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Institutions, situated rationality and agency in management accounting
A research note extending the Burns and Scapens framework

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Abstract

Purpose – Drawing on recent research, which recognises the situated nature of accounting practices, the purpose of this paper is to extend the Burns and Scapens (B&S) framework and to illustrate its potential for studying the situated nature of management accounting practices. The extended framework distinguishes field-level institutions (which the authors term broader institutions) and institutions within the organisation (which the authors term local institutions). To extend the B&S framework the authors draw on recent debates in institutional theory, both new institutional sociology, where the focus is now on the institutional logics perspective, and old institutional economics, where there has been debate about the relationship between institutions and actions.

Design/methodology/approach – While the B&S framework focussed on institutions within the organisation, the extended framework explicitly recognises institutions which extend beyond the boundaries of the organisation. It also recognises the way in which rationality and deliberation are related to human agency, as well as the power of specific individuals and/or groups to impose new rules. To illustrate the usefulness of the extended framework the research note draws on a recent study of performance measurement in the Accounting and Finance Groups of the Universities of Groningen and Manchester.

Findings – It is argued that local institutions within the organisation combine with the broader institutions to shape the forms of situated rationality which are applied by individuals and groups within the organisation. Different groups within an organisation (e.g. engineers and accountants) can have different forms of situated rationality, and contradictions in these forms of rationality can be a source of institutional change or resistance to change within the organisation, and can explain why accounting changes can be implemented in different ways in different organisations and also in different parts of the same organisation.

Originality/value – The extended framework will be useful for studying: (1) how situated rationalities evolve within an organisation, more specifically how they are shaped by both local and broader institutions; and (2) how prevailing situated rationalities shape the responses to accounting change.

Keywords Management accounting change, Institutions, Agency, Logics, Situated rationality

1. Introduction

Recent work using the institutional logics perspective (see Thornton et al., 2012) has explored how multiple, and at times competing, institutional logics can lead to “practice variations”. Such work sees social order as created through a network of interrelated logics, both at the level of society generally and at the level of particular organisational fields. Studies in organisations theory have tended to focus primarily on institutional logics at the organisational field level. However, there have been recent calls (Pache and Santos, 2010; Zilber, 2016; see also Besharov and Smith, 2014) for research to understand how institutional
logics at the organisational field level interact with each other within individual organisations. Some recent management accounting studies (see e.g. Amans et al., 2015 and Carlsson-Wall et al., 2017) have explored how institutional logics shape management accounting practices within specific organisations. In other words, these studies explore how “broader”, i.e. field level, institutional logics combine and/or interact within organisations. However, it has been argued that the institutional logics perspective underplays the extent to which institutions and logics[1] emerge through, and are situated in, the practices of individual organisations (see for instance Quattrone, 2015). This suggests that we need to look more closely at the situated nature of the institutions which are embedded within organisational practices.

In contrast to the organisational field level focus of much of the research in organisational theory, the accounting research which draws on the Burns and Scapens (B&S) framework has, for some years, been studying how institutions within an organisation shape management accounting practices. We believe that the B&S framework still provides a useful starting point for studying how institutions interact within organisations. However, it has attracted some criticism and researchers who have used it to study management accounting practices have identified a number of issues which deserve greater attention. For instance, Dillard et al. (2004) criticised the B&S framework for its failure to explicitly recognise the impact of broader (field level) institutions, while others have pointed to issues of agency, power and the role of trust (see e.g. Burns, 2000; Johansson and Baldvinsdottir, 2003; Burns and Nielsen, 2006; Busco et al., 2006; Yazdifar et al., 2008; Burns and Quinn, 2011; Van der Steen, 2011). In extending the B&S framework we address these criticisms and incorporate the issues which have been identified as deserving greater attention. In addition, as the B&S framework was published some years ago, the extended framework recognises the more recent developments in institutional economics and institutional sociology.

Although Giddens’ (1984) duality of structure (which emphasises that agency and structure presuppose each other) informed the development of the B&S framework, much of the research which has used it has tended to adopt a rather structural perspective and to give relatively less attention to the role of agency (see Modell, 2007, p. 351). Furthermore, Dillard et al. (2004) criticised Burns and Scapens (2000) for not explicitly recognising the influence of the organisational field on practices within individual organisations[2]. The extended framework incorporates both broader field-level institutions and institutions within the organisation. Furthermore, as will be illustrated below, it also provides a basis for discussing the issues identified by other researchers as requiring greater attention, specifically trust, power and the role of agency. In so doing, it explicitly recognises both the influence of institutions at the organisational field level and the role of situated actors.

By explicitly recognising the role of situated actors, the extended framework reflects the recent practice-turn (see Schatzki et al., 2001) in management, organisation and also accounting which has focussed attention on the situated nature of practices, (for accounting examples, see Ahrens and Chapman, 2007; Jørgensen and Messner, 2010), and also the research which combines structuration theory and institutional theory. For instance, drawing largely on Giddens’ (1976, 1979, 1984) structuration theory to study the interplay between strategy and accounting, Englund et al. (2017) emphasise the need to bring to centre-stage the micro-level details of organisational life, which they refer to as “the situated activities of people” (p. 9; in press version). In their earlier papers, they argue that “management accounting practices […] are always situated” (Englund and Gerdin, 2008, p. 1131; see also Englund and Gerdin, 2014; Englund et al., 2011). Furthermore, in developing the micro-foundations of institutional logics, Thornton et al. (2012) recognise “the influence of the immediate situation’s characteristics – in time and place – on individual behaviour” (p. 80), which they refer to as a central principle of social psychology, namely, situationism.
In a somewhat similar vein, management accounting studies which draw on the institutional logics perspective have recently started to emphasise the importance of the micro level, i.e. understanding the characteristics of situations in which multiple institutional logics interact. For example, in the context of performing arts, Amans et al. (2015) explore the artistic, managerial and political logics which shape the use of budgets in two French theatres. They study how the combination of these logics is shaped by “situational factors,” and conclude that situation specific factors can make an organisation “particularly sensitive to certain logics and less so to others” (Amans et al., 2015, p. 49). In a different context, that of a Swedish football organisation, Carlsson-Wall et al. (2017) study conflicting institutional logics and note the situation specific nature of the way in which the sports and business institutional logics combine in specific decision situations. Other accounting studies have also looked at how conflicting institutional logics interact in other contexts/situations – see, for example, Ezzamel et al. (2012), Covaleski et al. (2013) and Wiesel and Modell (2014).

Drawing on the practice theory of Schatzki (2002), Ahrens and Chapman (2007) developed the notion of situated functionality in their study of day-to-day management accounting practices in a restaurant chain. They argue that, in specific situations, actions are taken for reasons and as such there is a form of functionality, but it is a situated functionality. Ahrens and Chapman (2007, p. 4) defined situated functionality as “the ways in which specific organisational members [... ] use accounting to achieve, if not grand strategic missions, at least specific subsets of organisational objectives”. They illustrate their notion of situated functionality by tracing how the practices of situated social actors in a restaurant chain mobilise accounting to achieve the objectives of their organisational units (Ahrens and Chapman, 2007).

The extended framework proposed in this research note introduces the concept of situated rationality which is the form of rationality situated social actors adopt in a specific situation – i.e. how they think about and rationalise what they should do when faced with that situation. As such, situated rationality underpins the situated functionality of day-to-day practices. We will distinguish situated rationality from the more general forms of rationality which are embedded in institutional logics. Although institutional logics are likely to shape the situated rationality within organisations, situated rationality will also be shaped by the history and experiences of the organisation itself. As well as recognising that different forms of rationality may by applied in different situations, the extended framework recognises that various groups within an organisation may have different situated rationalities and these multiple rationalities can give rise to contradiction and conflict, but could also lead to institutional change.

Over the years, there have been many case studies of management accounting in a wide variety of contexts. In the vast majority of these studies, the context is simply the location in which management accounting is studied and the background against which the researchers seek to identify broader patterns from which theories of management accounting can be developed. However, the recent attention to the situation emphasises that it is the context or, more precisely, the specifics of the situation which need to be studied. In other words, the context is not simply the background or location of the study; it needs to be the focus of the study. We believe the extended framework provides a basis for studying the situated nature of management accounting practices, and more specifically for studying: (1) how situated rationalities evolve within an organisation, and how they are shaped by both local and broader institutions; and (2) how prevailing situated rationalities shape responses to the management accounting change.

Recent studies, which use the institutional logics perspective to explore management accounting practices within organisations, look at how institutional logics at the organisational field level shape practices in the specific context of an organisation. This seems to be in line with much of the existing research in institutional theory where, according to Zilber (2016, p. 140)
“institutional logics are conceived as mainly given, predetermined, and hardly changing in their travel through organisations”. However, Quattrone (2015) questions the assumption of institutional theory that changes in institutional logics come about as a result of conflicts and tensions between logics which are anchored at the organisation field level. Drawing on a study of the Jesuit religious order, he argues that institutional practices are “situated and flexible” (Quattrone, 2015, p. 436) and, furthermore, existing notions of institutional logics are “inattentive to the places and times in which order is formed and logics operate” (p. 437). Although coming from a different direction, i.e. questioning whether institutional theory can be critical, Modell (2015) argues that existing institutional studies in accounting lack both a clear temporal distinction between emerging and existing structures and a methodological framework for understanding the way in which structures condition agents’ actions, while at the same time it is the agents who create those structures. Both Quattrone (2015) and Modell (2015) emphasise the emerging and situated way in which logics are formed and the role of the situated actor.

In contrast to studies, such as Amans et al. (2015), Carlsson-Wall et al. (2017) and others cited above, which focus on how field-level institutional logics interact when they are experienced within specific organisations, the studies which draw on the B&S framework focus on institutions within the organisation, and how they shape management accounting practices. Although the extended framework proposed in this research note recognises that broader institutions can affect practices within an organisation, we would argue (along with Burns and Scapens, 2000) that management accounting practices are also shaped by the internal institutions which evolve as a result of the history of the organisation and the experiences of individuals and groups within it. While the extended framework focuses primarily on the institutions within the organisation, it explicitly recognises that broader (field level) institutions can affect practices inside the organisation. By introducing the notion of situated rationality (i.e. the taken-for-granted ways of thinking which actors adopt when taking actions in a specific situation), the extended framework can be used to study how a multiplicity of internal and broader institutions shape practices within an organisation, while at the same time recognising the agency of the individual actors who undertake the situated practices. Thus, the extended framework could be used to address the recent calls for research to understand how institutional logics travel through organisations and how they emerge within organisations (see Zilber, 2016; Quattrone, 2015). However, it is important to acknowledge that the framework will not explain how institutions are shaped and reshaped at the organisational field level – the focus of the extended framework is on what happens within individual organisations. Nevertheless it is recognised that what happens within organisations can have implications for institutions and logics at the organisational field level.

Later in this research note performance measurement in the Accounting and Finance (A&F) Groups in the Universities of Groningen and Manchester will be used to illustrate how multiple, and potentially conflicting, institutions and situated rationalities can influence how individuals perceive accounting change – specifically change in performance measurement systems. The extended framework will be drawn upon to understand how the tensions between the performance evaluations at the faculty and departmental levels can give rise to anxiety and stress in one situation (one group), but not in another (the other group). It will be suggested that the extended framework will be useful for studying the introduction of new management accounting practices and for better understanding why new accounting practices may be accepted in some situations, but are subject to resistance and conflict in others.

The subsequent sections are organised as follows. After discussing studies which use the B&S framework in Section 2, Section 3 will describe some recent developments in institutional economics and institutional sociology, which are relevant for the extended framework, and develop the notion of situated rationality. Section 4 then presents the extended framework and Section 5 illustrates how it could be used to study performance measurement in universities. Finally, Section 6 contains some concluding comments.
2. Studies using the B&S framework

The B&S framework is set out in Figure 1. At the top there is the realm of institutions, defined as the “shared taken-for-granted assumptions” (Burns and Scapens, 2000, p. 8), while at the bottom there is the realm of action, comprising actions carried out over time by individual organisational actors. Implicitly, the realm of institutions in this framework relates to what we referred to above as internal institutions. Rules and routines provide the link between the actions and the institutions. The rules and routines encode the institutions (i.e. the taken-for-granted assumptions) and are enacted through the actions. Although the actions follow, and thereby reproduce, the rules and routines, they may nevertheless lead to changes in those rules and routines. As the actors repeatedly undertake actions over time, the rules and routines can change relatively quickly, but institutions tend to be much slower to change as new rules and routines take time to become institutionalised. As can be seen in the figure, the framework maintains a clear separation between the institutional realm and the realm of action. This has a parallel with Giddens’ (1984) notion of structure which is instantiated in practice, but exists only in memory traces – i.e. outside time and space (p. 25).

Researchers who have drawn on the B&S framework have identified a number of issues which deserve particular attention when studying management accounting change, some of which were mentioned by Burns and Scapens (2000), but not explicitly discussed within their framework (see also Scapens, 2006; Modell, 2007, 2015). For example, Johansson and Siverbo (2009), van der Steen (2011) and Quinn (2011, 2014) explore how rules and/or routines develop over time and the extent to which rules and routines are “visible” in practice. In addition, several papers, such as Dillard et al. (2004), Burns and Baldvinsdottir (2005), Nor-Aziah and Scapens (2007), Yazdifar et al. (2008), Burns and Quinn (2011), Contrafatto and Burns (2013) and Quinn (2014), explicitly point to the role of external pressures and external institutional changes in bringing about accounting change within organisations. They also highlight the tensions which differences between the institutions within the organisation and the broader (field level) institutions can play in processes of management accounting change (see Modell, 2015, p. 778; and also Seo and Creed, 2002).

![Figure 1. B&S framework](image-url)
Johansson and Baldvinsdottir (2003) and Busco et al. (2006) showed that the acceptance of accounting change by the various actors within an organisation can become easier if there is trust in the accounting changes and, importantly, if there is trust in the individuals who are responsible for implementing the changes, and especially trust in their expertise. This indicates that trust can lessen resistance to change. However, other researchers have indicated that power can, to some extent at least, facilitate accounting change (see Burns, 2000; Yazdifar et al., 2008). For instance, powerful individuals or groups can use their resources to support a change process and/or give meaning to the changes; e.g. by influencing the perceptions and preferences of the various actors in the organisation (cf. Hardy, 1996). However, if power is used to prevent subordinates from participating in decision-making processes and/or to “manipulate” them (Yazdifar et al., 2008, p. 409), it (i.e. power) can have a “negative” effect on accounting change (by e.g. leading to diminished trust in superiors). Thus, although power can be a facilitator of accounting change, it can also be a barrier to change (see Burns, 2000; Yazdifar et al., 2008). Ribeiro and Scapens (2006) concluded that powerful individuals (and power more generally) can play an important role in facilitating or resisting accounting change. So, whereas Burns and Scapens (2000) recognised that resistance can be due to following taken-for-granted assumptions (which others have called the power of the system – see Hardy, 1996; Burns, 2000), later studies have highlighted how the more explicit exercise of power can either facilitate change or create resistance to it (see also Burns and Nielsen, 2006; Burns and Quinn, 2011; Van der Steen, 2011).

To summarise, some important issues have been raised by researchers who have started from the B&S framework. These issues include the roles of broader institutions and the tensions which can arise due to differences between institutions within organisations and the broader institutions, and the roles of trust, power and individual agency in processes of accounting change. Although these issues were to some extent implicit in the B&S framework, our intention in this research note is to show how they can be discussed more explicitly in an extended framework. But before developing this extended framework, we need to discuss some recent theoretical developments in institutional economics and institutional sociology.

3. Theoretical developments

As the B&S framework draws explicitly on old institutional economics (OIE), whereas the institutional logics perspective emerged out of new institutional sociology (NIS), it is important to recognise some differences in terminology, not least in the definition of institutions. OIE has its origins in the work of Veblen (1898, 1919) and other institutional economists at the beginning of the twentieth century (see Hodgson, 1989; Langlois, 1989). However, B&S drew on the work in OIE in the late twentieth century (see, for instance, Hodgson, 1988, 1993a, 2004; Langlois, 1989; Rutherford, 1994)(7). Nevertheless, in defining institutions B&S referred to the early institutional economists and, in particular, to Veblen (1919) who saw an institution as the “settled habits of thought common to the generality of man” (p. 239) and to the early institutional economists whose work was later summarised in an Encyclopaedia of the Social Sciences, which defined an institution as:

[…] a way of thought or action of some prevalence and permanence, which is embedded in the habits of a group or the customs of a people. (Hamilton, 1932, p. 84)

The more recent writers in OIE have a variety of definitions, but they do not deviate significantly from Hamilton’s definition and, interestingly, Hodgson (1993b) cites it in his Introduction to The Economics of Institutions. Burns and Scapens (2000) adopted a somewhat similar definition: “the shared taken-for-granted assumptions which identify categories of human actors and their appropriate activities and relationships” (p. 8). This is
similar to Giddens’ notion of structure as existing in memory traces, and it maintains the separation of the institutional realm and the realm of action. Although institutions shape action and, as such, there can be institutionalised behaviour (i.e. behaviour shaped by institutions), action is conceptually distinct from institutions. Taken-for-granted assumptions underpin behaviour, but are not themselves a form of behaviour. This is rather different to NIS, where institutions are defined as self-reproducing recurrent patterns of behaviour (see e.g. DiMaggio and Powell, 1991; Jepperson, 1991); i.e. as institutionalised behaviours. Such definitions blur the distinction between the institutional realm and the realm of action.

Lounsbury (2008, p. 353) defined institutional logics as “socially constructed, historical patterns of material practices, assumptions, values, beliefs and rules” (see also Thornton, 2004, p. 69). This suggests that logics comprise both taken-for-granted-assumptions (such as values and beliefs) and behaviours (historical patterns of material practices). However, referring to the work of Thornton and Ocasio (2008), Thornton et al. (2012) define institutional logics as the “socially constructed, historical patterns of cultural symbols and material practices, including assumptions, values and beliefs, by which individuals and organizations provide meaning to their daily activity, organize time and space, and reproduce their lives and experiences” (p. 2). They go on to say that institutional logics provide the frames of reference that condition actors’ sense making and motivations for action. This appears quite similar to how B&S understand institutions in OIE.

Thus, we need to be careful when talking about institutions and logics in NIS and in the B&S framework. In NIS, the term institutional logics seems to be used to encapsulate the taken-for-granted assumptions which shape institutionalised behaviours, and it is these institutionalised behaviours which are conceptualised as institutions in NIS. However, in the B&S framework institutions are the taken-for-granted assumptions which are embedded in the rules and routines which shape appropriate courses of action. This may not be a fundamental difference between the two approaches, but the differences in terminology should be recognised, as they could be a source of misunderstanding. However, setting aside these differences in terminology, the OIE approach adopted by B&S is similar to the institutional logics perspective in NIS.

In their “integrative model of the microfoundations of institutional logics” Thornton et al. (2012, Chapter 4) used identities, goals and schemas to provide the link between institutional logics and individual/group actions, whereas in their OIE-inspired framework, B&S used rules and routines to provide the link between institutions and actions. However, in the OIE literature there has been debate over the linkage between institutions and action. In a review of this debate, Fleetwood (2008) claimed that institutional economists have never satisfactorily explained the way in which institutions shape agents’ behaviour, instead they “take refuge in deliberately vague phrases like ‘institutions and structures condition, govern, influence, or shape agency’” (p. 183; emphasis in original).

Hodgson (2004) drew on the notion of habits and the process of habituation to address this problem (see also Hodgson, 1993a, b). According to Hodgson, habits reflect the tacit knowledge embedded in the actions of individual human agents and it is this tacit knowledge which provides the mechanism that links institutions and agency. When institutions are drawn upon with sufficient regularity the process of habituation can lead to the adoption of a habit (or habits) of thought and action; in other words, habits are socially acquired (see Hodgson, 2008, p. 16). However, this raises a question as to whether habitual actions involve active deliberation or whether they are essentially unthinking, i.e. “automatic”, responses. Hodgson (2004) argues that in some circumstances, and especially in institutionalised behaviour, habits have priority over deliberation in shaping agents’ intentions, but he acknowledges that there can also be instances in which deliberation takes priority over habits. However, he argues that if all actions “were necessarily the subject of
conscious deliberation then the mind would be overwhelmed and paralysed by minutiae” (Hodgson, 2008, p. 17). Nevertheless, he recognises that there can be circumstances in which deliberation can take precedence over habit; for example, “when habits conflict, or are insufficient to deal with the complex situation” (Hodgson, 2004, p. 172).

In contrast, Archer (2003) advances “a concept of the internal conversation by which agents reflexively deliberate on the social circumstances that they confront […]” (p. 130). She argues that deliberation, in the form of internal conversations, is an essential feature of being human. Thus, for her, internal conversations provide the linkage between structure and agency, as agents “can deliberate about how to get the most out of propitious circumstances” (p. 6). However, as Fleetwood (2008) points out, “Archer’s notion of deliberation does not equate to making calculatively, rational, maximising decisions […] It simply means that agents often think about their concerns, what they need, what will enable and constrain them, and what action might be appropriate in the circumstances” (p. 184, fn.3, emphasis in original).

Whilst we agree with Hodgson that habits can be a mechanism linking institutions and agency, we also go along with Archer in arguing that deliberation also plays an important role in human behaviour. In other words, although agents may habitually draw on routines and institutions, and thereby reproduce institutionalised behaviour, this may still involve more or less explicit forms of deliberation; deliberation which is shaped by the logic of the situation (or the circumstances) in which the agent finds himself or herself. So, when agents select particular management accounting practices, they might do it in an unthinking (i.e. habitual) way. However, completely “automatic” and unconscious behaviour is probably not what we would normally expect with respect to accounting practices. More likely, agents will deliberate on the most appropriate routines to use in a particular situation. This deliberation will be shaped by the logic of the situation, which will enable the agents to rationalise their choices. This “situated logic” (or as we prefer to term it – situated rationality) provides the mechanisms by which the more abstract institutions (i.e. taken-for-granted assumptions) influence agents’ deliberations over the rules and routines which provide the basis for their intentional behaviour – i.e. their actions.

As argued by Archer (2003), and also recognised by Hodgson (2004), where existing habits/routines conflict, and/or in complex situations, agents will deliberate (through internal conversations) on the appropriate action to take in that situation. However, even in a situation where a particular routine is likely to be appropriate, the actor needs to be able to recognise the appropriateness of that routine, rather than some other routine. In deliberating on the appropriateness of a particular routine, the actor will draw on “taken-for-granted” (i.e. institutionalised) ways of thinking, and through such ways of thinking the agent will be able to rationalise his/her choice of action. As such, the taken-for-granted ways of thinking provide the form of rationality which an actor applies when deliberating in a specific situation, and consequently this can be referred to as “situated rationality” – i.e. the particular form of rationality which the actor uses in his/her deliberation.

Within most organisations there are likely to be multiple forms of rationality. For example, the members of different professional groups (for instance, engineers or accountants) are likely to have different forms of professional rationality, which will have been shaped by their professional training and experience. However, the accountants and engineers working within a particular organisation may share a form of rationality which is grounded in their shared experiences in that organisation. As individuals can belong to more than one group, they may apply different forms of rationality in different situations. For example, critical accounting researchers may become much more managerialist when they are appointed Heads of Department or Deans. In addition, more powerful groups in an
organisation may impose specific rules of action, based on their own forms of rationality, on less powerful groups who do not necessarily understand (let alone accept) that form of rationality. This imposition of a particular form of rationality, together with the potential for different forms of rationality in different situations, could be a source of confusion, and even the cause of anxiety and stress, for individuals who do not belong to those particular groups.

As long ago as the 1950s, Karl Popper (1957) talked about the logic of the situation. Although it has not been widely taken up by other writers, the logic of the situation can be contrasted with the logic of consequences. The logic of consequences is what is generally meant when we talk about acting rationally. In that sense, if we are acting “rationally” we ask ourselves: “what are the consequences if we do A, B or C?” and then we select the course of action which has the preferred consequences. In contrast, the logic of the situation implies a different form of rationality. Here we ask ourselves: “given that we are in this situation, what should we do?” In other words, “what do we expect to do, or what are we expected to do, in this situation?” This distinction captures the essential nature of what we term situated rationality; i.e. the particular forms of rationality which are applied by individuals or groups of individuals in specific situations.

Incorporating the notion of situated rationality in the B&S framework will enable us to focus on the situated nature of management accounting practices, while simultaneously recognising the constraining influences of institutions within the organisation and the agency of the individual actors therein. In the next section, we will discuss where situated rationality fits within the extended B&S framework and how it can be used to study the situated nature of management accounting practices.

4. Extended framework

Rules and routines provide the link between actions and institutions in the B&S framework. Whereas rules are “the formalised statement of procedures”, routines are “the procedures actually in use” (Burns and Scapens, 2000, p. 7). While rules are normally set by senior members of an organisation (i.e. those with hierarchical power), various individuals and groups within the organisation can shape the routines which put those “rules” into everyday practice. The rules may be expressed in formalised procedure manuals, or they may be expressed verbally by the senior members of the organisation. However, as these rules have to be made to work in specific situations in practice, routines will emerge and, in so doing, over time the routines may deviate from the rules, for example, when modifications are needed to adapt rules to specific local circumstances, or when certain rules are no longer appropriate in day-to-day practice. As such, routines emerge out of the application of rules, but in another way routines can influence the rules as established routines may be codified in new rules.

Rules and routines may be adopted “habitually” (Hodgson, 2004), but they may also be selected following appropriate deliberation. Furthermore, there may be situations for which there are currently no appropriate routines, and so a course of action has to be selected through deliberation. This deliberation could encompass routines used elsewhere, either inside or outside the organisation, or it could lead to the creation of new routines. The deliberation, itself, will be shaped by the situated rationality which, in turn, will be shaped by the multiplicity of institutions within the organisation. These local institutions, which will be shaped by the history of the organisation and the experiences of individuals and groups therein, may be widely shared across the organisation, or they may be shared by specific groups within the organisation, while other groups may have conflicting or simply different institutions. This multiplicity of institutions shapes the forms of rationality which the various groups of organisational actors apply in specific situations.

The extended framework is set out in Figure 2. Although it retains the basic structure of the B&S framework, with the institutional realm at the top and the realm of action at the
Nevertheless, time remains an essential feature of the extended framework. For example, as routines evolve over time, the changing routines may eventually become institutionalised within the organisation, and potentially the routines and institutions within individual organisations may influence the broader institutions in the future. This is implicit in the recursive relationships expressed by the double-headed arrows in Figure 2.

In any situation there are likely to be institutions which are located entirely within the organisations and institutions which extend beyond the organisation, and together these institutions shape the situated forms of rationality within the organisation. The local institutions will be shaped by broader institutions, and also by the history and experiences of the organisation, and individuals and groups within it. Past events and experiences, as well as education and training, can influence what is taken-for-granted by people within the organisation. However, we do not see the broader and local institutions in some sort of hierarchy, with the broader, field-level institutions shaping the local institutions within the organisation. Instead, we see both as having the potential to shape behaviours within the organisation. They represent the multiplicity of taken-for-granted assumptions about “how things are and how things should be done” in the organisation. Inevitably, there will be interconnections between the local and broader institutions, and potentially also conflicts, but together they shape the situated rationality within the organisation[8]. To represent this in Figure 2, the box labelled Institutions reflects the multiplicity of institutions within the organisation (both the local and the broader institutions) but, to recognise that some of these extend beyond the boundaries of the organisation, we have placed a box containing the broader institutions outside the organisation.

The B&S framework used dotted lines to indicate that institutions are encoded within the routines and rules, and that over time routines can become institutionalised. In Figure 2 the double-headed arrows between institutions, situated rationalities and routines indicate the recursive nature of this linkage. In this research note we argue that the linkage between institutions and routines (in the B&S framework) works through the forms of rationality which are embedded in the institutions. These situated rationalities comprise both the
rationalities embedded in the broader institutions, as well as the rationalities embedded in
the local institutions. It is this multiplicity of institutions which shapes the situated
rationalities within the organisation. Further, these forms of rationality shape the selection
of routines to be used in specific situations, and also the deliberation which takes place
when no appropriate routines are available. In Figure 2 we have shown this by the lines
linking institutions, through situated rationalities to routines. As indicated above, the
double-headed arrows indicate that over time routines could become institutionalised,
thereby modifying the situated rationalities and the existing local institutions or even
creating new local institutions. Furthermore, at the organisational field level the routines
and institutions within the organisation and other similar organisations could also over time
influence the broader institutions. This is indicated by the double-headed arrows between
institutions within the organisation and the broader institutions.

While the multiplicity of institutions can shape the forms of rationality within the
organisation, the broader institutions will shape wider forms of rationality, which are
embedded in the institutional logics, and also “generalised” forms of practice which extend
beyond the boundaries of the organisation. In the NIS literature the notion of archetypes is
sometimes used to conceptualise these generalised forms of practice. In this sense,
archetypes are sets of more or less coherent and concrete structures, ideas and practices
(Miller and Friesen, 1984; Greenwood and Hinings, 1988) which influence the rules and
routines which guide everyday practices. They are shaped by the forms of rationality
embedded in the broader institutions, but are more specific about the types of actions to be
taken. As such, archetypes can potentially exert an influence over the rules (and potentially
also the routines) that develop within organisations. The notion of institutional logics in NIS
would seem to include the broader institutions, the forms of rationality embedded in those
institutions, and possibly also the generalised practices (Thornton et al., 2012).

These generalised forms of practice may affect routines within an organisation, as people
inside the organisation seek to mimic the routines they see in other organisations. However,
they are more likely to have an impact on rules which are imposed upon, or adopted within,
the organisation. This is illustrated in Figure 2 by the line between generalised practices
(archetypes) and rules together with the line between rules and routines. As with
the broader institutions, although these generalised practices (archetypes) are located
outside the organisation, they can have an influence within it. They could be imposed on the
organisation by powerful external actors, or they could be taken up by powerful actors
within the organisation who are in a position to set the rules to be followed by others.
For example, specific performance measurement practices may be imposed on universities
by the government (or other external funding agencies), or they may be introduced by senior
university managers/administrators because they believe this is the appropriate thing to do,
or because this is what they see other universities doing. In this way, these generalised
practices may influence rules within the organisation. Furthermore, specific individuals
and/or groups within the organisation, who have power to impose rules on the other
members of the organisation, may draw on their situated rationality when imposing such
rules. Consequently, for these powerful individuals and/or groups there could be a direct
link between situated rationality(ies) and the rules they impose on others in the organisation,
as indicated by the line joining these boxes in Figure 2. Although it is possible that the new
rules could influence situated rationality(ies), we have not used a double-headed arrow as
the influence of the new rules is more likely to work through the routines which become
established, and over time institutionalised, thereby indirectly shaping the situated
rationality(ies).

Whereas rules are the formal statements of procedures, routines are the ways in which
those rules are put into practice. In the extreme, the routines could include practices which
resist the implementation of the rules, although it is more likely that the rules will be put into
practice, possibly with some modifications along the way. As such, the broader institutions can affect the routines of the various groups within an organisation through the imposition of generalised practices as rules within the organisation. However, the broader institutions may also shape the institutions and situated rationalities of some or all groups within the organisation, and consequently the routines which are adopted (and also possibly the rules). Thus, in a given situation within a specific organisation, if the situated rationalities of the various groups within the organisation, which are shaped by the mix of local and broader institutions, are consistent with the form of rationality embedded in the generalised practices, the new rules are likely to become organisational routines. In this way, the generalised practices or archetypes will come to be used in the organisation. However, if there are incompatibilities between the situated rationalities of the different groups and the forms of rationality underpinning the generalised practices which are built into the new rules, there could be confusion, conflict and potentially resistance to the implementation of the imposed rules.

It is the interaction between the situated rationality and the rules and routines which shapes actions in the organisation. In Figure 2 there is a two-way interaction between rules and routines (hence the double-headed arrows) and together they shape actions. Experience in implementing the rules (and existing routines) through current actions could also have an impact over time on the routines. The line with double-headed arrows connecting actions and routines in Figure 2 is comparable to the encoding and reproduction in the B&S framework. However, although rules will have a direct effect on the actions, it is more likely that rules will be changed as a result of the impact that the actions have over time on the routines, and through the evolving routines the rules could come to be changed, rather than the actions having a direct effect on the rules themselves. Hence, Figure 2 has only a single-directional arrow between rules and actions.

Figure 2 provides a starting point for discussing the concepts contained within the extended framework. For example, change may be introduced into the organisation through the imposition of new rules, either by powerful actors outside the organisation or by powerful actors within the organisation. However, change could also come through the agency of other actors within the organisation. Due to the multiplicity of institutions underpinning the situated rationalities of the different groups (or even of different individuals), there is always the possibility of contradictions. Whilst it may be possible to accommodate these contradictions in specific situations, even small changes either inside or outside the organisation could mean that some of the contradictions come to the fore and create conflict (Seo and Creed, 2002; see also Benson, 1977). For example, a particular performance measurement system could be adopted and used without any conflict or overt resistance, even though it might be underpinned by a different form of rationality which is not entirely compatible with the situated rationalities in the organisation. However, a simple restructuring of the organisation, for instance, could bring this incompatibility to the fore and lead to resistance to the performance measurement system and possibly create conflict in the organisation. In this example, resistance/conflict stems from the situated rationalities of the different groups within the organisation and is not the direct result of a new performance measurement system being imposed by, say, a powerful group or groups. Rather, it is the result of an organisational change which exposes incompatibilities within the prevailing and/or new institutions which underpin the situated rationalities of the various groups. Thus, contradictions could lead to change in the organisation through the agency of individual actors therein. So, although not portrayed explicitly in Figure 2, the extended framework provides the basis for discussing the role of contradictions in bringing about organisational change, and the agency of the individual actors.

As such, within this extended framework change can be due to either external pressures/changes/etc. or internal agency. However, agency is not unconstrained.
Actors are constrained by their taken-for-granted assumptions, although these assumptions may be challenged when contradictions within the multiplicity of institutions come to the fore. Furthermore, agency can be restricted by the power of particular groups. There could be powerful groups within, or even outside, the organisation which can limit the agency of other groups in the organisation. Although power is not explicitly portrayed in Figure 2, generalised practices, which are underpinned by broader institutions, could be imposed on the organisation by powerful external actors, or taken up within the organisation by groups who possess sufficient power to impose new rules. However, the new rules, whether imposed by outside actors or other groups within the organisation, could be resisted and this resistance could be successful if the resisting groups possess sufficient power. This need not be hierarchical power; if the actions of the resisting groups are sufficiently important in specific circumstances it could mean that they are able to effectively resist changes which are not compatible with their situated rationality. In this way the extended B&S framework can be used to discuss issues which have been identified as requiring greater attention, i.e. identified by researchers who have used the original B&S framework (see Section 2).

To summarise, the extended framework highlights the situated rationalities which are shaped by the multiplicity of local and broader institutions, and thereby it provides a basis for discussing how tensions between these different institutions can be a source of resistance to change or a driver of change. Furthermore, it also provides a basis for discussing how power can be used to impose new rules and the role of agency in resisting and/or facilitating change. The extended framework maintains the conceptual distinction between the institutional realm and the realm of action. Although Figure 2 does not explicitly include the time dimension, it is implicit in the recursive nature of the relationships between institutions and routines, and between routines and action. Consequently, it is important to recognise that the relationships between all the elements in Figure 2 are subject to evolution and change over time. Furthermore, Figure 2 is intended to set out the essential elements of the framework, and only indicates the main connections between those elements. As we will see in the illustration in the next section, it can be helpful to modify the boxes and/or the arrows to recognise other potential connections in discussing the specifics of a particular case. The illustration will draw on our previously reported study of performance measurement in the A&F groups in Groningen and Manchester (see ter Bogt and Scapens, 2012)[10].

5. Illustration – performance measurement in universities

Although we will use our previous research on performance measurement in the A&F Groups in Groningen and Manchester to illustrate the extended framework, it is important to note that it is not our intention to provide in-depth case studies of the two universities or even of their A&F Groups[11]. Rather, we will use that research to illustrate how the elements of the extended framework could be applied in a specific context. Before doing so, we must emphasise that the elements in the framework are conceptual terms which are useful in thinking about and understanding, in this case, performance measurement in universities[12]. However, it may be very difficult to clearly identify and distinguish all the individual elements in each specific case. For example, as institutions are “shared taken-for-granted assumptions” they exist in the minds of the individuals being researched and, as such, cannot be directly observed. It is only by discussing with those individuals how they take decisions, and how they rationalise their actions, that we can infer their institutions. This also implies that, as the forms of rationality are embedded within the institutions, it will be very difficult to separate the two elements, although it should be easier to identify the situated rationalities (by discussing with individual actors how they come to take particular actions), than to identify (directly) the underlying institutions. Nevertheless, as we will illustrate below, the concepts are useful for studying performance measurement in the A&F
Groups in Groningen and Manchester. However, as local institutions and the situated rationalities are likely to have been shaped by history and experience, we need to briefly sketch the historical context of the two universities and their experiences with performance measurement systems (for more details see ter Bogt and Scapens, 2012).

5.1 Background
In both Manchester and Groningen, there was increasing use of performance evaluations, and especially objective performance measures, at the time we conducted our research. This had given rise to anxiety and stress, as well as some dissatisfaction, with the new and more quantitative performance measurement systems, particularly in Groningen. In Manchester, we can trace some of the dissatisfaction to changes following the merger in 2005 which created the (new) University of Manchester and the (new) Manchester Business School (MBS)[13]. Prior to this merger, the largest part of the A&F Group in the new MBS was located in the Manchester School of Accounting and Finance (MSAF) – then part of the Faculty of Economic and Social Studies[14]. In Groningen there had also been a merger; this brought together the Faculty of Economics and the Faculty of Management and Organisation in 2007. Previously, there had been A&F Groups in both faculties, and these were combined into one A&F Group in the new Faculty of Economics and Business.

In the Netherlands, central government has traditionally had a direct role in the coordination and control of the university sector, and it allocates funding based largely on student numbers. In contrast, UK universities have traditionally had a relatively autonomous position, and over the past 30 years or so funding has been allocated based on a formula which deals separately with teaching and research. So, while funding for university research in the UK is based on the outcome of research assessments[15], in the Netherlands, although there are audits of research performance, the proportion of university budgets allocated on the basis of research performance remains limited. Nevertheless, in both countries universities now face demands for greater accountability, and this has led to the increased use within universities of “objective” measures to evaluate both teaching and research performance (for more details see ter Bogt and Scapens, 2012).

In the following sub-sections we will illustrate how the extended B&S framework could be used to understand the anxiety and stress we observed in the two A&F Groups. In our view, institutional changes are at the heart of the reforms in performance measurement systems in both universities. However, the extended framework recognises that there are local institutions, which derive from the specific history and experiences of the organisation or of individuals and groups within the organisation, and the broader institutions which relate to all, or to many, organisations in an organisational field or a country, or even in various countries. It is this multiplicity of institutions which underpins the situated rationalities within individual organisations – in this illustration within universities.

If we look at the broader institutional context of the changes affecting the Universities of Groningen and Manchester, we can see a shift from what has been called “old” public administration (OPA) to what is now generally referred to as “new” public management (NPM)[16]. In the past, the role of government in the Netherlands, and to a certain extent also in the UK, was to set broad policies and the legal framework for the university sector. It was generally taken-for-granted that a well-regulated internal bureaucracy was needed within universities, and there was a major role for academics in managing their universities, faculties and departments. As such, in the past, the ideas of OPA shaped the institutions (and the forms of rationality) within universities. However, today it seems to be accepted, especially by politicians and senior administrators, that universities should be accountable for their performance through external reviews/audits of their teaching and research[17]. As a result, performance measurement has come to be regarded as the new “norm” within universities. This would seem to reflect a shift in broader institutions, from the institutions
of OPA to the institutions of NPM (see ter Bogt and Scapens, 2012). Although we cannot observe these institutions *per se*, as they are taken-for-granted, we can see them in the application of the associated forms of rationality and in the rules and routines used in universities. For example, in the A&F Groups in Groningen and Manchester this shift in institutions can be seen in the increased use of objective performance measures. However, the local institutions in both universities will have been shaped by their history and experiences. Furthermore, the influence of the past is likely to persist, at least in some groups, when there is an external shift, such as from OPA to NPM. So the local institutions, shaped in the past, are likely to continue to have a role in both A&F Groups. Furthermore, if new rules imposed on the A&F Groups by, for instance, senior administrators are underpinned by institutions which conflict with (or at least are different from) the local institutions shaped by the past, tensions could emerge.

The institutions of OPA and NPM give rise to different generalised forms of performance evaluation (or archetypes) which have become accepted within the organisational field (in this instance, universities). In relation to performance evaluation, Townley (1997) distinguished developmental and judgemental archetypes in universities, and we can see elements of both in Groningen and Manchester in recent years. According to Townley (1997) the developmental archetype, which fits the institutions of OPA, is used primarily at the departmental level to identify an individual's strengths and weaknesses and to develop his/her competence. However, the judgemental archetype, which fits the institutions NPM, is usually implemented in a more centralised fashion and uses objective performance measures to judge individual performance as the basis for tenure, promotion, remuneration and also for disciplinary action, where necessary (Townley, 1997, p. 267). In the following two sub-sections we will describe how these forms of performance evaluation have been used in the A&F groups in Groningen and Manchester, respectively.

5.2 Performance measurement in Groningen

The way in which the performance of individual academics is evaluated in the A&F Group in Groningen has changed considerably over recent years. Traditionally, there was no structured or formal performance evaluation, although senior academics evaluated junior colleagues at the department level with the intention of helping them to improve their capabilities in both teaching and research. Such a form of performance evaluation seems to fit the institutions of OPA, as its aim was to help the individual to develop his/her capability to act autonomously. As such evaluations became routine in the A&F Group, they shaped the local institutions. However, with the introduction of quantitative performance measures in the late 1990s, the form of performance measurement seems to have shifted to fit the institutions of NPM as it judges the individual's research and teaching performance at the central (i.e. faculty) level. Nevertheless, within the A&F Group the traditional informal evaluations have continued alongside the new quantitative performance measurement system at the central level. As a result, the institutions, as well as the situated rationalities, are now shaped by both OPA and NPM. Particularly at the departmental level, the history and experience with the use of the developmental form of performance evaluation continued to play a role. The conflicting rationalities implicit in these two forms of performance evaluation have created anxiety and stress for individual academics in the A&F Group. This anxiety and stress seems to stem from uncertainty about the roles of the two forms of evaluation, especially in relation to promotion decisions and the allocation of time for research.

In terms of the extended framework (as set out in Figure 3) we see the change in the broader institutions from OPA to NPM. However, over time, the broader institutions of OPA have shaped the institutions within the Groningen A&F Group[18]. Despite the rise of NPM, the broader institutions of OPA persist in the local institutions, particularly at the
Consequently, the local institutions now comprise both OPA and NPM, and both influence the situated rationality of performance evaluation within the A&F Group[19]. The OPA form of rationality, which is concerned with developing staff, underpins the departmental routines which involve professors using performance evaluation to give advice and support to junior colleagues. However, the shift to NPM and its generalised practice of judgemental performance measurement has introduced, at least at the faculty level, a form of rationality which is concerned with judging staff. Furthermore, university administrators, who have the situated rationality of “judging” staff, have used their power to impose rules which are shaped by the generalised practice of judgemental performance measurement and involve the use of “objective” (i.e. quantitative) measures of teaching and, especially, research performance. These rules have led to new routines through which the performance of individual academics is evaluated; the performance evaluation routines now involve both providing advice and support and judging staff.

Here we see two different forms of rationality – developing staff and judging staff. At the departmental level there continues to be the (long-standing) situated rationality that professors use performance evaluation to develop staff, while at the same time there is also the situated rationality which the new faculty rules have imposed on the department; namely, that objective measures are used to judge the performance of individual academics. These different forms of rationality give rise to two sets of routines which involve giving advice and support while at the same time judging individual performance. These routines need not necessarily be contradictory (as we will see in Manchester), but as they are underpinned by different forms of rationality in Groningen (one with its origins in the
institutions of OPA and the other imposed due to the shift to the institutions of NPM), they create uncertainty about the purpose of, especially, the new performance measures. Furthermore, as the routines applied at the departmental level tend to focus on giving advice and support, while the imposed rules (and the emerging routines) use objective measures to evaluate/judge individual (and group) performance, these conflicting forms of evaluation create anxiety and stress within the A&F Group in Groningen.

In this case, we can see how the shift in the broader institutions has led to competing rationalities, and how these different situated rationalities (i.e. ways of thinking about performance measurement) can lead to contradictory sets of routines. As such, we can see the agency of the administrators who have imposed new rules on the department. Furthermore, in our earlier research, we also observed how some academics exercise their own agency by, for instance, being content with “satisfactory” teaching performance (although they could potentially improve their teaching), so as to achieve better scores on the objective measures of research performance, or by withdrawing entirely from the “research” evaluation system and becoming full-time teachers (see ter Bogt and Scapens, 2012).

While the above illustrates how the extended framework could be used to understand the sources of anxiety and stress in Groningen, it is enlightening to contrast Groningen and Manchester in terms of the extended framework.

5.3 Performance measurement in Manchester
Within the A&F Group in Manchester there has been a long-standing emphasis on research, dating back to considerably before the introduction of the Research Assessment Exercises (RAEs) and the subsequent Research Excellence Framework (REF). As publications traditionally played a very important role in decisions about promotion within the A&F group, the RAE/REF reinforced the Group’s emphasis on research, but it did not drive it. Nevertheless, at the time of our research the role of publications in promotion decisions was not entirely clear, particularly to newer academics, although this was not seen as a fundamental problem, compared to the problem we had observed in Groningen. Each year every academic below the professorial level is potentially considered for promotion, initially by a committee within the A&F Group and then, but only if appropriate, he/she is referred to a school and/or faculty committee. However, it is the faculty committee which ultimately makes promotion decisions. Although increasing use is made of quantitative “objective” performance measures, our research indicated that younger members of the A&F Group were somewhat uncertain about how promotion decisions were actually taken (see ter Bogt and Scapens, 2012, p. 145).

Figure 4 explains performance measurement in the Manchester A&F Group in terms of the extended framework. As in Groningen, there has been a shift in the broader institutions from OPA to NPM. Furthermore, again as in Groningen, the institutions of OPA shaped the local institutions of the A&F Group, but in contrast to Groningen this was alongside a strong research orientation. The first professor of accounting in Manchester, who was appointed in the late 1960s, was a professionally qualified accountant who became a lecturer at LSE and spent time in North America. He brought to Manchester an explicit focus on research, which over time became institutionalised as the A&F Group developed a strong research orientation. This, combined with a developmental form of performance evaluation, which was consistent with (although not explicitly driven by) the institutions of OPA, created in the A&F Group a form of situated rationality in which the professor (and subsequently the professors) used performance measurement to both develop staff and to judge their research output. As a result, performance evaluation in the Manchester A&F Group became a routine in which research output is particularly important in developing a career within the A&F Group and beyond[20]. Consequently, the judgemental form of performance evaluation, which accompanied the shift to the institutions of NPM, did not
significantly challenge either the local institutions or the situated rationalities of the Manchester A&F Group. The existing routines which provided advice and support, while at the same time evaluating research output at the departmental level, were not greatly altered. This contrasts with Groningen where separate routines, whereby advice and support is provided by professors at the departmental level while research and teaching are quantitatively evaluated at the faculty level, have led to uncertainty and also to anxiety and stress. In other words, whereas in Groningen the situated rationalities of “developing” and “judging” were competing, in Manchester they were combined in the Group’s long-standing research orientation.

Consequently, the shift in the broader institutions from OPA to NPM did not involve a substantial change in the situated rationalities of the Manchester A&F Group. Previously, the local institutions had comprised the institutions of OPA, together with the Group’s research orientation, but these were not substantially affected by the shift to NPM. At the departmental level, the rationality underpinning performance measurement was that the professors both develop staff and judge research output, while at the faculty level performance measurement was only about judging research output. In Manchester these routines were not incompatible. Furthermore, the new judgemental archetype of performance evaluation, and especially the increased role of objective performance measures, which accompanied the shift to NPM, did not significantly conflict with the existing routines. Thus, the form of rationality underpinning the new performance measures could be accommodated within the existing situated rationality. Furthermore, when new rules which focused on the RAE/REF-based measures of performance were imposed by senior administrators, they did not challenge the existing routines which continued to reflect

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<tr>
<th>Generalised Practice: Developmental PM</th>
<th>Broader Institutions: OPA</th>
<th>Broader Institutions: NPM</th>
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<tr>
<td>Institutions: OPA + Research Orientation + NPM</td>
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<tr>
<td>Situated Rationality: At Dept: Professors both Develop Staff and Judge Research Output At Faculty: Judge Research Output</td>
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<tr>
<td>Routines: Advice and Support + Evaluation of Research</td>
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<td>Rules: RAE/REF-based Measures of Performance</td>
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<td>Continued Focus on Research</td>
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Figure 4. Performance measurement in Manchester
the A&F Group’s research orientation. This is not to say that there were no problems; concerns were expressed, specifically about the use of journal rankings, but they were far weaker than the concerns voiced in the A&F Group in Groningen.

Here we can see the agency of different actors in Groningen and Manchester. In Manchester, we can see the agency of the first professor in promoting a research orientation. As he was newly appointed to establish and then expand an Accounting Department in the University of Manchester, he was in a powerful position to introduce new rules and practices, and to provide the context within which they became institutionalised and eventually led to a research orientation being central to the situated rationality of the Manchester A&F Group. As in Groningen, we also see the agency of senior administrators who imposed the new NPM-inspired rules, but in Manchester these rules reinforced, to some extent, the research orientation of the A&F Group and did not create the anxiety and stress which we had observed in Groningen.

In these two illustrations we have seen how differences in situated rationalities can explain different responses to accounting change – in this instance, to the introduction of new performance measures. In Groningen, we saw different and conflicting forms of rationality at the department and faculty levels leading to anxiety and stress over the use of the new performance measures. In contrast, in Manchester the situated rationality of the A&F Group, which was shaped by its long-standing research orientation, did not lead to the same sort of response. Although there was some uncertainty about the way performance measures were used in the promotion process and also some concerns about the use of journal rankings, the use of performance measures to judge individuals was not seen as particularly problematic. Hence, we see similar types of accounting change in the two universities giving rise to different responses due to their different situated rationalities, which were in turn shaped by the local institutions which had developed over time and reflected the history and experiences of the respective groups.

In this section, we have illustrated how the extended framework could be used to explore changes in performance measurement in the A&F Groups in Manchester and Groningen. In the following concluding section, we will discuss how the extended framework could be used in studying management accounting change.

6. Concluding comments

Although a number of the issues discussed in this research note were implicit within the original B&S framework, the extended framework makes them explicit. But more particularly, the extended framework provides a basis for studying the situated nature of management accounting change. By explicitly including “rationality” in the framework we can explore the situated rationalities of different groups within the organisation and distinguish situated rationality from the more general forms of rationality embedded in the institutional logics discussed in the NIS literature. While both the original B&S framework and the extended framework seek to show how institutions can shape accounting change and/or create resistance to accounting change, the B&S framework has tended to be used mainly to study the “power of institutions” to resist change (Scapens, 2006). Consequently, it has provided essentially structural explanations of resistance to accounting change, although agency has been discussed by some of the researchers who have used the B&S framework (see Section 2).

The extended framework, however, provides more space for studying agency (i.e. situated actions) as it recognises that deliberation is involved in the selection of appropriate routines. It also recognises the possibility that powerful actors can impose rules on others in the organisation. Such rules could also be imposed by powerful actors outside the organisation who can require the organisation to use the “generalised practices” which are found in the broader environment. Thus, although the word “power” does not appear in
Figure 2, the extended framework provides a basis for discussing the role of powerful actors within and outside the organisation, as well as the possibility of resistance due to contradictions in institutions and in the situated rationalities of the various groups within the organisation. The existence of such contradictions could provide explanations for “institutional” change; i.e. change which challenges existing institutions (defined as taken-for-granted assumptions). By introducing the concept of situated rationality, the extended framework gives an explicit role to the deliberation of human actors and to human agency. It is their situated rationality which explains why some changes become institutionalised in some situations, while they are resisted, not fully adopted, or accepted by only certain individuals/groups in other situations (see also ter Bogt and van Helden, 2011).

In discussing the extended framework we explicitly recognised that different sets of institutions can exist simultaneously, both inside and outside the organisation. These multiple institutions can play a role at a specific time and/or in a specific context (i.e. in a specific situation), and they can be different for different actors within an organisation. As such, they shape the situated rationalities of the various groups within the organisation and, consequently, the routines that they follow. It is these multiple, and potentially conflicting, institutions and situated rationalities which influence how individuals perceive an accounting change (in our illustration, a new performance measurement system). In the illustration, tensions between performance evaluations at the faculty and departmental levels gave rise to anxiety and stress in Groningen. However, in other situations a similar accounting change might not give rise to such tensions, either because the new accounting system can be accommodated within the existing situated rationalities, or because the potentially conflicting rationalities can be accommodated within the prevailing routines (as in the Manchester A&F Group). Further research is needed to understand the ways in which the different, and potentially or actually conflicting, situated rationalities of various groups within an organisation are accommodated within existing routines, and how they shape responses to accounting change. In a large organisation there will be many different groups, e.g. operations, sales and marketing, research and development, finance, and so on, each with potentially different situated rationalities. How are these different rationalities accommodated within existing accounting practices? And where are conflicts more likely to arise if accounting changes are introduced? We believe the extended framework provides a basis for addressing such questions.

Furthermore, the extended framework will be useful for studying: (1) how situated rationalities evolve within an organisation, more specifically how they are shaped by both local and broader institutions; and (2) how prevailing situated rationalities shape the responses to accounting change.

In relation to (1), while existing studies focus on how institutional logics at the organisational field level interact when they are experienced within an organisation (Amans et al., 2015; Carlsson-Wall et al., 2017; Covaleski et al., 2013; Ezzamel et al., 2012; Wiesel and Modell, 2014), the extended framework also recognises the influence of local institutions which are shaped by the history of the organisation and experiences of individuals and groups within the organisation. As such, it can provide a basis for addressing recent calls for understanding how institutional logics travel through organisations (Zilber, 2016) and how they emerge and develop within organisations (Quattro, 2015). In relation to (2), as well as explaining different responses to accounting change across organisations, the extended framework will help researchers to explain why accounting change is resisted in some parts of an organisation, but not in other parts. Or why accounting change is implemented in different ways in different parts of the same organisation. As such, it recognises the situated nature of accounting practices and responses to accounting change (Englund et al., 2017 – see also Englund and Gerdin, 2008, 2014; Englund et al., 2011).

The extended framework, with its focus on situated rationality, can be used to explain institutional change within an organisation and how broader institutions can be reshaped as
they travel through an organisation. However, it has to be acknowledged that the framework does not explain how institutions are shaped and reshaped at the organisational field level. This is not its purpose. Instead, it focuses on how broader institutions, together with local institutions, shape and reshape over time the situated rationalities within the organisation. As such, we believe the extended framework allows us to gain a deeper understanding of the situated nature of both management accounting practices and management accounting change. It also allows us to explore the role of powerful groups, both outside and within the organisation, who can introduce new practices underpinned by broader institutions. In this process they could create contradictions with the local institutions and the situated rationalities. Hence, it will be insightful to study whether, and how, diverse institutions and situated rationalities can be accommodated within the prevailing routines and how, and why, in other cases the contradictions create conflict and potentially lead to institutional change.

Although the B&S framework was published almost 20 years ago, we believe that the essential ideas contained therein are still useful. By integrating those ideas with insights gained from research which has used that framework, and also incorporating current thinking in OIE and NIS, we hope to have developed an extended framework which will help researchers to study management accounting change, especially given the emerging interest in the situated nature of accounting practices.

Notes
1. Later in this research note we will distinguish institutions and institutional logics, but this is not essential for the time being.
2. However, Burns and Scapens (2000, p. 22) did acknowledge the need to explore the influence that the organisational field has on institutions within an organisation.
3. Zilber (2016) challenges the tendency of recent work: to study institutional logics at the macro (field organisation) or meso (intra-organisational) levels, rather than the micro (individual and interactional) level; and to reify institutions by treating them as quite rigid social patterns. Zilber (2016) also notes that despite “the critical mass of criticism of the institutional logics perspective for its neglect of micro level, social-constructionist dynamics,[…] there are surprisingly very little empirical studies that actually rose to the challenge” (p. 145).
5. These studies will be discussed and references cited in the next section.
6. We also recognise that the institutions which emerge within individual organisations can ultimately, over time, influence the field-level institutions.
7. This later work is sometimes referred to as neo-OIE (Ribeiro and Scapens, 2006), but we will refer to it as OIE.
8. This is similar to the flat and local ontology to which Englund and Gerdin (2011) refer in their discussion of agency and structure.
9. Double-headed arrows also connect rules and routines in the B&S framework reproduced in Figure 1.
10. We wanted to use this particular illustration because it was our research into performance measurement in universities which subsequently led us to reflect on the B&S framework and to develop this extended framework.
11. Details of the changes in the A&F Groups in Groningen and Manchester can be found in ter Bogt and Scapens (2012).
12. As such, the framework could be said to be a sensitising device (see e.g. Macintosh and Scapens, 1990, p. 469), rather than a model or theory of practice.
13. Recently renamed the Alliance Manchester Business School (AMBS).
14. As interviewees in our study said that the traditional attitudes and culture of MSAF now dominate the new A&F Group, when we refer to the period before the merger in 2005 this generally concerns MSAF.

15. These were called the Research Assessment Exercises (RAEs), although the most recent assessment (in 2014) was called the Research Excellence Framework (REF).

16. Although there are differences from country to country, old public management, or old public administration, could be said to have been shaped by Weberian notions of bureaucracy together with ideas from scientific management (see e.g. Hood, 2000; Gruening, 2001; Lynn, 2006), whereas new public management is shaped to a considerable extent by transaction cost economics and agency theory (for an overview see Hood, 1995).

17. This is not only in the Netherlands and the UK, but also in many other countries – see Whitley and Gläser (2007).

18. This will probably have occurred through the rules and routines of OPA which have become institutionalised. To avoid over-complicating Figure 3 (and to maintain this consistency with Figure 2), we have not shown these historical influences. Nevertheless, the figure recognises that the institutions of OPA have shaped the routines of performance evaluation in the A&F Group and also the (local) institutions and situated rationality.

19. In contrast to Figures 2 and 3 (and also Figure 4) only single-directional arrows are linking the broader and internal institutions. Whilst we acknowledge that over time internal institutions within individual universities (such as Groningen and Manchester), could influence the broader institutions, we did not explore such wider issues in our research, as our focus was on the response to performance measurement in the individual universities.

20. To be consistent with Figures 2 and 3, we have not explicitly shown these historical influences in Figure 4. However, the figure recognises that the routines of performance evaluation in Manchester comprise both the evaluation of research and the provision of advice and support. These routines have been shaped by the institutions of OPA and the strong research orientation of the A&F Group, and also by the situated rationality that professors both develop staff and judge their research output.

References


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