

СЕКЦІЯ 1 ЕКОНОМІЧНА ТЕОРІЯ ТА ІСТОРІЯ ЕКОНОМІЧНОЇ ДУМКИ

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CHALLENGES, BARRIERS AND OPPORTUNITIES FOR CHANGE IN MANAGEMENT ACCOUNTING AND CONTROL PRACTICES DIFFUSION

This paper considers a current state of management accounting practices diffusion research and reviews the barriers, challenges, sources of resistance and opportunities discovered in various diffusion reports. The study focuses on two most popular and fashionable management accounting innovations, namely, Activity based costing and Balanced Scorecard. Authors offer explanations and list factors that influence a speed and rate of management accounting innovations adoption or influence the decision to reject a particular practice. All barriers and opportunities are divided into rational and irrational and are analyzed from the different perspectives that may help to understand and explain management accounting change more widely.

Keywords: diffusion of innovations, management accounting change, barriers to change, balanced scorecard, activity-based costing, institutional theory, management fashion.

Жилінська О.І., Фірсова С.Г., Аксьом Г.І. ВИКЛИКИ, ПЕРЕШКОДИ ТА МОЖЛИВОСТІ У ДИФУЗІЇ ПРАКТИК УПРАВЛІНСЬКОГО ОБЛІКУ І КОНТРОЛЮ

У статті розглянуто та підсумовано поточний стан у дослідженнях дифузії практик управлінського обліку та зроблений огляд перешкод, викликів, джерел спротиву інноваціям та можливостям, які містяться у численних дослідженнях дифузії. Стаття зосереджена на двох найбільш популярних інноваціях управлінського обліку та контролю – ABC та BSC. Авторами запропонований аналіз і пояснення факторів, які впливають на рівень та швидкість впровадження практик управлінського обліку або на відхилення інновації. Усі перешкоди та можливості поділені на раціональні та ірраціональні та проаналізовані і концептуалізовані з точок зору різних теоретичних підходів, що дає можливість краще зрозуміти та пояснити зміни в управлінському обліку.

Ключові слова: диффузія інновацій, зміни в управлінському обліку, перешкоди на шляху до змін, збалансована система показників, абс-костінг, інституційна теорія, управлінські моди.

Жилинская О.И., Фирсова С.Г., Аксём Г.И. ВЫЗОВЫ, БАРЬЕРЫ И ВОЗМОЖНОСТИ В ДИФФУЗИИ ПРАКТИК УПРАВЛЕНЧЕСКОГО УЧЕТА И КОНТРОЛЯ

В статье рассмотрен и подытожен текущий статус исследований на тему диффузии практик управленческого учета и сделан обзор барьеров, вызовов, источников сопротивления изменениям и возможностям, которые были найдены в предыдущих исследованиях. Статья сосредоточена на двух наиболее значимых и распространенных инновациях управленческого контроля и учета – системе сбалансированных показателей и абс-костинге. Авторами предложены анализ и объяснение факторов, которые влияют на скорость и уровень внедрения новых практик или на отказ от них. Все преграды и возможности разделены на рациональные и нерациональные и проанализированы с точек зрения разных теоретических подходов, что дает возможность лучше понять и объяснить изменения в данной области.

Ключевые слова: диффузия инноваций, перемены в управленческом учете, барьеры на пути к переменам, сбалансированная система показателей, абс-костинг, институциональная теория, управленческие моды.

Problem statement. Change issues are considered among the most important research tasks by the management accounting explorers [1, p. 3]. It is therefore important to catch changes and shifts in practices that present itself as a stable routines and rules [2] and are highly institutionalized [3, p. 193] [4]. At the same time new management accounting innovations emerge regularly and a diffusion and successful adoption of most of them are vital for organizational competitiveness and sustainable improvement. Researchers aim to understand why some innovations diffuse and become widely adopted and used while others do not and what drives the diffusion process on different stages [5]. In general terms, diffusion and adoption of innovations

serve for obsolete and irrelevant practices deinstitutionalization and removal. Studies of the diffusion patterns and logics help to achieve fast and successful transfer of management accounting practices and ideas across various institutional environments and cultural contexts [6]. The aim of this paper is to gather and systematize difficulties and challenges organizations experience when implementing new management accounting practices and concepts as it may help managers to prevent further possible sources of barriers and/or resistance.

Literature review and recent trends. Since most fashionable management accounting innovations appeared on the market many researchers have been

making attempts to investigate patterns and logics of its diffusion and adoption by organizations. Probably two most famous innovations of the last 20-25 years, namely – Activity Based Costing (ABC) and Balanced Scorecard (BSC) attracted most of researchers. In 1990's numerous qualitative and quantitative studies had been conducted in different countries and industries, examining both supply and demand side of diffusion process as well as mediators and carriers of concepts. ABC has gained a large attention mostly in Scandinavian countries: in particular Bjørnenak has been studying ABC dissemination across Norwegian organizations [7] [8] [9], while Malmi followed diffusion routes in Finland [5] [10] [11]. Balanced Scorecard diffusion has been examined in works of Ax and Bjørnenak [12], Malmi [13] and Kasurinen [14]. This paper also focuses on these two innovations as the most famous and widely adopted. Among others notable researchers of management accounting innovation diffusion can be outlined J. Clarke, N. Hill, K. Stevens, J. Innes, F. Mitchell, C. Drury, C. Ax, M. Shields, M. Granlund, K. Lukka, P. Israelsen.

Unsolved problems and issues. Although a number of empirical studies have been conducted during the last two decades there are still not enough evidences of the barriers management accounting innovations face when spreading across various countries and industries. Moreover, there is a lack of reviewed and systematized studies on all challenges in diffusion process. It is also a gap in studies that distinguish between rational and irrational decision-making performed by demand side.

Purpose of this paper. This paper aims to fill the gap between various theoretical and methodological approaches in MA diffusion studies and presents a list of issues expressed in numerous field studies and to offer the way it can be solved.

The main part. Two most famous management accounting innovations have been spreading across numerous countries and industries during the last two decades and rate and speed of adoption have been documented by many scholars in various locations. Nowadays, a range of these innovations are seem to be widely institutionalized and «taken-for-granted» even though organizations often experience difficulties with imple-

Table 1

Barriers and opportunities for management accounting innovations diffusion and implementation drawn from literature review

Author	Management accounting innovation	Challenges, barriers and sources of resistance found	Opportunities that increases chances for successful adoption
Scapens and Roberts (1993) [23]	New accounting control system	Resistance to new cost accounting system was rooted in institutional factors, namely, employees failed to secure its legitimacy.	Not mentioned
Shields (1995) [24]	ABC	Barriers rooted in organizational and behavioral factors	Success of the ABC adoption was attained due to the support of the top management and linkage the new system with an existing strategy.
Innes and Mitchell (1995) [25]	ABC	- ABC rejection usually caused by the high level of resources required for functioning of the tool.	Not mentioned
Roberts and Silvester (1996) [26]	ABC	- Internal factors, mainly resistance to change due to the attitude towards the new tool as too much complicated.	Authors claim that there are no perfect or universal conditions for diffusion and adoption.
Bjørnenak (1997) [7]	ABC	- Resistance to change - Cultural barriers (especially in cross-national diffusion)	Not mentioned
Malmi (1997) [11]	ABC	There are no major sources of resistance but it emerge from various internal and external factors	Implementation results can be perceived as both success and fail in the same case.
Clarke, Hill and Stevens (1999) [27]	ABC	- Irish managers are marginalized and don't demand new practices to implement; - Passiveness of both supply and demand side;	- Radical transformation of educational programs, particularly, MBA.
Kasurinen, (2002) [14]	BSC	- Lack of more detailed instructions for adoption. - Lack of time, resources and motivation.	Trade-off between ambiguity and viability of the concept offers a wide opportunities for implementation.
Ax and Bjørnenak (2005) [12]	BSC	- Distance - Low interpretative viability - Cultural, linguistic and mental barriers	Success of the diffusion and adoption stages can be attain from innovation's attributes, in particular, interpretative viability.

Table 2

Generalized sources of barriers and opportunities for innovations spread and adoption.

Barriers' background		Sources of opportunities
Rational	Irrational	
Resistance to more complicated and challengeable innovation among employees	Failure to see an innovation as legitimate	The support of the top management and linkage the new system with an existing strategy and performance evaluation.
Lack of more detailed instructions for adoption	Imitation of others organization non-adoption	Success of the diffusion and adoption stages can be attain from innovation's attributes, in particular, interpretative viability.
Lack of time, resources and motivation	Low interpretative viability	Modernization and adoption of new curriculum standards in order to improve existing educational systems and thus awareness about new concepts and tools.
Cultural, linguistic and mental barriers	Institutional pressures	Role models inside a given organizational field can be imitated by peers.

mentation and use [12] [15] [16]. Accordingly, these concepts are not innovations anymore but recognized and established practices that constitute a set of rules and routines for some organizations while others perceive them as innovations *per se*. Management accounting innovations still spread around the globe as they fit various industries in different parts of the world [16] [17] and each new organization encounters many types of difficulties and barriers like first adopters of an innovation [17]. It is therefore important to gather all known problems that occur during the implementation phase both on supply and demand side.

Diffusion, adoption or non-adoption of MA innovations used to be considered and explained through various theoretical frameworks, where the most popular are traditional diffusion of innovation approach established by Rogers, management fashion theory, institutional theory, actor-network theory, Scandinavian institutionalism. Traditionally, all approaches divide into two main approaches: the first one is based on rational actor model while the second one builds around irrational logic and patterns of actors' behavior towards new management concepts and tools implementation. This second perspective provides explanations on what drives a rejection of efficient innovations and adoption of inefficient ones while rational choice-based literature has a limited view on these issues. It means that researchers focus on the demand-side, considering decisions made by potential adopters as rational and independent thus explaining the rate and speed of adoption by optimal decisions making. At the same time institutional and fads and fashion perspectives suggest that managers are driven by the work on supply side and implement new concepts and tools in order to appear legitimate. Management fashion theory in particular extends traditional diffusion and institutional approach and claims that all popular concepts and techniques are created by fashion-setting community and this supply side redefines a norms of rationality and inspires fashion-followers that certain management concept are at the forefront of management progress [18]. Fashion perspective extends neoinstitutional literature on diffusion and rejection of administrative innovations [19] [20] when explaining a non-adoption of innovations in general and management accounting innovations in particular as a part of imitative behavior which relies on collective beliefs that certain management concept is no more effective and progressive [21, p. 599].

Some researchers argue that decisions to adopt or reject innovation should be considered from the different perspectives as it helps to highlight more patterns of this process and shed light on interactions between supply and demand sides [22].

This paper takes into account both rational and sociological model in order to extend and systematize notion of barriers and opportunities for both supply and demand side experience when transferring management accounting innovations. Table 1 illustrates different sources of resistance and other barriers and challenges that were found in management accounting diffusion studies of past two decades. Simultaneously, opportunities for rate and speed of adoption are gathered from the literature on the topic. In Table 2 evidences of management accounting diffusion barriers and opportunities are generalized from ABC and BSC cases to universal set of sources that causes or increases to some extent above mentioned factors.

As it is evident from the table presented above – there is a specter of challenges and barriers change agents face when implementing or considering imple-

mentation of a certain management accounting innovation. Researchers explain these issues referring to a high level of stability and institutionalization of accounting practices and every new change met with a degree of resistance [1] [6]. Next table conceptualizes existing barriers in order to offer a set of general issues that could emerge during the adoption and post-adoption stage.

Among the recent assumptions related to the best ways of handling challenges occurred together with concept's implementation interpretative viability [27] and alignment with existing institutional norms [20] are named. The more complex and radical change is brought with the innovation's implementation the bigger role play these specific attributes [12]. Another issue is constituted by institutional models of diffusion: when early adopters are motivated by the efficiency and performance benefits that are offered by innovation, later adopters seek for legitimacy and thus are guided by more irrational motives and logics of decision making. However this point of view is called into question by recent studies, particularly arguing that motivations based on efficiency and legitimacy seeking can coexist since later adopters can be also interested in technical benefits [28].

Summing up, it is evident from literature review provided earlier in this paper that management accounting change is complex and challengeable, delivering a broad range of barriers that can stop or slow down an innovation's diffusion and adoption. Various perspectives deliver different explanations of the way a particular innovation are interpreted and adopted in organizations and what causes and motivates a decision making on the demand side and concept promotion on the supply side. It is therefore important to consider different theoretical approaches and factors when examining innovations adoption across various industries and countries.

Conclusions. Management accounting change and diffusion of this change remain to be one of the fundamental issues in the subject among both scholars and practitioners [6]. After all, recent studies suggest that success of a diffusion process depend not so much on the barriers or activity on the supply and demand side, characteristics of communication channels but rather on a trade-off between the institutional logic of innovation and institutional logics dominated in a particular organization. Recent studies emphasize the importance of certain innovations' attributes that help to trigger a diffusion process and influence its rate and speed of adoption.

Analysis of the secondary data that has been provided in this paper may be useful both for scholars and practitioners since first ones can use it in further research while last ones may take into account these findings and successfully abandon barriers brought with diffusion issues in the future. An ability to integrate this knowledge with existing efforts on diffusion and adoption process can influence the positive outcome significantly, especially if adopters will use knowledge about the threats and barriers as a part of concept's interpretative viability [29] [30].

Further research. Researchers call for more studies that address various diffusion issues in management accounting diffusion patterns. Examining sources of barriers and challenges in adoption process scholars can find more suggestions about the better ways of new concepts interpretation and implementation. In this way more qualitative and quantitative studies should be conducted in order to define how

important are the distance, cultural peculiarities or innovations' attributes for the rate and speed of adoption as well as demand and supply sides should be addressed respectively.

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