



The emergence and change of management accounting routines

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Abstract

Purpose – The purpose of this paper is to explore the dynamics involved in the emergence and change of management accounting routines. It seeks to provide an understanding of the ways in which these complex routines foster stability and change in management accounting practices.

Design/methodology/approach – A longitudinal case study was conducted at the Rabobank Groningen – an autonomous member of the cooperative Rabobank group – over a period of four years. The emergence of a new routine of planning and control was traced, which evolved substantially over the period of study.

Findings – It was found that the cognitive representations of the routine studied, i.e. the way it was subjectively understood, provided a temporarily stable basis for the routine. Change arose from improvisations through its recurrent performances. It was also found that change could result from complex dynamics in the routine, as opposed to viewing them as static and stable entities that react to “external” stimuli.

Research limitations/implications – The research findings contribute to an understanding of the reproduction of management accounting routines and the ways in which change can arise in these routines. It provides a means to study the micro-processes of reproduction of routines, which play an important part in institutional theories of management accounting change.

Originality/value – This paper places management accounting routines and their processes of reproduction at the centre of the argument to provide an understanding of the role of routines in accounting change. Since the notion of management accounting routines has not been developed extensively, this understanding contributes to studies into the nature of routines and their role in management accounting change.

Keywords Management accounting, Change management, Accounts data processing, Banks, Behaviour modification, The Netherlands

Paper type Research paper

Introduction

In the last decade, many theorists have made use of the concept of management accounting routines. Since the publication of the Burns and Scapens (2000) framework on institutional change, the notion of management accounting routines has invoked a continuing interest in recurrent behaviours in the context of accounting. Burns and Scapens (2000, p. 6) defined routines both as “the way things are actually done” and as “procedures habitually in use” (Burns and Scapens, 2000, p. 10). Several studies have explicitly or implicitly employed this notion of routines in explanations of institutional

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change in management accounting (e.g. Soin *et al.*, 2002; Granlund, 2001; Modell, 2001; Brignall and Modell, 2000).

However, more recently, various theorists have noted that the lack of conceptual clarity and limited detail in the definition of routines give rise to confusion in our understanding of the ways in which routines change. Englund and Gerdin (2008) argue that the use of routines in management accounting research suffers from “conceptual disparity”, which leads to multiple interpretations of the role of routines in accounting research. Johansson and Siverbo (2009) come to a similar conclusion. They argue that the research into management accounting change inspired by Old Institutional Economics suffers from ambiguity, “where routines sometimes are considered as how things actually are done, which means they are observable, and sometimes as the dispositions that are passed on, which is an analytical concept” (Johansson and Siverbo, 2009, p. 6). In addition, various studies into the nature of management accounting change have simplified the concept of accounting routines to such extent that we cannot provide explanations on the process by which these routines arise and change (Coad and Cullen, 2006; see Mol and Law, 2002; Quattrone and Hopper, 2001). In all, the notion of routines is not sufficiently developed to account for changes in management accounting practices.

As such, the paper seeks to provide greater clarity about the concept of routines. More specifically, it will conceptualise routines to include both the actual behaviours, and the cognitive representations of the routine. It will then exploit this conceptualisation to provide explanations for the emergence and change of management accounting routines. To that end, the paper further problematises the concept of routines. It argues that routines are typified by complexity. They order social relations, but their ongoing reproduction always embodies the potential for variation. Starting from this recognition, the paper finds that imperfect reproduction of accounting routines provides a promising alternative to extant institutional explanations of change in accounting routines, which usually include theoretical notions external to the routine, such as loose coupling and dialectics. The paper also finds that the complex nature of routines can provoke change in routines themselves. As it stands, institutional theories of accounting change mostly treat routines as stable black boxes. The findings of this paper suggest that this position is no longer tenable as routines cannot solely be characterised by the ways they promote order. Rather, conceptualisations of routines need to reflect their complex nature and the resulting variations in behaviours.

The next section contains a discussion about the use of routines in management accounting research. This section will also present the central research question of the paper. Then, the third section of this paper will discuss routines as ongoing systems of interaction. In the fourth section, we will explore the ostensive and performative aspects, which embody the potential for both stability and change in management accounting routines. Thereafter, we will propose a framework that explains the process through which these routines change. In the sixth section, we discuss the design of the study we performed to explore the emergence and change in a specific accounting routine. The seventh section will introduce the case of Rabobank and its results oriented management programme. In the subsequent sections, we explore a specific routine of planning and control and we will conclude with a discussion and conclusions about the potential for the evolution and change of management accounting routines.

Conceptualisations of routines in management accounting research

Burns and Scapens (2000) have spurred interest in routines by proposing that an accounting system can be seen as a set of rules (formal representations of actions) and routines (actual behavioural patterns). Their study draws on Giddens' (1984) notion of the duality of structure, which emphasises that social structures serve both as a medium and as an outcome of human action (Ribeiro and Scapens, 2006). In this vein, Burns and Scapens (2000) suggest that management accounting rules and routines function as modalities between day-to-day actions and social structure. Yet, their framework for explaining accounting change has led to questions about the precise meaning of routines and how routines actually change (Busco *et al.*, 2007).

Two distinctly different notions of routines have been used in studies of management accounting change. First, some accounting theorists have interpreted management accounting routines as a set of modalities that are drawn upon in the production and reproduction of action (Seal *et al.*, 2004; Burns and Scapens, 2000; Macintosh and Scapens, 1990). This view characterises management accounting routines as part of social structure. In this sense, routines may generate actions, but they are not actions *per se* (Johansson and Siverbo, 2009; Englund and Gerdin, 2008). This view is prone to the criticism that it explains stability better than change. This criticism was voiced by Scapens in the following manner: "the Burns and Scapens framework has been useful in trying to understand stability; why accounting systems are slow to change; why there is resistance to change; and how institutions shape rules and routines. But to date, it has been rather less useful (or just less used) in studying how institutional change comes about" (Scapens, 2006, p. 25). In a similar vein, Busco *et al.* (2007, p. 132) point out that: "interpreting the nature and change of management accounting cannot rely on notions of agency and structure as explaining factors because if one assumes their finite existence this only explains tendencies toward stability".

The second view of routines promises more insight into the ways in which accounting change can emerge. This view regards accounting routines as a set of recurrent, situated practices, rather than a social structure[1]. Proponents of this view emphasise that accounting practices can be seen as organisational routines, which include actions categorised in accounting "scripts" (cf. Barley and Tolbert, 1997). However, the advances in this area have not led to a clearer conceptualisation of management accounting routines (Englund and Gerdin, 2008). Rather, theorists have added additional theoretical concepts to account for changes in accounting systems; taking the meaning of routines largely for granted. One of these concepts is loose coupling. Several authors have argued that a loose coupling between the formal rules and the actual practices of accounting can give rise to both stability and change (Lukka, 2007; Siti-Nabiha and Scapens, 2005). Here, stability and change are the result of the relations between rules and routines, rather than routines *per se* and the processes by which they arise.

Nor-Aziah and Scapens (2007) also discussed loose coupling, but they have drawn on a second theoretical concept to account for changes in routines: dialectics. The dialectical view is fundamentally committed to the concept of process (Benson, 1977). In this view, "contradictions", which are the ruptures, inconsistencies and incompatibilities in social life, form the conditions for institutional change to arise. Ford and Backoff (1988, p. 97) describe the role of dialectics in change as follows:

“dialectical relationships allow contradictory opposites not only to coexist and interact, but to form something different from either. In this respect, dialectics provides for change through opposition and conflict”. Contradictions may result in radical breaks with the existing social order and can involve a creative reconstruction of social arrangements, which Benson refers to as praxis (see also Yang, 2006). Praxis involves “[...] the free and creative reconstruction of social patterns on the basis of a reasoned analysis of both the limits and the potentials of present social forms” (Seo and Creed, 2002, p. 225). Praxis is said to involve actors who understand the institutional arrangements and are sufficiently self aware to realise that their needs are not met (Burns and Baldvinsdottir, 2005). However, this is not particularly helpful to our understanding of accounting routines, since praxis is often conceptualised as an *absence* of routines. For example, Burns and Baldvinsdottir (2005) argue that an essential element of praxis is the conscious mobilisation of groups of actors to reconstruct the existing institutional arrangements. This element is notably absent in routines that are mostly conceptualised as a form of collective habit (Johansson and Siverbo, 2009). Although the notions of contradiction and praxis provide an understanding of human agency in processes of accounting change, they do so by introducing concepts that are different from those that explain stability. In fact, theoretical notions such as loose coupling and the dialectical view explain changes not by detailing routines and the process by which they evolve, but rather by abandoning routines and introducing additional constructs to account for change. As such, routines are primarily used to account for stability and they are abandoned and replaced by other constructs to account for change. As a consequence, the theoretical concept of accounting routines has been developed to only a limited extent (Coad and Cullen, 2006).

The lack of conceptual clarity about the nature of accounting routines is problematic for a number of reasons. First, Englund and Gerdin (2008) argued that the different ways in which accounting routines are conceptualised lead to the problem of conflation: the reduction of social structure into social action. When routines are seen as social structure and as recurrent actions, then one of the core assumptions in the Old Institutional theory of accounting change is violated: recurrent action is not the same as social structure (Giddens, 1984, p. 7). In a similar fashion, Johansson and Siverbo (2009) found that accounting routines have been depicted as both organisational behaviours and organisational dispositions. They indicated that the indiscriminate use of these concepts is problematic as routines actually “oscillate between the cognitive and normative dimensions”.

Second, as noted before, the relation between routines and change is problematic because routines were initially developed to emphasise stability. As such, they seem unable to provide a clear understanding of the ways in which people actively understand and transform the routines or how actions and habits actually contribute to the reproduction of routines (Coad and Cullen, 2006; Miettinen and Virkkunen, 2005).

Third, and on a more fundamental level, many of the current conceptions of routines suffer from what Mol and Law (2002, p. 3) refer to as a simplification of reality. They observe that:

[...] the modern world is full of technical and scientific simplifications [...], and they are used as a basis for action. [...] It is to say that simplifications that reduce a complex reality to whatever it is that fits to a simple scheme tend to “forget” about the complex, which may

mean that the latter is surprising and disturbing when it reappears later on and, in extreme cases, is simply repressed.

These simplifications are problematic, but they are also seductive because they order, divide, simplify and exclude (Mol and Law, 2002, p. 2). Law and Singleton (2005) refer to this simplification as a managerial perspective on a complex and messy reality. By “managerial”, they mean that many theoretical concepts bring a sense of order into a complex and messy reality at the expense of our understanding of this reality. Law and Singleton (2005, p. 333) argue that:

[...] managerialism becomes an executive tool of methodological clarity. It makes the world fit for study. Nice and regular, it makes clear trajectories and objects that may be known because they do not slip and slide imperceptibly into other and different objects. To caricature the point [...], managerialism becomes a way of making objects fit to be known by social scientists.

The current concepts of accounting routines may not be appropriate to understand the messy nature of its underlying reality and the trajectory of their change (Quattrone and Hopper, 2006), because these are interpretatively more complex than this concept can accommodate (Law and Singleton, 2005). Yet, the notion of routines remains central to many discussions of accounting change in institutional theory. As Busco *et al.* (2007), p. 130) argue:

Management accounting systems are . . . at the same time, rules, routines and roles . . . which change in the constant interaction between contextual factors and human actions. They embed norms and institutional factors that are mediated by human actions through routines.

Therefore, in this paper we aim to further develop the concept of routine and our understanding of its change, mindful of the complexities outlined above. To do so, we pose the following research question:

RQ1. Through what processes do accounting routines in organisations change?

In order to address this question, we will discuss several features of routines, which have been identified over the last decade. We will then argue that routines must be regarded as more complex social entities than commonly assumed. We will then propose a concept of accounting routines which accommodates this complexity and which allows explanations of changes in these routines. We will use this concept of routines to explore the inception and change of a new accounting routine in the Rabobank Group in The Netherlands. To that end, the next section will elaborate on the notion of routines.

Routines as ongoing systems of interaction

Burns and Scapens (2000, p. 6) define routines both “as the way in which “things are actually done”“ and as the “procedures habitually in use” (Burns and Scapens, 2000, p. 10). Although the term “habit” is commonly used for recurrent individual action (Hodgson, 1993), Burns and Scapens note that routines involve groups of individuals.

The organisational change literature has extensively discussed the concept of routines (Becker and Knudsen, 2005; Becker *et al.*, 2005; Pentland and Feldman, 2005; Feldman and Pentland, 2003; Feldman, 2000, 2003; Cohen *et al.*, 1996; Egidi, 1996; Gersick and Hackman, 1990; Nelson and Winter, 1982). This literature has yielded

three understandings of routines (Becker, 2005, 2004), which are in line with the various understandings in accounting research. First, routines can be behavioural regularities. In this sense, routines are regarded as collective, behavioural patterns (Gersick and Hackman, 1990). Second, routines can be conceptualised as formal rules, such as standard operating procedures (Egidi, 1996; Cohen, 1991). A third representation of routines is one in which they are viewed as dispositions, rather than behaviours or rules (Johansson and Siverbo, 2009; Hodgson, 2003). The institutional perspective on management accounting change mostly employs the first notion of routines (Burns and Scapens, 2000), although it is unclear what behavioural patterns a management accounting routine exactly comprises.

Indeed, routines are often conceptualised as patterns or regularities (e.g. Burns and Scapens, 2000; Cohen *et al.*, 1996; Teece and Pisano, 1994; Nelson and Winter, 1982). Becker (2004) argues that routines can consist of four different patterns:

- (1) action;
- (2) activity;
- (3) behaviour; and
- (4) interaction.

Action and activity are often used synonymously, denoting all forms of individual and collective activity. Behaviour is a subset of action, referring only to those actions that are observable and emerge as a response to some stimulus. Behaviours can be either individual or collective. Finally, interaction is also a subset of action, involving only actions that involve multiple actors. However, very few accounting theorists have elaborated on the patterns that comprise their conceptions of routines (see, for example, Granlund, 2001), and this has limited the conceptual clarity considerably.

The view of routines as recurrent interaction patterns (Becker, 2004, 2005; Cohen and Bacdayan, 1994; Pentland and Rueter, 1994) has several benefits:

- (1) Treating routines as recurrent interaction patterns emphasises their processual nature. As Becker notes: “while talking about ‘the routine’ is convenient from a linguistic point-of-view, we should at all cost avoid any kind of reification. A routine is a process, even despite the conceptual complication that a recurrent *pattern* of interaction is a somewhat stable *sequence* of interactions” (Becker, 2004, p. 649, emphasis in original). The term “routine” may denote the processual characteristics of a pattern of interaction, but it cannot signify this pattern as a discrete entity. The process of routinisation (encoding and reproduction) occupies “the crucial nexus between structure and action” (Pentland and Rueter, 1994, p. 484) which is central to institutional explanations of management accounting change (Busco *et al.*, 2007; Burns and Scapens, 2000). Therefore, we must regard routines as ongoing processes of encoding and reproduction of structure and action, rather than as discrete “objects”.
- (2) Routines are often defined as collective sequences of action in studies of organisational change. Routines are frequently referred to as “repetitive, recognisable patterns of interdependent actions, carried out by multiple actors” (Feldman and Pentland, 2003, p. 95; see also Pentland and Feldman, 2005; and Becker, 2004). In a similar fashion, Barley and Tolbert (1997, p. 98) emphasise interaction as the basis of recurrent behaviours. The interactive and collective

aspect is an especially essential part of management accounting routines. Management accounting cannot be seen in isolation; it exists by virtue of interaction between organisational participants (Hopwood, 1999; Bouquin, 1997; Bougen, 1989). As such, we need to specify routines as interactions as they are actions involving multiple actors.

- (3) Accounting is not simply a series of organisational actions. Many studies have emphasised the different roles and functions of accounting. Some examples are: accounting as representation of a wider economic reality (Mouck, 2004); its function in maintaining organisational beliefs (Burchell *et al.*, 1980); the symbolic role of accounting (Carpenter and Ehsan, 1992) and accounting as creator of meaning in organisational action (Macintosh and Scapens, 1991). Therefore, accounting routines cannot be exclusively conceptualised as a set of habitual actions. Rather, many of the functions and roles of accounting do not arise only through actions, but also through discourses (Llewellyn and Milne, 2007), which includes communication (Taylor *et al.*, 1996; Donnellon *et al.*, 1986), stories (Gephart, 1991) and gossip (Kurland and Hope Pelled, 2000). The notion of interaction emphasises that routines are not only given form by repeated collective action, but also by the associated organisational symbols, stories and artefacts (Pentland and Feldman, 2005). As such, the notion of interaction better captures the variety of roles and functions of accounting.

The concept of routines as interaction patterns thus contributes to an understanding of routines as a collective process, but it remains unable to capture the complexities associated with processes of change. Arguably, routines as patterns of interaction continue to emphasise the continuity of behaviour and social order. Miettinen and Virkkunen (2005, p. 441) note that “the concept of script- or rule-based routine tends to deny any role whatsoever to the thought, future-oriented imagination and anticipatory moral reasoning of the subjects in activity, thus giving an unsatisfactory account of human agency in the change of practices”. We therefore propose to expand and enhance the notion of routine on three aspects of complexity: fluidity and flow, variation and multiplicity. We will explain these notions below.

Fluidity and flow

Law and Singleton (2005) argue that many social phenomena are not recognised because we use methods that are unfit to detect these objects. Often, it is assumed that researchers and managers can identify various states of change processes as if they are detached from these states (Quattrone and Hopper, 2001). But this is not usually the case. Quattrone and Hopper (2001) argued that change is not linear and cannot be explained by viewing the object that moves through time and space as a fixed object; i.e. as something which Latour (1987) refers to as an “immutable mobile”. Instead, Law and Singleton (2005) propose that social objects, such as routines, can be better conceptualised as fluids which gently change shape (see also de Laet and Mol, 2000). This view of social phenomena, as having fluid characteristics, has been employed in accounting through various notions, including “drift” (Quattrone and Hopper, 2001) and “relational drifting” (Andon *et al.*, 2007). Mol and Law refer to “flowing” to argue that the orderly properties of objects such as routines are only temporary:

[...] simple orders may be made visible by snapshots of frozen moments. But they *are* only snapshots. What is visible in them may be hidden on the next image—and then become visible again a little later—and even snapshots may show traces of what is but also isn't there, of complexities that surface earlier, later, at and in some other time (Mol and Law, 2002, p. 13, emphasis in original).

The concept of flow implies that accounting routines are not static patterns of interaction, but constantly change over time. As they change, their capacity to impose order may change too; order can be retained, albeit in a different form; or order may be dissolved and the nature of the routine is then effectively changed to such extent that we cannot speak of a “routine” anymore.

Variation

Various theorists have recognised that behavioural patterns are subject to variation. On an abstract level, several sources of variation have been identified, which include contradictions (Seo and Creed, 2002) and imperfect translations of particular practices between organisations (Johansson and Siverbo, 2009). On the level of individuals and groups, variation has been conceptualised in such notions as practice variation (Cruz *et al.*, 2009; Lounsbury, 2008) to understand how practices can change over time. Ahrens and Chapman (2007a, b) focus on this process of change by studying the “situated functionality of management accounting”. In their view of practice, accounting routines are the result of local activities, which are produced through a so-called logic of practice (Bourdieu, 1977). This logic arises from day-to-day situations and allows people to alter their behaviours when necessary. In this respect, Ahrens and Chapman refer to the “primacy of practice” to emphasise that social study must include the things people do, rather than the application of general rules which seek to describe action (Ahrens and Chapman, 2007a, p. 9). Variation is an important source of the complexity of accounting routines. Routines arise out of daily practice and organisational participants are able to alter their performances of these routines in a pragmatic fashion. As such, routines continue to evolve in response to the ordinary everyday issues that people face. As a result of practice variation, we know that routines will change, although the trajectory of their change continues to be unpredictable.

Multiplicity

Following Mol (1999), Quattrone and Hopper (2006) argue that an object of change does not necessarily have one manifestation at a given time. Rather than viewing the object of change as a singular entity, which invokes multiple interpretations Quattrone and Hopper (2006) explore the possibility that each feature of the object of change actually constitutes a different but inter-related object. This notion of multiplicity is explained by Mol and Law as follows:

[...] the discovery of multiplicity suggests that we are no longer living in a modern world, located in a single *epistème*. Instead, we discover that we are living in two or more neighbouring worlds, worlds that overlap and coexist. Multiplicity is thus about coexistences at a single moment. To make sense of multiplicity, [we need to] discover methods for laying out spaces and for defining paths to walk through these (emphasis in original, Mol and Law, 2002, p. 8).

Many knowledge objects, including accounting routines are characterised by “multiple ontologies” (Andon *et al.*, 2007; Quattrone and Hopper, 2001; Law, 1999). As such, it may be inappropriate to think of an accounting routine as a singular set of behaviours. Rather, accounting routines are interrelated modes of ordering and practices which overlap but also differentiate. In the context of this paper, the idea of multiplicity means that a routine is not a pattern of interaction, but rather constitutes many potential modes of interaction. These modes of interaction may form temporarily stable configurations, but through their own process of “flow” they may also become unstable and break down. Additionally, and also most relevant for this paper, multiplicity means that individuals who are engaged in enacting the routine, are enacting a specific and highly personal instance of the routine.

As a routine is not a singular entity, it can constitute multiple objects. Using an analysis of arterial disease, Mol explains that objects are “more than one and less than many” (Mol, 2002, p. 227 and p. 247). She explains:

[. . .] thus there is also a complex image of disease. This does not compose single diseases out of underlying structures and emerging symptoms, but neither does it fragment what were the various previous elements of the disease, its parameters, into ever so many independent beings (Mol, 2002, p. 227).

Mol’s reasoning prompts us to make one further refinement to routine as an interaction pattern. The idea of multiplicity implies that a routine cannot be limited to a single pattern of interaction. Instead, it constitutes multiple interactions, which change over time (flow). As such, it is more appropriate to think of routines as ongoing systems of interaction, which are not limited to single sets of action. In this context, a system is: “a set of connected things or parts forming a complex whole”[2].

It is clear that the notion of routines as ongoing systems of interaction must be explored in greater detail to accommodate the complexities discussed above. Much progress has been made on understanding the ways people in organisations deal with accounting; for example through the exploration of practices (Ahrens and Chapman, 2007a, b; Baxter and Chua, 2008) and social objects such as boundary objects (Briers and Chua, 2001). However, as noted in a previous section, the concept of routines in management accounting research has remained relatively isolated from these broader conceptual developments. Therefore, in the sections below, we will first explore two aspects of routines: the ostensive aspect and the performative aspect. These aspects allow us to expand the concept of routines to emphasise its complex nature. We discuss each aspect separately in order to provide an operationalisation of routines and to address how these aspects accommodate the complexity of routines.

The performative and ostensive aspects of routines

Feldman and Pentland (2003) argue that a routine exists in principle and in practice. “In principle” means here that cognitive representations of the routine continue to exist, even when it is not enacted. It is akin, though not similar, to Johansson and Siverbo’s (2009) notion of routines as dispositions for action[3]. Feldman and Pentland refer to the cognitive representation of a routine as its ostensive aspect. This aspect of routines involves the understandings by the actors involved; they are subjective and can vary considerably among individuals. The ostensive aspect of routines emphasises not the routine itself, but how the actors understand it. According to Feldman and Pentland

(2003, p. 101), the ostensive aspect of a routine “shapes our perception of what the routine is”.

The performative aspect of routines involves the “specific actions taken by specific people at specific times when they are engaged in an organisational routine” (Feldman and Pentland, 2003, pp. 101-102). They are actions taken by individuals, in the context of interaction; meaning that others are involved in the invoking of action and they are able to observe the action taken.

The ostensive aspect of routines is difficult to observe in daily practice. In fact, the ostensive aspect can only be inferred from its artefacts, such as rules, manuals, minutes of meetings and personal accounts. Therefore, to be able to explore the process of change of routines, we need empirically meaningful concepts, or observable phenomena, through which we can operationalise the ostensive and performative aspects. To that end, the next subsections will focus on discourse and recurrent action as approximations of the ostensive and performative aspects of routines.

The ostensive aspect of routines: discourse

The ostensive aspect of routines is encoded in particular expressions and languages, rules, standard operating procedures, and other artefacts, including written hiring procedures and application forms. Although the ostensive aspect of routines is not directly observable, it can be derived from these artefacts, rules, languages and procedures, which various authors refer to as “discourse” (Llewellyn and Milne, 2007; Taylor and Van Every, 1993; Parker, 1992).

The notion of “discourse” has been defined as sets of statements that bring social objects into being (Grant and Hardy, 2003; Parker, 1992), or more specifically: “a system of statements which constructs an object” (Parker, 1992, p. 5). Pentland and Feldman (2005, p. 796) argue that the ostensive aspect of routines may be thought of as a narrative, which incorporates the subjective understandings of organisational members, embodied in discourses common to a particular social setting (Hardy *et al.*, 2005; Phillips *et al.*, 2004). In the accounting literature, (codified) discourse has recently received increased attention. In this literature, accounting information is viewed as a set of systematic rules that function as codes for practice. Although this view is very relevant for financial accounting rules, it applies to a lesser degree to management accounting as that involves “more flexibility and less prescription” (Llewellyn and Milne, 2007, p. 807). Nevertheless, as with many organisational practices, management accounting is captured in rules, guidelines, templates, manuals, histories, narratives and other material and non-material forms.

One continuing debate, particularly in the context of accounting change, is the relationship between discourse and practice (Llewellyn and Milne, 2007). Some authors have argued that changes in discourse precede changes in practice. In this vein, Cuganesan *et al.* (2007) argued that the “practice-nexus” changed through the enrolling of “discourse consumers”, which resulted in various adaptations to accounting practices in the organisation. In a similar fashion, Vaivio (1999) found that the introduction of the notion of “the quantified customer” greatly influenced organisational practices. Ezzamel *et al.* (2004) found that new discourses created so-called spaces of representation, which problematised traditional practices and led to their subsequent change. However, as Llewellyn and Milne (2007) observed, new discourses often fail when they challenge powerful interests or institutionalised

practices. Since discourses represent the world and allow it to be meaningful, it is unlikely that new discourses, which have no relation to existing discourse or practices, will produce changes in day-to-day practice[4]. A second view about the relation between discourse and practice is that both are “co-emergent”, meaning that both arise together and are reciprocally reinforcing. This view is exemplified by Schweiker (1993), who argued that the essence of accounting is in the act of providing accounts. As a result, he views the discourse of accounting and the act of providing accounts to be parts of the same process. In a similar fashion, Ezzamel *et al.* (2007) refer to the “giving of accounts”, to denote the act of providing accounts through the use of discourse. However, this view does not explain the problem this paper set out to explore: it does not clarify how behaviours and the representations of routines (such as discourse) interact. The third view of the link between practice and discourse holds that discourse follows changes in practice. For example, with regards to research into audit practices, Khalifa *et al.* (2007) argue that:

[...] the conceptualisation of audit has changed once more – in response to new events and relationships in the organisational field which, in turn, have spawned new ... discourses for “quality” audit methodologies”.

This third view does not include the possibility that the emergence and change of discourses constitute practices in themselves. Although we contend that the creation and use of discourse constitute organisational practices in their own right, we follow this third view and regard discourse as a product of organisational practices[5].

Discourse is more than the result of writing and talking. Discourses are “concrete’ in that they produce a material reality in the practices they invoke” (Hardy, 2001, p. 26). Heracleous and Barrett emphasise that:

[...] discourses employed by different stakeholder groups exhibit certain structural features that manifest themselves, guide and shape (communicative) actions, interact in cooperative and conflicting ways, and influence practical settings through their effects on agents’ interpretations and actions (Heracleous and Barrett, 2001, p. 772).

Discourses can thus be understood as “regimes of truth” (Sinclair, 1995, p. 224), which society offers to its participants. Discourse rules in and out certain ways of talking about a topic and conducting oneself in relation to the topic (Hall, 2001, p. 72). This is well known for accounting discourse. Ahrens (1997) noted that accounting discourse contributes to processes of organisational ordering, and Dambrin *et al.* (2007) argued that stable accounting discourses foster stability in organisations.

Discourse represents an illustration of the flow-like nature of social phenomena. It is true that rules and guidelines represent order and stability, but this is a temporary state.

Elements that come to the foreground [may] shift to the background a little later. In this way, the possibility of recomplexification is included in what is momentarily simple —and the nouns, simple and complex, give way to verbs, to talking of simplifying and complexifying (Mol and Law, 2002, p. 13).

Discourses do not constitute fixed meanings; over time, they may be challenged and adapted. However, discourse may seem unalterable by individuals at a particular moment in time, and it can thus be restrictive for many organisational participants. Barley and Tolbert (1997, p. 96) argue that:

[...] a history of negotiations (...) lead to “shared typifications” or generalised expectations and interpretations of behaviour. These shared typifications and generalised expectations are disseminated through discourse. The patterned relations and actions that emerge from this process gradually acquire the moral and ontological status of taken-for-granted facts which, in turn, shape future interactions and negotiations.

As such, discourses and, more generally, artefacts resulting from the ostensive aspect of routines constrain the ability of organisational participants to make changes to these routines. As a result, the ostensive aspect contributes to the stability in the routines (see Berger and Luckmann, 1979).

Discourses comprise “structured collections of meaningful texts (Parker, 1992)” (Phillips *et al.*, 2004, p. 636). In turn, texts are “any kind of symbolic expression requiring a physical medium and permitting permanent storage” (Taylor and Van Every, 1993, p. 109). Texts include talk, but they can also be inscribed in written documents and guidelines, verbal reports, pictures, symbols and other artefacts (Llewellyn and Milne, 2007; Phillips *et al.*, 2004). Therefore, texts, including accounting rules, are material representations of the ostensive aspect of routines (see Taylor *et al.*, 1996).

This ostensive aspect affects the performative aspect in three ways (Feldman and Pentland, 2003). First, it assists recurrent actions by guiding behaviour. The ostensive aspect of routines includes understandings of how various actions need to be performed and it holds information on the appropriate conditions for invoking the routines. In this sense, accounting can be regarded as codified discourse (Llewellyn and Milne, 2007), which holds information on, for example, what constitutes an asset, or how to account for an investment. Second, the ostensive aspect provides the means for accountability. Discourse allows organisational members to discuss the outcomes of past actions and it allows them to account for and justify their actions in the course of performing the routines. For example, Schweiker (1993) argues that “giving accounts” provides information about our moral identity. By the act of accounting, one provides justification for past actions and the choices that have been made. And third, the ostensive aspect allows organisational participants to refer to (parts of) the routine. The cognitive representation of the routine and the associated discourse make the routines intelligible to others and allows communication about the routines (see, for example, Ahrens, 1997).

The performative aspect of routines: recurrent action

The performative aspect of routines is observable through past actions. This aspect involves actions taken by specific people at a specific time, when they are engaged in an organisational routine. In particular, due to the reciprocal nature of interaction, the action needs to affect others in some way. Moreover, these actions are not necessarily invoked consciously to ensure repetition; rather, they are enabled through routines (Farao and Skvoretz, 1986; see Jepperson, 1991, p. 145). This means that these actions are invoked as part of a routine, rather than being consciously selected as an individual action.

In a sense, the performative aspect of routines includes the pragmatic, temporary and local behaviours that people display when confronted with the incompleteness of formal rules (Reynaud, 2005). As Pentland and Rueter (1994), Feldman and Pentland (2003), Pentland and Feldman (2005) and Johansson and Siverbo (2009) propose,

routines can include a large, yet constrained set of possible performances[6]. Although formal rules constrain these performances only to a certain degree, rules are inadequate to describe effective action in any great detail (Reynaud, 2005). Moreover, people typically display some degree of awareness of the outcomes of their actions, and tend to adjust their actions accordingly (Ahrens and Chapman, 2007a). And finally, relevant others and the context of actions tend to vary, making it difficult to perform a routine without at least some degree of reflection (Moorman and Miner, 1998). Seo and Creed quote Benson (1977, p. 7) who argues:

[...] sometimes they [actors] may [participate in the reproduction of existing arrangements] in an automatic, unreflexive way; in other periods they may become very purposeful in trying to reach beyond the limits of their present situation in accordance with alternative conceptions of its purposes, structures, technologies, and other features (Seo and Creed, 2002, p. 230).

As such, routines function as rule-based models, which allow individual actions to vary considerably from one iteration[7] to the next.

As a result, the performative aspect of routines can be typified as inherently improvisational (Pentland and Feldman, 2005; Bourdieu, 2005; Feldman and Pentland, 2003; Feldman, 2003, 2000; Kamoche and Pina e Cunha, 2001; Weick, 1998). Improvisation can be defined as: “the conception of action as it unfolds, drawing on available cognitive, affective, social and material resources” (Kamoche, 2003, p. 2024).

Although improvisation occurs in different degrees, it is through improvisation that routines can change. More precisely, improvisation plays an important role in the variation of routines. Whereas the ostensive part of routines can be compared to a musical score, the performative aspect is the actual performance of the music (Feldman and Pentland, 2003), with its potential for improvisation (Kamoche, 2003; Kamoche and Pina e Cunha, 2001; Pina e Cunha *et al.*, 1999; Barrett, 1998). As such, each iteration of the routine can be slightly different to the last, as individuals can display different levels of reflexivity (Seo and Creed, 2002; Benson, 1977). Improvisation is thus a major source of variation. Drawing on Deleuze, Buchanan and Swiboda (2004) argue that improvisation upsets the music’s composition. They note: “[improvised music] is composed and decomposed as it is performed, even when it takes place within pre-arranged parameters” (Buchanan and Swiboda, 2004, p. 121). Improvisation may thus “decompose” existing repertoires of action.

However, improvisation itself needs a minimal structure as “improvisational freedom is only possible against a well-defined (and often simple) backdrop of rules and roles” (Eisenberg, 1990, p. 154). This minimal structure is “the sets of controls employed to accomplish the efficient effectiveness for which improvisation has been touted” (Pina e Cunha *et al.*, 1999, p. 320). The notion of minimal structures emphasises that even improvisation and innovation need some degree of order, to be able to develop and to make its outcomes intelligible. Kamoche and Pina e Cunha (2001) argue that a minimal structure comprises two elements: social structures and technical structures[8]. These structures are provided by the ostensive aspect of the routine, through discourses (social structure) and artefacts of the routine, including formal rulebooks and guidelines (technical structure). As such, the ostensive aspect functions as a minimal structure, which enables improvisation in the performance of the routine.

Once a routine has emerged, i.e. there is an ongoing system of interactions, improvisation will continue to take place, since improvisation is an unavoidable part of the performative aspect of the routine. The ostensive aspect enables and constrains this

process of improvisational learning (a process by which individuals retain positive outcomes of earlier iterations, and discard negative outcomes; see Miner *et al.*, 2001), which continues to mould and change the performance of each reproduction of the routine. As such, variation is at the heart of any routine. Routines are thus complex, because they can encompass multiple interactions with multiple individuals. As noted above, a routine is not a static and fixed entity; it is a complex, evolving system of interactions.

The performative aspect of routines aids the creation, maintenance and modification of the ostensive aspect (Feldman and Pentland, 2003). Action leads to the creation and modification of texts included in the discourse (Phillips *et al.*, 2004), but discourse also constitutes the discursive resources that are available and necessary for collective action (Hardy *et al.*, 2005). The relation between the performative aspect and the ostensive aspect can thus be characterised as reciprocal. As such, the processual nature of routines (Becker, 2004) is a direct result of this relation between the two aspects. The performative aspect gives rise to change through improvisation in the successive reproductions of the routine. This process of improvisation is enabled and constrained by the ostensive aspect which we operationalised as discourses and artefacts.

A conceptualisation of changes in accounting routines

Drawing on the distinction between the ostensive and performative aspects of routines, this section will propose a theoretical framework for studying the processes of change within accounting routines. Through its very nature, this theoretical framework constitutes a form of simplification of the complex nature of change in routines. As such, the framework must be regarded as one of many ways to bring routines into being. As there are many ways to think about routines, the current framework may be thought of as a single page in a sketchbook. This analogy was introduced by Mol and Law (2002, p. 7):

Imagine not a grid drawn in ever more detail, with ever more subdivisions; imagine, instead, turning the pages of a sketchbook. [...] each orders and simplifies some part of the world, in one way or another, but what is drawn is always provisional and waits for the next picture, which draws things differently.

The framework is depicted in Figure 1.

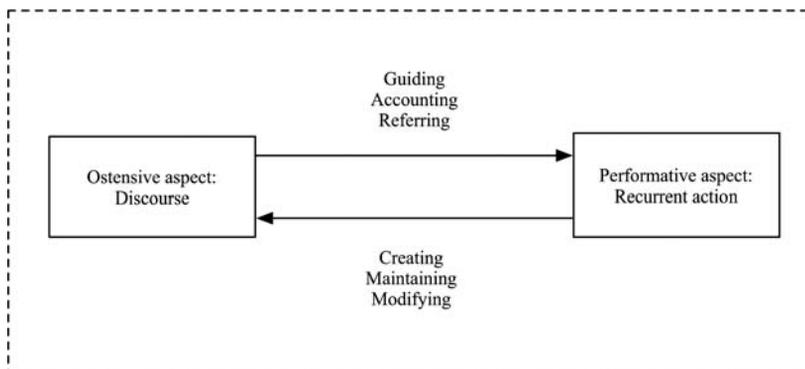


Figure 1.
Routines as ongoing
systems of interaction

The figure depicts routines as reproductions of ongoing systems of interaction. The ostensive and the performative aspects of these routines are central to the figure. The former is represented by discourse, which includes formal rules; the latter by recurrent action. The arrows indicate a reciprocal relationship between the two aspects. The performative aspect creates, maintains and modifies the ostensive aspect of routines. In turn, the ostensive aspect helps to guide the behaviours of organisational participants, as well as to account for and refer to this behaviour. This ostensive aspect provides a minimal structure, which both constrains and enables organisational participants to improvise in the performance of the routine. Although the ostensive aspect limits the ability of organisational participants to improvise, it never fully precludes improvisation. Therefore, some degree of improvisation is inevitably associated to any routine.

In order to study the inception and change of management accounting routines, the empirical section of this paper will discuss events at the Rabobank Groningen, a member bank of the Dutch cooperative Rabobank. Using a programme called Results Oriented Management (ROM), the bank introduced a new routine of planning and control, which we followed over a period of four years. However, first we will discuss the design of the empirical study.

Study design

This paper reports a longitudinal study, over the period May 2002 to November 2006[9], which sought to understand the dynamics of changes in accounting practices in general and in accounting routines in particular.

The study included interviews with the following people at the Rabobank Groningen:

- the General Director;
- the managers of the Corporate Clients, Financial Advice and Client Advice departments; and
- the Manager of Business Administration, who supervised the financial controllers of the bank.

Further interviews were conducted with employees from various departments. Moreover, four full-day strategy meetings, which were called MT + meetings, and so-called member panel meetings were attended. These interviews and other formal meetings are listed in Appendix 1 (Table AI). In addition, another 20 lunch meetings and unplanned interviews were held in the course of the study. Most interviews were recorded and transcribed. On five of the unplanned interviews, no recording devices were at hand, so the notes were prepared immediately. Excellent access was secured including physical access to all areas of the head office and to the various computer systems on the corporate intranet and shared network drives. This allowed for the systematic collection of all relevant documents.

The focus of this study was on the emergence and change of accounting routines. Therefore, we focused on a set of events that could be identified as a routine. In order to qualify as a routine, the events needed to be: recurrent; collective, that is, they needed to involve more than a single person; and they needed to involve interactions between the participants. We identified a new routine, which resulted from performing the ROM programme. The ROM programme was not a routine, but it served as a set of rules and

planned interactions, which allowed the routine to emerge. The primary unit of analysis was this routine, which we refer to as the “routine of planning and control”.

The routine encompassed many recurring events, which we will explain in the empirical section. Yet, we focused only on a part of the routine. This part involved the creation of a set of core values, a mission, a strategy, and an annual plan, which outlined the objectives of the bank for the subsequent year and the actions required to meet these objectives. We had two reasons for limiting ourselves to just this part of the routine of planning and control. First, this part of the routine was performed in the MT + group meetings, which meant that many of the interactions were observable by the researcher. Second, we focused on the first part of the routine of planning and control, because it included the first encounter for many participants with this programme. It allowed us to observe the ways in which the members of MT + group became familiar with the ROM programme and how, over time, the participants used the programme to create a routine of planning and control. We gathered data on this part through observations of all MT + meetings, as well as individual interviews with the majority of participants. In addition, we studied artefacts, such as minutes of meetings, intranet pages and PowerPoint slides, which were produced in the course of the performance of the routine.

The subsequent part of the routine consisted of tasks that were being performed in departments and in small working groups. We gathered data on this part of the routine by performing interviews with key actors and by studying additional documents, such as newsletters and minutes of meetings.

Data analysis

The data were analysed at two levels. This approach was originally suggested by Van Maanen (1979) and used, for instance, by Balogun and Johnson (2004) and Labianca *et al.* (2000). A first order analysis was conducted in which we identified topics that were important to the respondents. This first order analysis involved the structuring of notes made during the MT + meetings, the artefacts collected, and the transcripts of the interviews. Together, the notes, the artefacts and the transcripts were used to identify the newly emerging routine of planning and control. A second order analysis focused on theoretical interpretations of the MT + meetings and the notes prepared by the researcher. It involved further structuring and coding of transcribed interview data and the researcher’s notes of the meetings using AtlasTi software. We classified the data into three broad groups:

- (1) the ostensive aspect of the routine;
- (2) the performative aspect of the routine; and
- (3) the relation between these two aspects, which included theoretical elements such as creation, maintenance and modification (represented by the arrows in Figure 1).

The ostensive aspect, which we operationalised as discourse, was analysed through a focus on the construction of texts over time. This approach is referred to as “critical discourse analysis” (Phillips *et al.*, 2008), although that term encompasses a much wider variety of analytical approaches than used here. Using AtlasTi software, we traced the emergence and use of texts which formed the basis of the discourse in the context of the routine (Phillips *et al.*, 2008; Suddaby and Greenwood, 2005). As a result,

we identified newly emerging discourses such as “entrepreneurship”. The performative aspect could be observed as it arose from activities in the context of the ROM programme. Our presence as “fly on the wall” proved valuable to capture the ways in which organisational participants performed their tasks. Subsequent to our coding and restructuring of our notes, contradictory findings were discussed with respondents to tease out inconsistencies in the researcher’s emergent understanding (Hopper and Major, 2007; Marshall and Rossman, 1999). As a result, various revisions were needed to come to an understanding of the processes of the emergence and change of the routine of planning and control. Finally, the relation between the ostensive and performative aspects was analysed through the codes that were assigned to the various events. These codes allowed the researcher to classify the events into the theoretical categories such as “guiding” and “creating”, which are listed in Figure 1. This classification contributed to an understanding of the impact that the two aspects of the routine had on each other.

The Rabobank

The Rabobank is one of The Netherlands’ major banks. In 2007, it employed some 54,000 people and it had balance-sheet totals of 570 Billion Euros, which generated an after-tax profit of 2.6 Billion Euros. The bank is rated Triple A by all three major credit rating agencies (Moody’s, Standard and Poor’s and Dominion bond rating service)[10]. The bank continues to be highly successful as it enjoys a steady inflow of savings, which allows it to command a premium spread on interest. The bank is especially successful in the markets for private mortgages and savings. Moreover, it holds an 84 per cent market share in the so-called agrifood industry. As such, it is the “house bank” of the vast majority of businesses in the agricultural and food processing industries. Table I provides a brief overview of relevant economic and financial data of the bank.

The Rabobank’s most notable feature is that it is a cooperative organisation. It consists of 174 local member banks, all of which are owned by private members drawn from their local communities. These member banks are all formally autonomous. They can independently formulate strategies, set prices, and make investments. The member banks in turn own the supra-local Rabobank Nederland. Rabobank Nederland serves as a national representative of the member banks (i.e. in relations *vis-à-vis* the Dutch Central Bank) as well as a service centre for activities that cannot be viably supported at a local level, such as change management, procurement and IT-support.

The Rabobank Group is governed by a Central Circle Meeting and various regional Circle Meetings in which General Directors, as representatives of their local private

Amounts in million Euros	2007	2006	2005	2004	2003	2002	2001	2000
Balance-sheet total	570.503	556.455	506.573	475.089	403.305	374.720	363.679	342.920
After-tax profit	2.662	2.345	2.083	1.536	1.370	1.222	1.178	1.166
Return on equity (%)	10,1	9,4	9,7	10,1	9,6	9,9	9,5	10,4
Number of member banks	174	188	248	288	328	349	369	397
Number of branches	1.159	1.214	1.249	1.299	1.378	1.516	1.648	1.727
Number of employees (fte)	54.737	50.573	45.580	50.216	50.849	51.867	52.173	49.711

Table I.
Economic and financial data for the Rabobank Group

members, participate. As such, the Rabobank has many features of a democracy including voting rights and the associated slowness in decision making.

The cooperative Rabobank does not pay dividends, nor are its private members entitled to returns, as membership is essentially free. All returns are ploughed back into the organisation and the local community. The bank prides itself on its people orientation. Being a cooperative bank, it has developed a culture whereby both customers and employees are given ample opportunity for personal development. With regards to customers, this led to various comments, such as the following by the former financial controller:

I think what differentiates the Rabobank most from other banks, is its willingness to stand by customers longer than other banks. I have seen this bank continue to back defaulting customers who would have been written off by other banks.

Many member banks give substance to their cooperative identity by focusing on long-term customer relations, even when the customer is temporarily unable to fulfil its financial obligations. Because it is embedded in the local community, the bank knows its customers intimately. This knowledge reduces the risk to the bank, allowing it to continue to back defaulting customers longer than its competitors[11].

The absence of a routine of planning and control

Until 2002, member banks operated with only very rudimentary control systems. A member bank's Supervisory Board consisted of members of the local community, who were often unable to effectively exercise control over the member banks due to a lack of information and the fact that the members of this board were not professional managers. Moreover, confronting someone with disappointing results was regarded as an undue intrusion into their personal space and a denial of the person's value to the organisation. However, the lack of an effective control system was not seen as a problem as many member banks performed very well over a long period of time. Their good financial performance and the limited influence of their Supervisory Board meant that member banks experienced little pressure to improve performance, and thus there was no real need for an elaborate control system. As a result, the formal accounting system was primarily geared to the legal requirements of the banking industry. Apparently, this was not uncommon in banking, as Rezaee (2005) and Soin *et al.* (2002) noted a similar point.

However, the need for an elaborate control system has increased for a number of reasons. First, a number of damaging scandals emerged at various member banks. In 2000, Rabobank Doetinchem was accused of fraud by investment club "D'anwas", which lost large sums of money as a result of this fraud. In 2001, Rabobank Nederland added an additional Board member to Rabobank Eemnes, after accountants concluded that the bank had issued millions of Euro's of unsecured loans to its General Director's befriended business associates. Both cases were extensively reported in the Dutch press, and the financial damages had to be covered by the collective of member banks. These scandals led the Central and regional Circle Meetings to realise that individual member banks were vulnerable to each other's risks, both financially and in terms of reputation. As such, they called for more controls in local banks, to be enforced by Rabobank Nederland. Second, although the Rabobank had reported continuous increases in profits and balance sheet totals, Rabobank Nederland felt that the

Rabobank was lagging behind its main competitors, the ING bank and ABN-Amro. Senior managers at Rabobank Nederland argued that a more elaborate control system was needed to provide member banks with more tools with which to monitor the performance of commercial employees and to increase the cost consciousness of managers at the local level. This was particularly relevant for the Groningen bank, as it had relatively low solvency, which meant it had to particularly focus on its costs. Third, newly introduced legislation required Dutch banks to fulfil their so-called “zorgplicht”, which meant that they had to document that they had informed customers about all risks associated to the financial services they offered. In addition, they needed to demonstrate that they had acted in the best interest of the customer. By its nature, this legislation resulted in an increased need for internal controls. Fourth, the bank had introduced a balanced scorecard system called “the Compasses”. The Compasses were prepared by Rabobank Nederland and distributed to member banks. But the member banks were having difficulties in interpreting the Compasses. As the former Financial Controller of the Groningen bank explains: “we used to get the Compasses and we tried to figure out what they were saying. But we did not know how to translate the Compasses into actions. If a metric showed a disappointing result, we did not know which underlying processes were responsible for this result, so rectifying that situation was really a trial-and-error approach”. As a result of the introduction of the Compasses and other instruments, a need arose for an elaborate framework of planning and control, which tied together these individual tools. In response to these increased pressures and at the request of various member banks, Rabobank Nederland decided to implement a programme called Results Oriented Management.

Results-oriented management: the initiation of the routine of planning and control

Results-Oriented Management (ROM) was a programme meant to allow each member bank to introduce and develop a yearly routine of planning and control. According to Rabobank Nederland, the objective of the ROM programme was to “professionalise the management control within the bank”[12]. The programme consisted of a set of activities, which needed to be repeated on a yearly basis. The ROM programme is depicted in Figure 2. It lists the various activities and the deliverables of the programme. The programme starts at the top, with a reassessment of the mission, and an analysis of the strengths and weaknesses of the bank. The participants are then required to define new strategies and qualities that key departments need to have in order to achieve these strategies. Subsequently, a three-year plan, and an annual plan, is drawn up. In addition, various departmental plans are produced, as well as budgets. Finally, the programme prescribes the agreements that need to be made for the control of the plans.

In the first year, many member banks employed the services of one of the consultants, who were on the payroll of Rabobank Nederland, in order to learn how to use the planning and control procedures. Then, after the initial year, the member banks were expected to perform ROM themselves, though additional support remained available.

The routine of accounting and control was essentially an extended, recurrent, and localised version of ROM. At the Rabobank Groningen, ROM was originally brought to the attention of senior management by its management accountants. In 2002, the management team discussed the appropriateness of the programme for their bank. The

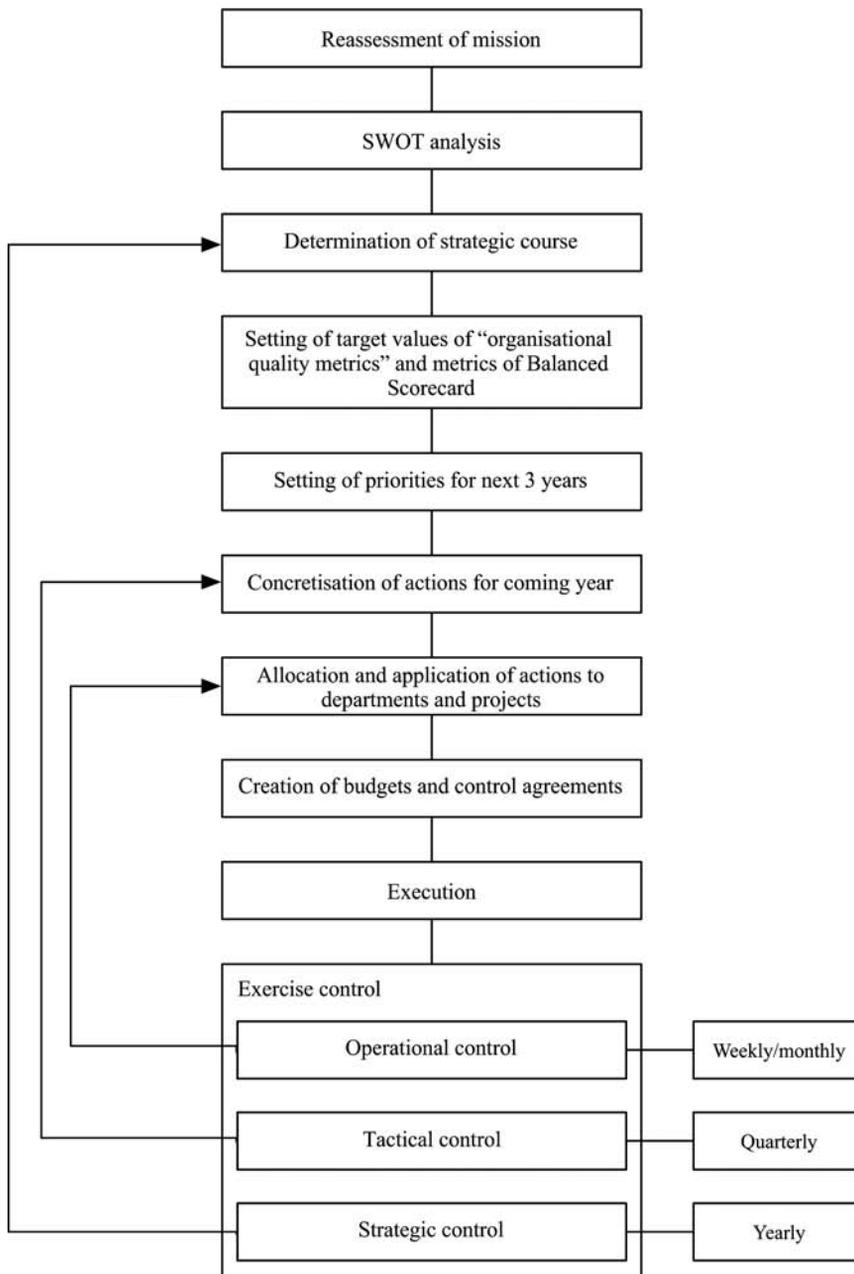


Figure 2.
Formal attributes of the
routine of planning and
control

managers were quite experienced in making decisions about earlier change programmes, such as Progress and FAST[13]. The General Director explains: “we never implement programmes that are unnecessary. Those will never last. There must be a logic included in all programmes that appeals to us in order to avoid resistance. This logic allows us to determine if a programme is worth our time”. In essence, the managers were applying similar criteria to all programmes, whether the programme was ROM, Progress or FAST. These decision criteria were explained further by the General Director:

[...] everyone in the organisation is convinced that the organisation cannot be managed by financial criteria alone ... we need a second criterion: the customer as there is no discussion that he is central to all we do. Also, our employees need to make it happen, so it is super logical that we need to address them as well. So in all these decisions, we have three balls, which you have to balance or keep in the air.

The discussions on the merits of the ROM programme revolved around these three well-understood criteria. Since the programme promised to enhance these three criteria, the initial approval was swift. In fact, it was one of the “least disputed programmes in the Rabobank organisation” (General Director).

The routine of planning and control

Starting in 2002, the programme was performed on a yearly basis, although it was only referred to as ROM until 2004, after which the local participants referred to the activities as “the cycle of strategic planning and control”[14]. The recurring performance of the programme led to the emergence of a routine, which we refer to as the routine of planning and control. This study is about three iterations of this routine, which are listed in Table II.

In 2002, the first iteration of the routine was performed by the management team of the Groningen bank. This iteration resulted in a set of plans and reports, which were better motivated than previous planning efforts, but it did not yield any commitment from employees of the bank. This was the main reason why the second iteration of the routine (2003-2004) was performed in a so-called MT + group[15], consisting of representatives of all departments and the entire management team of the bank,

Year	Event	Participants	Description of situation
2002-2003	Creation of year plan	Management team	At the moment, our yearly planning is primarily based on the implicit experience of managers. They add a percentage to last year’s metrics, but they cannot motivate this percentage sufficiently (financial controller, Rabobank Groningen)
2003-2004	Creation of year plan	MT + group	An attempt to really embed a sense of result orientation into our culture, and to structurally apply the available tools to that end (General Director, Rabobank Groningen)
2004-2005	Creation of year plan	MT + group	We really are starting to get used to this approach. The more we do this, the easier it gets, as we know how the routine works (participant of MT + group, Rabobank Groningen)

Table II.
The three first iterations of the routine of planning and control

including its General Director. Led by a consultant, the MT + group was the primary platform for activities related to ROM. To the majority of participants, ROM was the first structured attempt to introduce a practice of planning and control. Over the years, we witnessed the evolution of a very limited practice into a more developed routine of planning and control, a process that was aided by the ROM programme. This routine is listed in Table III.

Table III includes the different vignettes which describe parts of the routine, the participants in these events, the setting in which these events took place and the frequency in which they were performed. As explained in the methodology section, we primarily discuss the first part of this routine, which is listed in italics. It includes processes of strategy formation, the definition of key values for the bank, and the creation of an annual plan.

We will structure our discussion about this routine chronologically. We will start by the second iteration[16] of the routine, and then extend our discussion to include later iterations.

The performative aspect of the routine of planning and control: the second iteration

Taken from various departments, the participants in the MT + group were asked to become involved in the creation of plans for the coming year. These participants were aware that this was an extraordinary request, so no one refused to participate. Planning and control had ordinarily been a task for the management team, and the large-scale involvement of other staff was rather new. During an early interview, an employee of the mailroom, who was a member of the MT + group noted: "I like to be asked for just about anything. It signals that I am taken seriously. But to be honest, I do not know exactly what we are going to do, or what it results in". The majority of participants were unsure about their role, their expected contributions, and the types of actions that were deemed acceptable. As they had little previous experience, it led to an initial inequality of knowledge between the management team and other participants. As the project leader indicated: "we [managers] have a head start in that we have more information than the MT + , who are just starting in their role". The lack of previous experience led the MT + group to depend heavily on the external consultant to explain the various steps in the programme. During the meetings, this consultant assigned tasks to the groups. Typically, these tasks included definitions of:

- the purpose of the bank;
- the mission and vision for the bank;
- weaknesses and strengths; and
- longer-term (three years and over) and shorter-term (one year and under) targets.

In several sessions, the participants were randomly split into smaller groups and they were asked to perform the tasks. The participants were learning as they went, as was illustrated by one of the participants, when asked to reflect on his first MT + meeting: "the ways of working which are proposed here are very different from what we are used to. I believe that the real change will actually be many small ones, which will take place here [points at head]".

The tasks needed to produce various tangible deliverables:

- a strategic plan, outlining the long-term objectives of the organisation;

Table III.
Routine of planning and control

Events	Participants	Setting	Frequency
Formation of strategy	MT + members	MT + group meetings	Annually
Discussions about the core values	MT + members	MT + group meetings	Annually
Development of annual plan	MT + members	MT + group meetings	Annually
Development of departmental plans and budgets	Departmental managers and a selection of employees	Departmental meetings	Annually
Performance-related pay pay-out	MT + members and all other employees	Individually	Annually
Member panel meetings	Rotation of MT + members and selection of other employees	Member panel meeting in conference room	Bi-annually
Performance evaluation meetings	MT + members and all other employees for whom relevant	Bi-lateral between employee and manager	Monthly/quarterly
Quarterly update for all personnel	MT + members and all other employees	Personnel meeting in main conference area of the bank	Quarterly
Control sessions	MT + members and all other employees for whom relevant	Meetings with managers, General Director and management accountants	Monthly

- a Strengths-Weaknesses-Opportunities-Threats (SWOT) analysis;
- an annual plan, listing the member bank's objectives for the next year; and
- several additional plans, budgets and control agreements.

The documentation of the programme included highly detailed instructions for each deliverable, including templates for all reports, explanations of each report, estimates of time required for preparation, and descriptions of steps needed to produce the plans and analyses. As such, ROM was the introduction of a set of detailed rules with the objective of forging a routine of planning and control. The majority of the members of the MT + group followed these rules to the letter. In the first MT + meeting, the participants were seated in a room, the walls of which were covered with poster boards showing brief statements. These statements were desirable attributes of the bank, provided by the management team, the board of the bank and a few participants of the MT + group. The subgroups were asked to use these statements to come up with a vision for the bank. Consider the discussions of one of these subgroups as they were standing by the poster boards:

Participant 1: Okay, which one of these statement shall we steal [meant in a funny sense]?

Participant 2: I think that all of these make sense, but I do wonder whether we need a distinctive vision to the one used by Rabobank Nederland, or that we can take a similar one, after all, we are part of the same organisation.

Participant 3: We will probably come to that once we have selected our key statements, so perhaps we can just choose some from these poster boards which we feel describes best what our banks should be? To be sure we are on the right track, lets ask Edwin [the consultant].

When this participant 3 was asked in a subsequent interview why he wanted the opinion of the consultant, he replied: "it is the first time that I have ever done something like this. I am not sure what we need to deliver. I want to check these things to confirm that I correctly understand what this process is about". The ROM manual, the more experienced members, and the consultant were guiding the tasks and the evaluations of their outcomes. When asked, the internal project leader explains the role of the consultant and the more experienced members: "Experience counts! Some of us have done the ROM programme before, and this helps us to have a better understanding of the process and to evaluate changes we propose to the planning and control in this bank".

After much deliberation and multiple checks with the consultant and the internal project leader, the subgroup came up with the following core notions, which could be traced back to the poster boards: Entrepreneurial and committed; responsible; realising ambitions; at the centre of our community; alert. As the group presented these notions to the other subgroups, asking them explicitly for their opinions, the General Director and the external consultant frequently questioned their choices. The General Director: "Does this inspire you, does it give you a 'kick', where is the spunk and the power?" The Director and the consultant were not offering better options; rather, they were primarily questioning the options that were presented. Through these discussions, various potential visions were presented:

Subgroup 1: Rabobank Groningen is a financial partner in ambitions.

Subgroup 2: To inspire (enterprising) people to realise their ambitions.

Subgroup 3: In an inspiring manner, Rabobank Groningen wants to be committed to support your financial ambitions.

These visions were discussed by the entire MT + group, who felt these were “too artificial and complex”. As a response, in the subsequent MT + meeting, the MT + group came up with the vision: “Partner in ambitions!”.

Contrary to our initial expectations, many of these processes were not typified by a high level of improvisation. In particular, the first-time participants did not engage in much improvisation (“the conception of action as it unfolds, drawing on available cognitive, affective, social and material resources” (Kamoche, 2003)) as they did not have many relevant resources available. When we asked a first-time participant if he improvised in the MT + group sessions, he replied: “on what? I cannot improvise on something I have never done”. These new participants had to perform the activities at least once to gain an understanding of the nature of these activities. Therefore, there was no variation noticeable, as variation required existing practices of planning and control, which were not readily available to the majority of the MT + group members. However, by following the rules of the consultant, they created a cognitive representation, or understanding, of the practice of planning and control. In performing the actions, this understanding arose and was to be represented by artefacts and discourses.

The performative aspect in the routine: creating, modifying and maintaining discourses
The MT + group enacted various tasks, communicated to them by the manuals and the consultant. In so doing, the MT + group introduced various concepts, which were associated with that year’s cycle of planning and control. In the 2003-2004 iteration, the term that was most commonly employed was “entrepreneurship”. The ROM project leader had interviewed various local entrepreneurs who had expressed a desire that the bank should act more as they did. They projected an image of the bank that would be more “entrepreneurial” in its actions. Initially coined by the project leader, the MT + group needed little convincing that they should be more “entrepreneurial”.

One of the tasks for the subgroups was to define a number of core values for the bank[17]. The task mainly consisted of discussions about what they saw as the “essence” of the bank. Part of the discussion that followed is reproduced below. It illustrates that the performance of the tasks resulted in discourses in addition to the plans and reports which were required:

Participant 1: I find it very confusing that not everyone gives the same meaning to these notions.

General Director: That is why we do this: to define a common set of definitions on which we build further.

Manager corporate clients: Well, to me, the notion of “entrepreneurship” is of a higher order than “customer oriented”.

General Director: I see it more broadly: you can draw an infinite number of lines between concepts. That is why the way we actually define them is so important.

Participant 2: For me, entrepreneurship is being pro-active.

Participant 3: Yes, but it is also about being responsible for your actions and customers, although you could say that is also part of “customer orientation”.

Manager corporate clients: Actually, when I hear all this, many terms we have used here are part of being “entrepreneurial”. We talked about customer orientation, being committed and being entrepreneurial. In essence, they all denote the same things.

Consultant: I do believe that being entrepreneurial and being committed are very much alike.

General Director: I disagree. Being entrepreneurial is much more than being committed. Yet, I do think that the term “entrepreneurship” lacks inspiration. I would rather talk about “result orientation”.

Participant 4: Actually, we all talk about the same thing, it is just the wording that differs. In my view, being entrepreneurial leads to results; being result oriented also leads to results; therefore, result orientation and entrepreneurship are the same things.

Manager corporate clients: Yes, but it is more than an exercise in logics. Words invoke images, and I think both terms invoke different images.

General Director: Okay, then we need to recognise that they are not similar, but both concepts are the essence of our bank. Even if they are not exactly the same[18].

Consultant: Then we decide on “entrepreneurship” and “result orientation” as core values, since these seem to capture best the sentiments that you share on what the bank should stand for.

Participant 5: Fair enough, but consider this: I have a very good customer, who wanted new a new insurance product. But I could not sell it to him, because he did not have proper identification with him. So, how can we be more entrepreneurial then?

General Director: I see the dilemma: sometimes the policies related to risk management and legal requirements prevent us to capture new opportunities. However, I define entrepreneurship as: “being creative in seeing and taking opportunities; to create”. This can be achieved within the limits of risk management and the law.

“Entrepreneurship” and “Result orientation” were not the only notions emerging from the MT + meetings. A process with very similar features took place around the notions of “Reliability”, “Commitment” and “Openness”. Together, these were the five core values of the Rabobank Groningen. These core values formed the basis of further activities; a case in point was a subsequent assignment in which the participants were asked to explicate “the sense and significance of the core values” (consultant). These exercises established a partially shared meaning of the core values and contributed to the encoding of this meaning in documents such as newsletters and minutes of meetings. As a result of performing the tasks, the MT + group produced discourses and artefacts. One of these artefacts was a colourful plastic booklet outlining the main results of that iteration. Appendix 2 (Figure A1) depicts the front page and page 5 of an information booklet, which was later distributed to all employees of the bank. This page 5 describes the five core values that resulted from the 2003-2004 iteration.

Since this was the first iteration for most participants, the emphasis was more on creating discourses rather than modifying and maintaining them. Initially, this was frustrating for some of the participants. An employee of the Financial Advice department noted after the second meeting: “I don’t know where this is going to lead.

It seems that all we do is clarify to each other what we mean. That may be useful, but it is tiresome and I don't think it leads to a lot of progress". However, as their activities produced artefacts and discourses, their understanding of the routine grew. Several weeks later, the same employee argued that "the more results we produce, the more I see where this is going". For the new participants, the creation of discourses and artefacts went hand in hand with their emergent understanding. But, for the managers for whom it was the second iteration of the routine, the resulting discourse was more familiar. As the internal project leader explains: "this entire process was meant to get people really involved. It is different from previous years, where we imposed many of our ideas on the people. Now, we try to allow them to make their own discoveries about the future of the bank and its environment. The strange thing is that the outcomes have been very much in line with what we expected. The vast majority of participants came to the same conclusions as we did beforehand". Familiarity with the performative aspect of the routine of planning and control allowed the managers to retain discourses from earlier iterations and attempt to modify them, if necessary. As such, there was a clear difference between the people who were performing the routine for the first time and those who were more familiar with it. The former group was primarily engaged in the development of discourses, aided by the latter group, who already understood the discourse, which were part of the routine. As a result, there was no single set of discourses. The routine as an ongoing system of interactions included different discourses and meanings. In the process of performing the program, these discourses were created, changed and sometimes discarded. However, some of these discourses found their way into artefacts.

The ostensive aspect of the routine of planning and control

The routine produced various artefacts:

- the booklet, which we referred to earlier;
- PowerPoint slides, which were presented and subsequently posted on the intranet site;
- the side of the building was completely covered by the vision of the bank;
- inside the building, the office spaces were covered by stickers, displaying references to contributions that people were expected to make, such as: "knowing what some else wants, and how to contribute", "commitment", "partner in ambition: open, result oriented, reliable, committed, entrepreneurial", "dare to ask for feedback and be willing to accept it"; and
- newsletters and intranet postings.

These discourses and artefacts were representations of the ostensive aspect of the routine and its outcomes. They reflected the understandings of what the routine was supposed to produce. As such, these outcomes of the routine proved important: they allowed people to understand the routine by the results it produced. As a consequence, the ostensive aspect was as much influenced by the outcomes of previous iterations as it was by the performative aspect.

The participants of the MT + group were pleased with these outcomes. They allowed participants to be able to explain why their actions had relevance. When asked, a participant explained the importance of discourses to account for his

behaviour: “words such as Reliability and Openness take on a new meaning. I approach people more readily than I used to. I ask them, literally referring to the Openness as a concept that arose from the MT + meetings, if we could discuss such-and-so topic. I use Openness to explain to others why I make such requests, but also to give me more confidence as I really stick out my neck with these requests. You have to understand; this is all very new to us”. Similarly, an advisor of the Financial Advice department remarked: “our department has always received relatively few complaints about productivity or efficiency. But recently, I got the feeling that we are becoming more visible. People are asking: “what is it that you are actually doing, and what does it return?” We haven’t had that for a long time, but the notion of results orientation has definitely moved to the foreground”. The discourses and artefacts allowed the participants to address issues which were previously not available for discussion. In a sense, the ostensive aspect of the routine provided the participants of the MT + group with the means to account for their actions.

The discourses associated to the routine were also used to underline the importance of the routine itself. On several occasions, managers and employees explained the importance of the routine of planning and control in the very terms of this routine. These explanations were a form of circular reasoning, such as: “we want to be open, therefore we undertake planning and control”, whereas a desire for openness was an outcome of planning and control, not a prerequisite.

As the majority of participants were new to the routine, they were not guided by the ostensive aspect of the routine, since they did not have a clear understanding of the routine until it yielded artefacts, such as an annual plan and a set of core values. Arguably, they were guided by the consultant’s understanding of the routine, which could also be interpreted as the ostensive aspect of the routine. In any case, the first-time participants did not have a sufficient understanding of the routine to let it guide their actions in their first iteration. However, the function of discourse and artefacts changed in the third iteration of the routine, which took place in the period 2004-2005, and beyond.

2004-2005 and beyond: further iterations of the routine of planning and control

The third iteration of the routine was in many respects like the second iteration. Again, an MT + group was created, which was made up for the most part with last year’s participants. However, there was no external consultant. Instead, the previous internal project leader supervised the proceedings. The basic set of tasks was very similar to 2002-2003 iteration, although the timeframe was much shorter. The second iteration commenced in May 2003 with the MT + group meetings, whereas the third iteration did not commence until September 2004. The reason for this shorter timeframe was that the internal project leader wanted to cut the ROM programme short, as he felt that many results of the previous iteration were still valid. He explained: “ideally, we do not want to spend as much time on the process this time. Rather, we take the changed conditions that we see this year, and use them to alter last years’ results”.

This more selective treatment of the activities of planning and control was essentially an act of improvisation on the previous year’s iteration. The internal project leader argued that: “we can afford to be more selective, as we are familiar with last years results. We can really focus on the changes in our environment since that time”.

Improvisation was therefore typified by a logic of comparison. A logic of comparison means that the significance of performances in the routine were judged in comparison to the previous iteration of the routine. This was a considerable change from earlier iterations, where performances were guided by knowledgeable individuals. In the 2004-2005 iteration and beyond, this logic of comparison was the basis of improvisations on technical structures as well as social structures.

Improvisation on technical structures

The basis of the meetings was still the ROM manual and the accompanying templates, provided by Rabobank Nederland. However, they were not used in a similar fashion as in the 2003-2004 iteration. Rather, the participants were given last years results, including the core values and the annual plan and they discussed their viability for the current year. The ROM management manual structured these discussions, but the various sections of this manual were primarily used as a checklist to determine which aspects needed attention. When asked, the internal project leader explains: “the majority of last year’s results are still valid, so we can eliminate those. We used the management manual in that respect, although I suspect that Rabobank Nederland did not see this particular use for the manual.” Actually, during an interview several years earlier, the manager of Rabobank Nederland responsible for creating the ROM programme argued that: “member banks will have to do the entire programme once a year. Although I can imagine that some parts can be done quicker since previous results are still valid, the programme is created and described for a full cycle every year”. In the 2004-2005 iteration, the selective use of the ROM management manual brought considerable time saving. Also, since virtually all participants in the MT + group had performed the routine before, they were not looking for guidance to the same extent as previously. The formal rules of the programme, which in 2003-2004 were important guidelines for the new participants, were replaced by the previous year’s experiences. When asked in a subsequent interview, an employee explains: “we all still remember what we did last year and how we did it. We don’t need the manual for that so much”. Last years experiences had become part of the ostensive aspect of the routine, and had partly replaced the formal rules that had initially brought about planning and control.

Apart from improvising on the formal rules of the programme, the participants also used the artefacts produced in the earlier iterations. A case in point was the booklet which had described the results of the previous year’s iteration (see Appendix 2). During the subsequent years, this booklet was often used as a basis to either dismiss or confirm earlier results of the cycle of planning and control. An employee explained: “although it was a result of last year’s programme, this [booklet] is now a tool for the current cycle of planning and control. It summarises last year’s conclusions and I use it to explain which elements need current attention and which do not”. In essence, the booklet was an artefact which allowed people to account for the choices they made in the current iteration. This was much like the treatment of the previous annual plan. This too was used to evaluate the previous results and to decide which parts needed additional attention. These objects (the manual, the booklet and the previous annual plan) were still part of the routine, but they were used differently than originally anticipated. Existing artefacts essentially became new objects, representing not the outcomes of previous efforts, but rather objects for improvisation. Using information

about the year that passed, the participants of the MT + group mobilised these objects to create new ideas and priorities. When asked, one of the financial controllers noted: “last year, we spent much time on the plans, but hardly any time on their control. As a result, we had no real idea how to deal with deviations. This is a point of special interest for this year”. The artefacts and previous outcomes were used to decide which efforts were most effective, at the expense of the formal rules in the management manual. Improvisation was therefore aimed at increasing the relevance of the routine in the face of changed circumstances.

Improvising on social structure

Perhaps unsurprisingly, discourses were lingering around in the years after their conception. In addition to the technical structures discussed in the previous subsection, these discourses were also the basis for improvisation as they functioned as social structures. In particular, discourses related to the core values of the bank, which included “Openness” and “Commitment” were particularly persistent. In the preparation of the 2006-2007 iteration, a new project leader produced a planning document for the MT + meetings. This document explained the process of planning and control which was about to take place. It noted: “Openness means that we all know our tasks and responsibilities. It also means that costs and benefits are measurable and all employees understand their contribution to the results of the bank.” In a similar fashion, one of the “critical success factors” of this iteration was described as: “Commitment: in the meetings, the participants will be informed about the necessity and the manner in which the Rabobank is controlled. The objective is to have commitment for the attainment of our objectives[19].”

Although the notions of Openness and Commitment were still prominent, they were used in a dramatically different fashion than in the 2003-2004 iteration. Being Open was formalised as understanding responsibilities, instead of an attitude towards each other, and Commitment was a pre-requirement for performing the routine, rather than an outcome—as it was in earlier iterations. Although much of the original discourses continued to be associated with the routine, the changes in these discourses had impacted the performative aspect of the routine considerably. For example, the new meaning of “Openness” meant that a formal, individual listing of the tasks and responsibilities had to be produced. As a result, the MT + group in the 2006-2007 iteration worked on listing these tasks and responsibilities for themselves; an exercise which needed to be done for all employees of the bank. In a similar fashion, the requirement of Commitment led the MT + group to create lists outlining actions which needed to be taken to enhance commitment to their plans. The departmental managers were urged to use these lists to help them increase the commitment of the employees in their departments for the plans and their outcomes. In all, improvisation on discourses made changes in the performative aspect of the routine of planning and control obvious and understandable. As the project leader of the 2006-2007 iteration remarked: “it makes no sense to define precisely what we want to be and then not act upon it”. The manuals and rules did not prescribe these actions, but they arose from improvisations on discourses which allowed new actions to be introduced.

From the earliest iteration, discourses continued to change. Not just their meanings, but also their use varied significantly. The evolution of discourse in the routine illustrates the complexity of the routine. Discourses were subject to variation, as a

result of different uses in day-to-day situations. Similar terms were used in different ways and in different settings. Performances also changed as a result of continuing improvisations. Over time, there was not one routine. In actuality, the routine as a system of interactions continued to change shape as time progressed. Meanings and actions changed constantly, redefining the boundaries of the routine in the process. This was the complex nature of the routine of planning and control.

Discussion

The approach we have selected to explore the processes of change in routines relies on the distinction between the ostensive and the performative aspect of a routine. We have also emphasised the need for conceptualising the complex nature of routines. From this approach, we can derive a number of contributions to our understanding of management accounting routines and management accounting change.

First, we found that various explanations of management accounting change are closely related to the presence of management accounting routines. One of these explanations is referred to as loose coupling. As noted earlier, various theorists have used the notion of loose coupling to denote differences between formal rules aimed at securing external legitimacy and actual day-to-day practices in the organisation (Cruz *et al.*, 2009; Nor-Aziah and Scapens, 2007; Lukka, 2007; Siti-Nabiha and Scapens, 2005). In early institutional theory, it was argued that loose coupling emerged somewhat “automatically” in response to the external pressures for conformity (see Nor-Aziah and Scapens, 2007). Yet, over time, the process of loose coupling has come to be explained as:

- a more purposeful response to secure more time for adaptation (Siti-Nabiha and Scapens, 2005);
- a way to avoid resistance and conflict arising from institutional contradictions (Nor-Aziah and Scapens, 2007);
- a way to maintain ambiguous and sometimes contradictory rules and goals (Lukka, 2007); and
- a result of the introduction of variations in accounting practices to accommodate local differences (Cruz *et al.*, 2009).

We contribute to this literature by arguing that, at the level of groups of individuals, loose coupling can arise simply as a result of the ongoing reproduction of routines. We observed that formal rules were an important means to drive the emergence of the routine of planning and control. These formal rules, which could be found in manuals, such as the ROM management manual and the guidelines of the consultant, contributed greatly to the understanding of the participants in the routine, i.e. its ostensive aspect. For many of the first-time participants, the formal rules were important representations of the routine. However, after the initial iteration of the routine, the formal rules lost some of their relevance as a basis for the ostensive aspect of the routine, as more information had become available through this initial iteration. The participants gained experience with the routine and they had seen its outcomes. These experiences and outcomes partly replaced the original rules-based understanding of the routine. This was an instance of loose coupling where, with each iteration, the formal rules became less relevant as representations of the routine,

as the participants gained more experiences, which were included in the ostensive aspect of the routine. As the routine continued to be reproduced, the rules and the ostensive aspect of the routine were no longer aligned. Since the ostensive aspect informed the performances of the routine, these performances became increasingly detached from the original rules that instigated the routine. At the micro level of our study, loose coupling was not an organisational response to perceived pressures, nor was it a strategy to reduce resistance to management accounting change. Rather, loose coupling was an inevitable side-effect of the continuous reproduction of the ostensive and performative aspects of the routine of planning and control.

We also found that management accounting routines, by their very nature, are characterised by a dialectical relation between stability and change. The notion of dialectics has been discussed in studies of accounting change (Cruz *et al.*, 2009; Hopper and Major, 2007; Nor-Aziah and Scapens, 2007; Burns and Baldvinsdottir, 2005). However, there are two distinct uses of the notion of dialectics. One refers to the approach originally coined by Benson (1977) and subsequently discussed by Hopper and Major (2007); Yang (2006); Burns and Baldvinsdottir (2005) and Seo and Creed (2002). Here, the dialectical approach is an explanation of the ways that agency and interest can drive institutional change. A second use of the notion of dialectics is more literal. It refers to a relation between two opposite forces, which is paradoxical by its very nature. Examples of these relations are: processes and outcomes (Nor-Aziah and Scapens, 2007) and stability and change (Lukka, 2007; Siti-Nabiha and Scapens, 2005). Yet, these latter discussions about dialectics do not define the object or process which constitutes these dialectical relations. For example, Lukka (2007, p. 98) notes: “considering the formal and informal domains [of management accounting] simultaneously, change and stability can indeed coexist...”. In a similar fashion, Siti-Nabiha and Scapens (2005, p. 67) note: “decoupling can be the working out of a complex and dynamic process of resistance to accounting change. A process which [...] involves both stability and change”. As such, although many agree that dialectics are an important feature in the explanation of accounting change, they have been generally unable to specify precisely which phenomena are dialectical in nature. In this paper, we found that accounting routines are such a phenomenon. Our case study illustrated how improvisations can lead to reciprocal changes in the ostensive and performative aspects of the routine. After the initial iteration of the routine, the organisational participants were able to draw on early experiences and minimal structures to adapt the routine. As such, the case study illustrates that routines embody a dialectical relationship between stability and change. The ostensive aspect of the routine constrained the range of behavioural options available to the participants and it thus embodied stability. It also provided the conditions necessary for improvisation, as a stable basis is a requirement for improvisation to take place. This improvisation led to adaptations in the performative aspect of the routine. Therefore, routines as a fluid “object” both change and stay the same (Law and Singleton, 2005, p. 338). As such, the phenomena of loose coupling and dialectics were not “external” to the routine, but rather a consequence of the dynamically changing nature of the routine itself.

Second, we have learned how routines can be reproduced over time and how changes can arise from this reproduction. Burns and Scapens (2000, p. 7) noted that “in the process of routinisation, previously formulated rules may become modified as the

group locates mutually acceptable ways of implementing them". In addition, they argued that "in the enactment of . . . procedures routines will emerge and they will be reproduced and 'passed on' to new members in the organisation". This process of reproduction consists of the interaction of the ostensive aspect and the performative aspect of the routine. We found that the outcomes of previous iterations and the resulting artefacts informed the understanding of the routine. This understanding was the basis of the performative aspect. The ostensive aspect evolved through subsequent iterations and, as a result, the performative aspect changed as well. However, we did not observe a modification of the formal rules. Rather, they became increasingly irrelevant (see the previous paragraph).

The reproduction of routines not only led to changes, as compared to the formal rules, but change also arose between the different iterations of the routine. Johansson and Siverbo (2009, p. 155) argue that "variation may also arise when there is no specific intention or ambition to create something new as there is with innovation and imitation. In the reproduction of routines, small displacements (mutations) arise because reproduction cannot occur through duplication". Based on our case study we can explain this process as change through improvisation. People are no "social dupes" (Macintosh and Scapens, 1990) and they often perform routines with a certain degree of reflexivity (Seal *et al.*, 2004). We witnessed that the participants in the MT + group were able to introduce variations in their behaviours when they felt that they were necessary. This process of improvisation was constrained by the ostensive aspect of the routine. This means that changes in performances needed to be in line with the MT + group's understanding of the routine of planning and control. Such limits to improvisation are a reason for the path dependent nature of many management accounting changes (Modell *et al.*, 2007). The notion of path dependency has been criticised for being "a fashionable label for the intuition that "history matters" without a clear and convincing amount of decision making over time" (Kay, 2005, p. 553). North (1990) defines path dependency as a process which constrains future choice sets. This process was at the core of the reproduction of the routine of planning and control in our case study. For, with each iteration of the routine, the participants of the MT + group improvised on previous iterations. The outcomes and experiences with these previous iterations informed the ostensive aspect of the routine, which further constrained the act of improvisation. Therefore, contrary to Kay's (2005) views, we did not find that previous iterations limited decision making. Rather, they produced more information on which to base decision making. Variation in the routine was not random; it depended on the pragmatic use of information which emerged out of the previous iterations of the routine.

Third, our findings contribute to resolving the apparent confusion surrounding the precise meaning of routines. This is very important as conceptual ambiguities can lead to conflation and erroneous conclusions about stability and change (Englund and Gerdin, 2008). Our case study raises the possibility that the multiple definitions of routines exist, because there are in practice different kinds of routines with different characteristics. We can illustrate this point by contrasting the concept of routines used by Johansson and Siverbo (2009) with the concept of routines used in this paper. Johansson and Siverbo argue that routines are the dispositions to act, rather than the actions themselves. This view contributes to our understanding of why routines can persist, even when they are not enacted for extended periods of time. The notion of

routines as dispositions emphasises the stable nature of routines; but to explain changes in routines, additional constructs are needed. Johansson and Siverbo (2009) suggest several processes through which routines can change; one of which is related to the reproduction of routines. They describe this process of reproduction as follows: “reproduction occurs through the oscillation between behaviour and dispositions, or between enactment and reproduction using Burns and Scapens’ (2000) terminology” (Johansson and Siverbo, 2009, p. 155). When this process of reproduction is imperfect and variations arise between iterations, we can speak of change. However, on a more abstract level, Johansson and Siverbo (2009) and Burns and Scapens (2000) argue that the reproduction of routines also relies on the interaction of the routine with the institutions in the context in which the routine is located. As Johansson and Siverbo (2009, p. 152) note: “institutions are about the taken-for-granted assumptions that influence the selection of routines. Accordingly, continuity may stem from both retention (routine) and selection (institution) forces”. In their evolutionary point-of-view, selection refers to a process in which some routines are privileged over others. This process of selection is informed by the institutions which are available in the setting in which the routines are located. As such, Johansson and Siverbo consider replication to be a process which is guided both by dispositions, which are part of the routine, and by institutions, which guide the selection of routines appropriate to a particular social setting. Evidently, these institutions are not part of the routine.

By contrast, in our case study, existing institutions did not directly inform the reproduction of the routine of planning and control. Although the Rabobank is a highly institutionalised environment, planning and control were not part of the taken for granted assumptions underlying day-to-day activities in the bank. Consequently, the emerging routine of planning and control was not directly linked to existing institutions. Initially, the reproduction of the routine was very dependent on the formal rules and inputs from the consultant and the project leader, which informed the ostensive aspect. At that stage the activities of the majority of participants were not routinised, and the consultant and the project leader actively shaped the ostensive aspect of what was to become the routine of planning and control. In the later stages, previous experiences and knowledge of earlier outcomes became a dominant element in both the ostensive and performative aspects. Changes in the routine of planning and control were the result of the ongoing reproduction and improvisation of the routine. Each iteration of the routine of planning and control was different from the last, as the result of improvisations in the performative aspect. Such “imperfect” reproduction took place through enactment. As routines are processes rather than singular entities (Becker, 2004), the process of imperfect reproduction was at the heart of the routine. Its performative aspect was an essential element as it allowed the routine to be maintained on a regular basis. As Hodgson and Knudsen (2004) note: “a routine may disappear if it is not maintained and repeated”. In our case study, the performative aspect was an important element in the reproduction of the routine.

We can thus distinguish between institutionalised routines and non-institutionalised routines. Institutionalised routines are those routines whose reproduction is, at least partly, dependent on the taken-for-granted assumptions common to the social group in which the routine is located (Johansson and Siverbo, 2009). Non-institutionalised routines are those routines that are reproduced though

micro-level processes that are not directly associated to the institutional principles embedded in a social group. In our case study, these micro-level processes included the performances that allowed the routine to be reproduced over time. The comparison between Johansson and Siverbo's concept of routines and the findings of this paper thus implies that routines can have different processes of reproduction, rather than a "universal" process of reproduction, which applies to all routines. As such, there is not one process of change in management accounting routines. As we argued in this paper, routines are more complex than that. Change is typified by multiple, unpredictable and non-linear (fluid) trajectories. Therefore, for routines as theoretical concepts, there may be limits to a collapse into simplicity (Law and Singleton, 2005).

Conclusion

This paper has explored the conceptual nature of management accounting routines. Based on a review of the management accounting change literature, we argued that accounting routines are more often associated with stability rather than change. We also argued that previous studies have relied on other theoretical concepts, such as loose coupling and dialectics, to explain changes in management accounting practices. Yet, management accounting routines are very relevant to studies of management accounting change (Lukka, 2007; Burns and Scapens, 2000). Therefore, we posed the research question: through what processes do accounting routines in organisations change?

Based on an extensive case study at the Dutch Rabobank, where we were able to study a single management accounting routine, we drew several conclusions about the nature of management accounting routines and the processes through which they change. We observed that the process of reproduction of accounting routines could lead to instances of loose coupling; where the performance of the routine becomes increasingly detached from the original rules that prompted the existence of the routine. We also learned that conceptual differences between routines might be attributed to differences in the ways that routines are reproduced. As we pointed out in the Discussion section, the routine we explored was not institutionalised. This means that the process of reproduction was not governed by wider institutionalised principles, but rather by the routine itself. In contrast, the routines discussed by Johansson and Siverbo (2009) were institutionalised, and, as a consequence, their reproduction was (partly) governed by wider institutional assumptions underpinning interactions in the social context.

These findings provide insights into routines that are relevant for studies of management accounting change. Management accounting routines are part of many institutional explanations of management accounting change, but, until recently, the concept of routines has not been extensively discussed (Englund and Gerdin, 2008; Coad and Cullen, 2006). As such, this paper contributes to the ongoing discussions about the concept of management accounting routines. It unveiled how routines can emerge and how they change. It also discussed that different concepts of routines employ different assumptions about the nature of their reproduction. But more importantly, this paper has problematised the notion of routines. It emphasised that we need to move away from overly simplistic notions of routines in order to fully appreciate the complex nature of routines and their process of change.

However, more research is needed into the nature of routines and their processes of reproduction. We have discussed different views of routines, such as routines as dispositions and routines as recurrent behaviours. But it is unclear how these different concepts of routines are related. Do management accounting routines evolve from a set of recurrent behaviours into a set of dispositions? And how do institutions govern the process of reproduction of accounting routines as dispositions? Also, what is the relation between the ostensive aspect of routines and the dispositions that are part of these routines? These are just a few questions that are a consequence of the discussions in this paper.

Although many questions need to be answered, this paper has provided a potentially fruitful way of thinking about management accounting routines. It has focused on the micro processes by which these routines evolve and how they are reproduced. The paper clarified the nature of accounting routines and proposed a way in which they are reproduced. In all, we believe that studies into the nature of management accounting routines are important in their own right. But these studies also enhance our understanding of processes of management accounting change, as accounting routines are an important, but somewhat neglected, aspect of these processes of change.

Notes

1. One of the most striking illustrations of the ambiguities surrounding routines in studies of management accounting change is the fact that some authors have used both concepts of routines. We see papers by Scapens employing routines as modalities between structure and action (e.g. Burns and Scapens, 2000; Macintosh and Scapens, 1990), and also papers in which routines are essentially recurrent behaviours (e.g. Siti-Nabiha and Scapens, 2005; Nor-Aziah and Scapens, 2007).
2. *New Oxford American Dictionary*, 2nd edition, 2005.
3. Johansson and Siverbo (2009) view routines as dispositions for behaviours, but they do not include the behaviours themselves. Rather, they view the behaviours associated with the routine as artefacts. From their evolutionary point-of-view, Johansson and Siverbo point to the idea that routines continue to exist even when they are not enacted for certain periods. We concur, but behaviours are important mechanisms for the continuing existence of the routine. Feldman and Pentland (2003) give the example of medieval cooking: although artefacts of old cooking routines are still around (recipes, cookbooks), one cannot maintain that the routine still exists, since it is no longer enacted. As such, the enacting of a routine is an intrinsic element of the routine. We subscribe to Johansson and Siverbo's view that both dispositions and behaviours need to be addressed. Yet, we follow Feldman and Pentland's (2003) argument that behaviours are essential elements of routines, and cannot be excluded from a definition of routines.
4. Burns & Scapens (2000) made a point here noting that rules alone can be prone to resistance or simply be ignored.
5. We need to emphasise that we regard discourse as a part of organisational routines, rather than routines in themselves. We wish to make a clear distinction between action and the discourses which are associated with that action. Although we recognise that discourse can be seen as an act in itself (i.e. "discoursing"), we deliberately make a separation in order to clarify our argument. As a result of this separation, we do not attempt to explain how the act of "discoursing" becomes routinised (see Ezzamel *et al.*, 2007 for an example of such an act).
6. The noun "performance" refers to the action of carrying out actions, tasks or functions.

7. An iteration of a routine is one complete repetition of both its ostensive and performative aspects. The process of reproduction of routines can thus be studied by observing the iterations of these aspects sequentially. As such, the process of reproduction of a routine can be detailed in a series of iterations.
8. Van der Meer-Kooistra and Scapens (2008) proposed two additional types of minimal structure in an accounting context. They included economic structures and institutional structures to explain the governance of lateral relations in and between organisations. However, as our analysis focuses primarily on the micro processes of routinisation, we limit ourselves to social and technical structures which manifest themselves at the micro level. In addition, as we argue in the paper, these structures are closely associated to the ostensive and performative aspects of individual routines.
9. As the researcher continued to visit the bank he gathered additional data in the years following 2006. However, as the emphasis of these visits was on a different research project, we consider 2006 the final year of data gathering for this study.
10. The recent banking crisis, which resulted in reduced customer confidence in banks in general and the nationalisation of some Dutch banks has affected the Rabobank to only a limited extent. In 2008, the Rabobank organisation reported an increase in balance sheet totals, profits and number of employees. In addition, it retained its favourable credit ratings. The bank has actually benefited from the crisis in terms of its ability to attract savings. Rabobank Groningen has experienced a sharp increase of funds placed in savings accounts, because of its reputation for stability, prudent risk management and its cooperative structure (Financial Controller, Rabobank Groningen).
11. This has not materially changed in the economic climate of 2008 and early 2009. The former General Director of Rabobank Groningen noted: "we are able to express our cooperative identity particularly in poor economic conditions". By this he meant that the Rabobank is able to distinguish itself from its competitors by showing that it backs customers even when the economy is poor.
12. Source: ROM management manual.
13. Progress was a programme designed to promote the use of the bank hall for advice, as opposed to day-to-day financial transactions, which could be done by machines. FAST was a restructuring programme to increase the effectiveness of the sales activities.
14. The Rabobank Group continued to refer to the programme as ROM, but the Groningen bank abandoned this name as the MT + group felt that, over the years, their activities had become too dissimilar from the formal features of the ROM programme.
15. This paper focuses on the emergence of the routine in the MT + group. Although many rules and procedures, which arose from ROM, applied indiscriminately to all employees, we limit ourselves to the participants of the MT + group, as they were involved in the initial inception of the routine.
16. As noted earlier, the first iteration of the routine was limited to the management team of the bank. As we focus on the processes in the MT + group, we start our analysis at the second iteration, which was the first encounter with ROM for the majority of participants.
17. These were discussions in small groups, with flip charts that contained information collected up to that point.
18. This was an instance of equifinal meanings, which Donnellon *et al.* (1986, p. 44) define as interpretations that are dissimilar, but that have similar behavioural implications.
19. Source: Planning process 2007: the route to new challenges, Rabobank Groningen, dd. March 31, 2006.

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Appendix 1

The change of accounting routines

Duration (hours)	Participants
8.00	<i>MT + meetings</i> MT + team consisting of management team and participants from departments (total 12 participants)
9.00	MT + team consisting of management team and participants from departments (total 12 participants)
8.00	MT + team consisting of management team and participants from departments (total 12 participants)
8.00	MT + team consisting of management team and participants from departments (total 12 participants)
	<i>Formal interviews</i>
1.00	General Director Rabobank Groningen
2.00	Financial Controller
2.50	Financial Controller, Manager Business Administration, Consultant Rabobank Nederland, Financial controller II
2.00	General Director
3.50	General Director, Manager Business Administration, Manager home and mortgages, Manager corporate clients
0.50	Financial controller
3.00	General Director, all staff
1.50	Manager corporate clients
1.50	Manager Home & Mortgage
1.00	Manager client advice
2.00	Management team
1.50	General Director
1.50	Consultant Rabobank Nederland
3.00	General Director, Manager Client Advice, Financial Controller, Manager Corporate Clients
1.50	Manager HRM
1.50	Financial controller
1.50	Manager HRM
2.50	General Director, all staff
3.00	Manager corporate clients
3.00	Various members of the cooperative Rabobank Groningen
2.00	Consultant Rabobank Nederland
1.50	General Director
1.50	Manager HRM
1.00	Financial controller
1.50	Account manager Financial Advice
1.50	Manager HRM
1.00	Manager HRM
1.00	General Director
1.00	Manager Client Advice, Manager Business Administration, Manager Planning and Control
1.00	Manager planning and control
1.00	Manager planning and control
1.00	Manager planning and control
	<i>Other meetings</i>
4.00	Member panel meeting attended by MT + members and several members/customers of the bank



Notes: Front page and page 5 of the booklet: “*Partner in Ambition*” (2003-2004). The top half reads: Partner in Ambition! Strategic course of Rabobank Groningen. The bottom half reads: **Result Oriented** setting targets and achieving them **Committed** knowing what someone else wants and how to contribute to that **Reliable** keep your promises and do a good job **Open** dare to ask for feedback and be willing to accept it **Entrepreneurial** seeing opportunities and acting on them in a responsible fashion

Figure A1.
Booklet explaining results
of 2003-2004 iteration

Appendix 3**The change of
accounting
routines**

Subgroup	Core value defined
Subgroup 1	Reliable Cooperative Entrepreneurial Open Committed
Subgroup 2	Responsible Reliable Cooperative Result-oriented
Subgroup 3	Entrepreneurial Respect Cooperative Entrepreneurial Customer-focused Joyful

547**Table AII.**
Core values**Corresponding author**Martijn van der Steen can be contacted at: m.p.van.der.steen@rug.nl

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