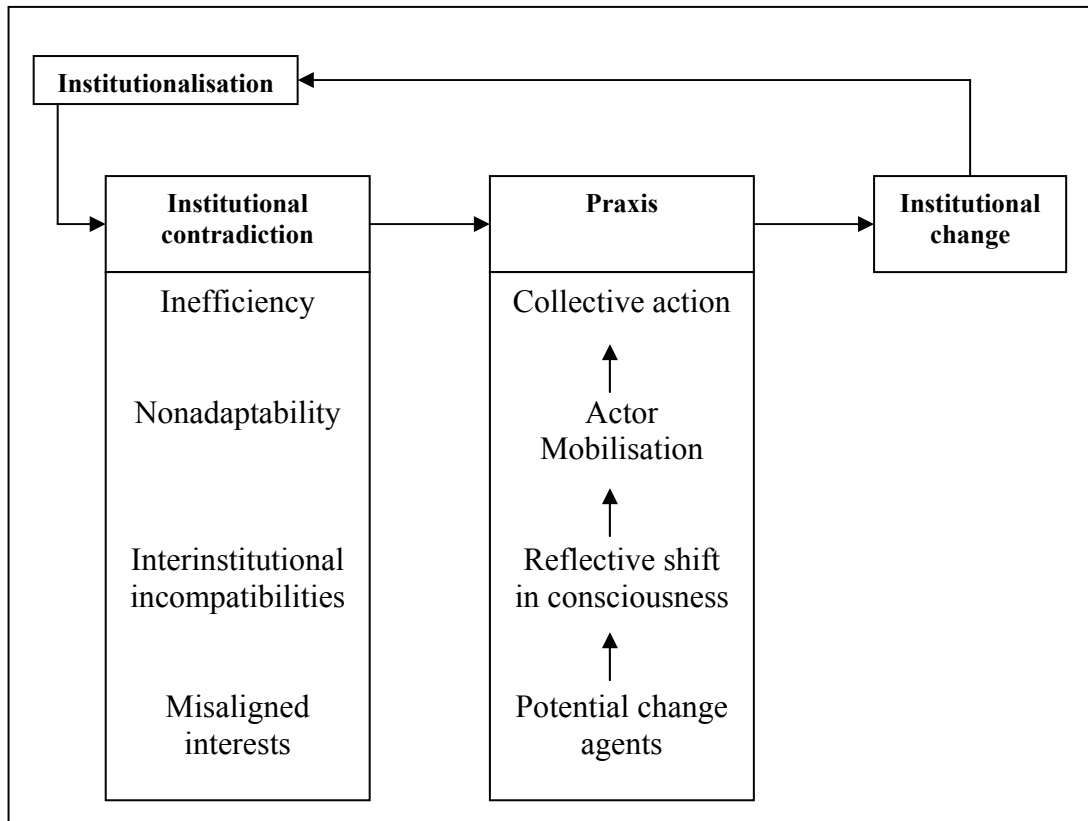
Figure 3 – Institutional Contradictions, Praxis and Institutional Change
Source – Adapted from Seo and Creed (2002, p. 232)

3. The Management Accounting Change Model

The theoretical framework model (see figure 4) adopts Dillard et al.'s (2004) view that the process of institutionalisation moves in a recursively cascading manner through three levels of social-historical relationships, namely the economic and political level (PE), the organisational field level (OF), and the intra-organisational level. The framework model re-labels the 'organisational field level' of the Dillard et al. (2004) framework as 'intra-organisational level' to denote how companies are functionally and hierarchically different. In doing so, this model can focus on the impact of external, as well as, internal factors on management accounting systems in a specific company.

The process of organisational change starts within the economic and political level. In this level the most general norms, such as laws, and practices (CPE) are established. According to Dillard et al. (2004), the economic and political level criteria are influenced by the present distribution of power in society. These macro sets of norms and practices shape the organisational field level criteria (COF), which is a function of the societal level criteria (CPE). As a consequence, the organisational field practices (POF) are influenced by the organisational criteria which were previously shaped by the economic and political level principles.
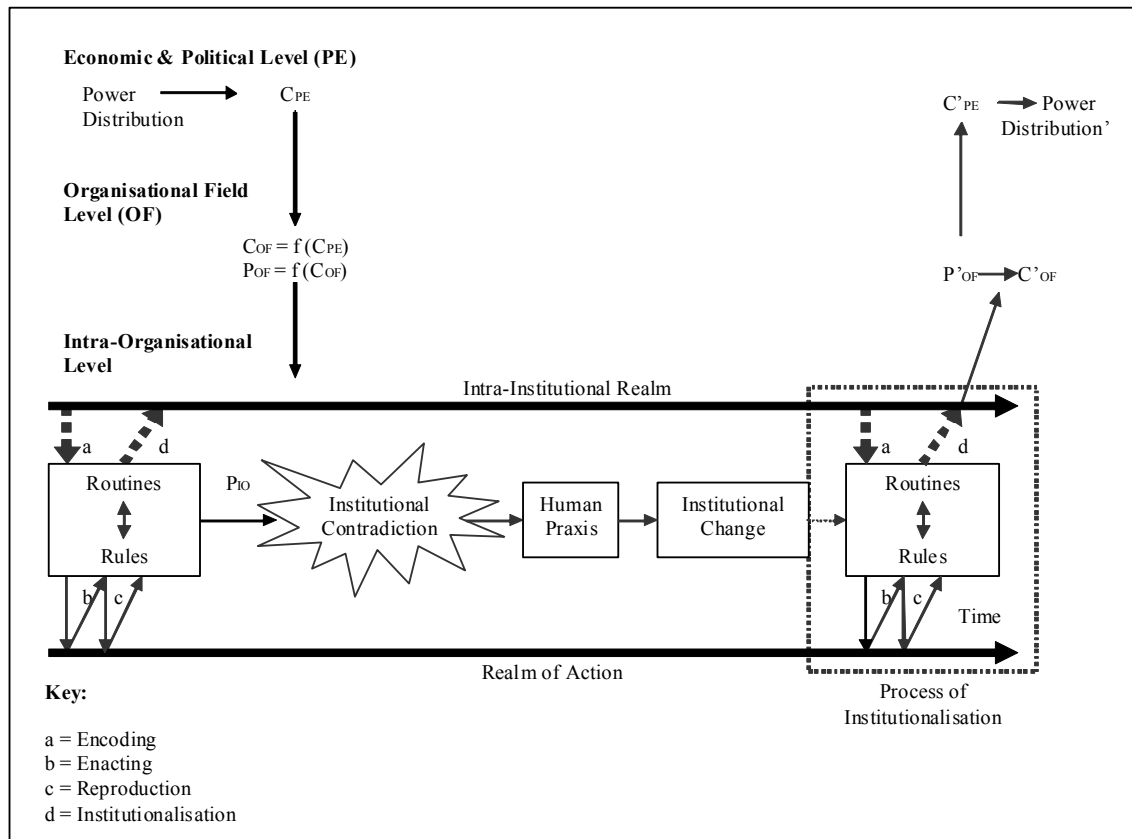
Figure 4 – Management Accounting Change Framework

At the intra-organisational level, the theoretical framework model (figure 4) adopts the Burns and Scapens' (2000) view that the intra-institutional realm and the realm of actions are linked by rules and routines. The intra-organisational realm represents the ways of thinking and the underlying assumptions that are taken-for-granted by the organisational actors, while the realm of actions comprises the actions that are carried out by the organisational individuals. It is important to highlight again that the 'intra-organisational level' substitutes the 'organisational level' in Dillard et al.'s (2004) framework, because the former concept emphasises that the analysis of the process of management accounting change is being carried out in one specific company.

The actual process of organisational change at the intra-organisational level starts with the accumulation of institutional contradiction which is result of external environment (economic and political level and organisational field level) pressures, as well as intra-organisation practices and the underlying assumptions (PIO), such as divergent interests among organisational actors. In this model the intra-organisation factors (PIO) are represented by the set of rules, routines, and assumptions that the organisational actors followed before the process of change. This variable was introduced into the model to demonstrate that the intra-organisational factors play an important role in the process of management accounting change, as well as to contemplate the concept of path-dependent.

Seo and Creed (2002) identified four sources of institutional contradiction: technical inefficiency, non-adaptability, institutional incompatibilities, and misaligned interests. The first three sources of contradictions are intrinsically connected with the external environment, while the last is more related to the intra-organisational factors, such as relations of power within the organisation. The accumulation of contradictions may create conflicts among the organisational actors, generate the conditions for institutional change to take place, because these contradictions will trigger and enable human praxis for introducing institutional change.

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This change will be introduced into the organisation through a new set of rules and routines which will be institutionalised. In other words, they will be taken-for-granted by the large collective of the organisational actors. According to Burns and Scapens (2000) this process of institutionalisation has four phases: encoding (arrow a), enacting (arrow b), reproduction (arrow c), and institutionalisation (arrow d).

After the process of institutionalisation the management accounting practice, the new intra-organisational institutionalised practice may influence the set of normative practices (POF) and criteria (COF) in the organisational field level by reinforcing, revising or eliminating existing practices (Dillard, et al., 2004). Changes in organisational field practices (P'OF) and criteria (C'OF) will normally influence the political and economic system criteria (C'PE). As a result, the new political and economic criteria will challenge the present configuration of power in the economic and political level.

This recursive model is the same as presented by Dillard et al. (2004) which is influenced by the concept of duality of structure from the structural theory. This concept postulates that structures (institutions) provide recursive rules and resources, which shape and inform human interaction in terms of its signification, legitimisation, and domination. But human agency may change these structures. Such changes might result from either conscious choices to act differently or the unintended consequences of behaviour (Baxter and Chua, 2006). Therefore, this framework is supported by the concept of the duality of structure (Giddens, 1976, 1979, 1984) whereby institutions are both the background for action but may, in turn, be recursively modified through action of human agents (Seal, et al., 2004).

4. Framework Justification

Old institutional economics (OIE) has been criticised because its focus is primarily on the intra-organisational level rather than the macro-level. As a consequence, OIE is incapable of explaining the impact of environmental pressures on the process of management accounting change. In contrast, new institutional sociology (NIS) has been subject to criticism, because it focuses on the inter-organisational level. According to Greenwood and Hinings (1996, p. 1023), NIS "is weak in analysing the internal dynamics of organisational change. As a consequence, the theory is silent on why some organisations adopt radical change whereas others do not, despite experiencing the same institutional pressures". The main criticism is that insufficient attention has been paid by OIE and NIS theorists to intra and inter organisational level, respectively. NIS arguments are insufficient to explain adequately intra organisational behaviour. On the other hand, OIE is criticised for insufficient attention to environmental pressures. Therefore, the two theories can cover these flaws and complement each other.

The combination of OIE and NIS is possible by applying Dillard et al.'s (2004) framework, which combines OIE and NIS. Therefore, the adoption of Dillard et al.'s (2004) model in the thesis framework is important to understand the interplay between inter-organisational an intra-organisational factors in the process of management accounting change. However, Dillard et al's (2004) framework can be extended by improving the analysis of the influence of intra-organisational factors, such as the relations of power within the company, and how accounting technologies are established at the intra-organisational level. In order to deal with this limitation Burns and Scapens' (2000) framework is combined with Dillard et al.'s (2004) model. The reason for this is that Burns and Scapens' (2000) framework provides a more comprehensive and detailed explanation of the process of institutionalisation of new management accounting practices at the intra-organisation level than the Dillard et al. (2004) framework. Therefore, Burns and Scapens' (2000) framework seems to be more useful than the Dillard et al. (2004) framework to explain the intra-organisational process of institutionalisation of new accounting systems.

The combination of the Dillard et al. (2004) framework with the Burns and Scapens (2000) model will not lead to inconsistencies regarding epistemology and ontology, because both frameworks share similar views about the world and human beings. According to Dillard et al. (2004, p. 512), "Burns and Scapens' ideas could be integrated" into the Dillard et al.'s (2004) framework on the organisation level. Dillard et al. (2004, p. 533) also state that "the framework provided by Burns and Scapens (2000) might be applied in describing the micro process taking place" within an organisation. Therefore, it seems that the integration of Burns and Scapens' (2000) framework with Dillard et al.'s (2004) framework can be made without any ontological and epistemological problem of inconsistency.

Another point that should be taken into consideration is that the institutional theorists have been able to offer more insights into the process that explain institutional stability than those that explain institutional change (Seo and Creed, 2002). Institutional theory is incapable of explaining the role of agency in the process of organisational change, because this theory has a dilemma, which is: "when and how do actors actually decide to revise behavioural scripts when their actions and thoughts are constantly constrained by the existing institutional system? (Seo and Creed, 2002, p. 224). In order to deal with the role of agency in the process of management accounting change and to overcome the institutional theory dilemma, the the framework model incorporates the Seo and Creed (2002) framework. Burns and Baldvinsdottir (2005) support the utilisation of Seo and Creed's (2002) framework. In their view, this framework can complement the existing institutional perspectives on management accounting, in particular Burns and Scapens' (2000) framework.

To summarise, the main justification for combining these three frameworks is that each framework complements the others. The Dillard et al. (2004) framework is particularly useful to understand the interplay between inter-organisational and intra-organisational factors in the process of management accounting change. The Burns and Scapens (2000) framework is adopted to explain the intra-organisational process of institutionalisation of new management accounting systems. Finally, Seo and Creed' (2002) framework is important to deal with the role of agency in the process of management accounting change. Seo and Creed's framework is in particular essential to answer the question: how do embedded agents engage in institutional change?

Scapens (2006) states that to make sense of diversity in management accounting practices it is essential to understand the complex mish-mash of inter-related influences which shape management accounting practices in individual organisations. These influences come from broad systematic pressures that have economic and legitimacy considerations. In addition to these external pressures, there are internal pressures for and constraints on management accounting which include: the importance of trust in accountants, the relations of power, and the role of agency in institutional change (Scapens, 2006). Therefore, the understanding of the interplay between internal and external institutions is primordial to explain the process of management accounting change.

Taking this situation into account the proposed framework model aims to explain the process of management accounting change by understanding the complex 'mish-mash' of inter-related influences (both inter-organisational and intra-organisational) which shape management accounting practices. The proposed framework also seeks to demonstrate that management accounting can shape and influence the inter-organisational environment by adopting the concept of duality of structure from the structuration theory.

5. Conclusion

Despite of the usefulness of NIS and OIE to explain the process of management accounting change and their increasing popularity among management accounting researchers, these theories have suffered many criticisms. The main criticism about OIE is that this theory

has paid little attention to inter-organisational factors that can shape management accounting practices. In contrast, NIS has been criticised, because it has been paid insufficient attention to micro-level institutions in the process of organisational change. As a consequence, it seems natural to combine these two theories in order to obtain a better understanding of the process of management accounting change, because it will be considerate both the intra and inter organisational pressures that shape management accounting practices within the organisation.

The proposed theoretical framework combines both OIE and NIS. However, there is a theoretical dilemma in institutional theories which is the problem of embedded agents in the process of organisation change. In order to overcome this dilemma the dialectical perspective was used. Taking these limitations in the institutional theories into accounting the theoretical framework is an attempt of combining three other frameworks, namely Dillard et al.'s (2004) framework, Burns and Scapens' (2000) framework, and Seo and Creed's (2002) framework.

From the literature review some gaps in the previous models were identified, in particular the little attention paid to the interplay between inter and intra organisational factors and the role of agency in the process of management accounting change. Therefore, it is expected that this framework will be able to support the understanding of the complex 'mish-mash' of inter-related factors in both micro and macro levels that shape management accounting practices. In doing so, this framework will help to understand the process of management accounting change.

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