

The human side of accounting:

The bonds between human
agency and management
accounting practices' changes
in the transitional economy

Olga Iermolenko

BUSINESS SCHOOL

**The human side of accounting:
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Olga Iermolenko

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Olga Iermolenko
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Synopsis

When studying management accounting practices' (MAPs) changes, researchers tend to refer not only to the technical components of changes but also to *the human side of accounting* – the human actors involved and affected by changes. This thesis studies the human side of accounting, using the notion of human embedded agency. The thesis refers to the ability of human actors to perform accounting's institutional work of creating, maintaining and disrupting MAPs. This consists of a temporally embedded process of social engagement that is informed by the past but is also oriented towards the future and towards the present, thus forming the three basic dimensions of human agency: *practical-evaluative, projective and iterational (habitual)*. Nevertheless, the bonds between MAPs in conditions of significant transformations and the impact of the human agency's dimensions on these practices remain vague.

This thesis aims to extend the existing explanation boundaries of MAPs' changes and to (re)conceptualize the role of human agency in shaping and interpenetrating diverse forms of MAPs. More specifically, it explores *how human agency's different dimensions are intertwined with management accounting practices during significant transformations*. The motivation to study the context characterized by significant changes stems from the fact that the extent of accounting academic literature largely focuses on the issues related to MAPs' changes in well-established Western contexts. Thus, it describes so-called 'naturally occurring' changes, with little attention being paid to more difficult contexts, characterized by significant changes in MAPs, such as those observed in transitional economies, where management accounting as practice and discipline has been established quite recently.

By means of four different but theoretically interrelated studies, the thesis introduces readers to the practices of management control and accounting and the changes these practices have undergone in the context of the transitional economy. Firstly, the literature review paper describes and compares the progress in MAPs' reforms across different post-socialist countries (PSCs) of Central and Eastern Europe and former Soviet republics. The three basic dimensions of agency are then examined in three empirical studies. Each study draws upon a particular agency's dimension (*practical-evaluative, projective and habitual*) and examines its role and bonds with MAPs. By so doing, the three empirical papers add new perspectives to some 'classic'

accounting dilemmas – *coercive vs. enabling, formal vs. informal control, stability vs. changes.*

The thesis makes several contributions. It provides new perspectives on MAPs and their change processes, by appreciating the affectional, psychological and emotional components of MAPs. This study also contributes to management accounting and control literature on accounting in transition, by revealing the role of human agency in making different levels of progress, in terms of accounting reforms across PSCs. The three empirical studies juxtapose such categories as ‘situated awareness’, ‘care’ and ‘habit’, as parts of agency’s different dimensions, with the accounting dilemmas and explain the outcomes of MAPs’ changes, resulting in ‘enabling coercion’, ‘use of informal controls’ and ‘serial institutional entrepreneurship’. Finally, this study revives some classic accounting studies and proposes ways to add the ‘new’ perspective into analysis – the ‘human side’ of accounting.

Key words: human agency, management accounting practices (MAPs), transformation, post-socialist countries (PSCs), Ukraine

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List of abbreviations

EU – European Union

IE – Institutional Entrepreneur

IFRS – International Financial Reporting Standards

KPIs – Key performance indicators

MA – Management accounting

MAP – Management accounting practice

MAS – Management accounting system

MCS – Management control system

MNC – Multinational company

PM – Performance measurement

PMS – Performance measurement system

PSC – Post-socialist country

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Chapter 1. “The human side of accounting. The bonds between human agency and management accounting practices’ changes in the transitional economy”

1. INTRODUCTION

Background and definition of key concepts

Management accounting practices (MAPs), beyond the normative literature with its focus on objectified accounting, are widely considered to be socially and institutionally constructed (Ahrens & Chapman, 2007; Burchell et al., 1980; Baxter & Chua, 2009; Chapman et al., 2009; Hopwood & Miller, 1994; Miller & Power, 2013; Gerdin et al., 2014). Different studies have proved that human-related aspects often cause amendments in the MAPs’ development path (Covaleski et al., 2013; Granlund, 2001; Kholeif et al., 2007; Yang & Modell, 2015; Siti-Nabiha & Scapens, 2005; van der Steen, 2009). However, the bonds, which indicate the recursive relationship between these aspects and MAPs, remain unclear.

A metaphor ‘the human side of accounting’¹ is picked up to indicate my research interest in the human’s influence on the development of MAPsⁱ. It is to be studied through the notion of human (embedded) agency (Emirbayer & Mische, 1998; Battilana & D’Aunno, 2009; Seo & Creed, 2002). The human (embedded) agency concept, as it is used in this study, describes the abilities of people ‘on the ground’, with their distinctive mentalities, traditions, viewpoints and other psychological aspects (Hall, 2016) that make them engage in accounting institutional work of creating, maintaining and disrupting MAPs (Battilana & D’Aunno, 2009). Agency itself is also a socially and institutionally structured phenomenon (Scott, 2014). It may be oriented towards the future but also informed by the past and the present (Emirbayer & Mische, 1998; Battilana & D’Aunno, 2009).

In situations characterized by significant changes and transformations, the role of the ‘human side’ is even more evident (Widener, 2014); therefore, I study cases of significant transformations. This thesis aims to extend the existing explanation boundaries of management accounting practices’ (MAPs) changes, and to

¹ Inspired by Douglas McGregor’s famous book *The Human Side of Enterprise* (1960). See notes on p.242.

(re)conceptualize the role of human agency in shaping and interpenetrating diverse forms of MAPs under conditions of significant transformations. The notion of ‘transformation’ is used in different dimensions throughout this thesis but largely to indicate a significant change in the environment (generally referred to as a transition from planned to market economy) and in MAPs.

Throughout this thesis, a broad definition of MAPs is used that includes the management accounting, information and control perspectives (Baxter & Chua, 2009). MAPs are an important part of the entire spectrum of control mechanisms used to motivate, monitor, measure and sanction the actions of managers and employees in organizations and to coordinate these with the other components of an organization, such as information and communication technologies (Macintosh & Quattrone, 2010). MAPs are often described as tools assisting managers in decision-making and in coping with uncertainties (Simons, 1987; 1994). These tools are represented in pure numerical or mixed form (e.g. budgets, activity-based costing (ABC), key performance indicators (KPIs), balanced scorecards (BSC), etc.). MAPs are proven to have an influence over people’s behavior but are also affected by human activities (Horton & de Araujo Wanderley, 2018; Birnberg, 2011; Hall, 2016; Mai & Hoque, 2017). Thus, the design and mobilization of MAPs is largely dependent upon human intentions, abilities, interests, etc. (Horton & de Araujo Wanderley, 2018).

In management accounting practices, transformation² means a complete change in the form or character of MAPs, especially for their improvement. The transformations in management accounting or MAPs’ development paths are often rife with dilemmas, which will be examined in the dissertation.

‘Why did I choose to focus on the context of the transitional economy?’ – Some arguments in support of the research setting

One of the motivations for studying the context, characterized by significant transformations, is that a majority of researchers interested in MAPs’ changes focus on relatively stable environments, typically referred to as ‘advanced capitalist economies’ (Ezzamel & Xiao, 2011; Hopper et al., 2009). In studying these contexts,

² “Transformation is a complete change in the appearance or character of something or someone, especially so that that thing or person is improved” (Cambridge Online English Dictionary, <https://dictionary.cambridge.org/>, accessed in November 2017).

researchers obtain good understanding of the mechanisms of incremental changes (Siti-Nabiha & Scapens, 2005) or the so-called 'naturally occurring' management accounting changes, which might not be considered imposed and difficult. Meanwhile, studies in contexts characterized by radical changes (i.e. 'transitional economies'³), with their radical implications for the human actors, are left largely unexamined in the accounting academic literature (Ezzamel & Xiao, 2011; Hopper et al., 2009; Yazdifar & Tsamenyi, 2005; Peng & Heath, 1996).

Taking into account that a significant part of the world's population lives in countries with a transitional economy or in developing countries, and that Western businesses are expanding their activities faster than ever before there, the sparse literature attending to 'non-advanced capitalist economies' looks even thinner than previously thought, given the much greater body of literature devoted to accounting in the few advanced capitalist economies (Ezzamel & Xiao, 2011). By attaining more knowledge in the area of MAPs in PSCs, we can better assist managers who operate and organize international channel systems in an increasingly uncertain and interrelated business world (Manolis et al., 1997, p. 514).

Further, according to several studies, changes in accounting and other reforms taking place in countries with transitional economies potentially represent a rich seam for theoretical discoveries and the refinement of existing theories (see e.g. Hopper et al., 2009; Ezzamel & Xiao, 2011; Moilanen, 2007, 2008, 2012; Yang & Modell, 2015; Paladi & Fenies, 2016). For instance, from the Western viewpoint, the changes and improvements of MAPs in different organizations in PSCs are often associated with adaptations of/to Western accounting practices, to achieve better control and improve performance (Haldma & Laats, 2002).

Thus, the travel of accounting ideas from advanced capitalist economies to PSCs is then a fundamental research issue. However, according to Ezzamel & Xiao (2011), the research in this field should seriously consider the possibilities of accounting ideas travelling the other way round, from developing and transitional economies to advanced capitalist countries, because many of the transitional countries managed to find their own 'novel' ways of survival and development under significant recessions and economic crises. Thus, relatively little attention has been given to studying more

³ In this thesis, 'countries with transformational economy' are taken to mean post-socialist countries (PSCs) of Central and Eastern Europe and former Soviet republics.

disruptive contextual transformations and their influence on the 'human side'. In turn, a lack of such studies opens opportunities for researchers to study the implications of radical changes and the bonds between MAPs and human agency in a 'novel' context.

'How has the human agency concept come into play?' – Insights from institutional theory

From the institutional theory perspective, MAPs are seen as institutions that may bind and constrict the behavior of organizational inhabitants (Scott, 2014). MAPs, then, become taken-for-granted rules in organizations (Burns & Scapens, 2000), providing "stability and meaning to social life" (Scott, 2014, p. 56). Therefore, MAPs, as institutions, are quite resistant to change (Bourmistrov, 2017; Granlund, 2001; Jepperson, 1991; Siti-Nabiha & Scapens, 2005). To explain how institutions may develop and change, that is, to explain institutional change, two theoretical perspectives have dominated during different periods in organization and accounting literature: old institutionalism and neo-institutional theory (Hiebl, 2018; Arroyo, 2012).

Throughout the history of social science, a tension has existed between those theories that emphasize structural and cultural constraints on action and those that emphasize the ability of individual actors to "make a difference" in the flow of events (Scott, 2014, p. 92). Old institutionalism focused on the roles of different actors as organizations and individuals and attributed to the actors' free will and the ability to act autonomously and proactively (Battilana & D'Aunno, 2009). Actors with a high degree of agency attributed to them were therefore viewed as the primary sources of change (Green & Li, 2011; Hiebl, 2018). This perspective, however, is criticized for adopting an overly rational, self-concerned and highly autonomous view of individual and organizational actors, that are in fact embedded in particular institutions that constrain their behavior (at least, to some degree).

Studies referred to as neo-institutional theory largely focused on the structural aspects of changes and therefore typically assumed that structural constraints shaped actors' behavior and that actors adapted to institutions (Battilana & D'Aunno, 2009; Greenwood & Hinings, 1996; Suddaby, 2010). Thus, the premise of this stream of literature is that (almost any) ideas spread, land and are eventually enacted in organizations. However, this perspective failed to explain why identical accounting

patterns or ideas are enacted in some organizations, and are even perceived as enabling, but fail and are perceived as coercive in others, even though they seem to have followed a similar implementation algorithm. Further, some studies showed how formal control mechanisms had to be substituted by informal control systems, because of the choices made by managers 'on the ground', despite the directives 'from the top' (Preston, 1986).

Combining the old institutionalism with the neo-institutional theory, Seo & Creed (2002) referred to a "paradox of human embedded agency", that is, how actors who are embedded in and experience structural pressures can be a factor in changing those institutions. This paradox refers to the actor's purposeful behavior to create, maintain or transform existing institutions (Battilana & D'Aunno, 2009; Garud et al., 2007; Greenwood & Suddaby, 2006; Kilfoyle & Richardson, 2011). According to this approach, being embedded in particular institutions, actors still have a certain degree of reflexivity (Archer, 2009, 2010; Battilana & D'Aunno, 2009) that allows them to engage in accounting institutional work and, consequently, in MAPs' changes (Englund et al., 2013; van der Steen, 2006). Thus, this approach allows researchers to look at MAPs not only as external (given) constructs but also as the products of human actions (Zilber, 2013; Battilana et al., 2009). I chose this approach, because I am interested in defining bonds between MAPs and human embedded agency that assumably are in a recursive relationship.

Thus, the interplay between institutions and human agency is an interesting and fast-growing area of academic research (Hiebl, 2018), and it has great potential for finding new reasons or explanations for 'classical' accounting change literature dilemmas: (1) Why and how are changes perceived as coercive or enabling in organizations (coercive vs. enabling control dilemma)? (2) When do actors prefer using formal or more informal control mechanisms (formal vs. informal control dilemma)? and (3) Why and when do some actors engage in accounting institutional entrepreneurship, while others do not (stability vs. change)?

Main research question and aims of the dissertation

This dissertation addresses the main research question - *How are human agency's different dimensions intertwined⁴ with MAPs during significant transformations? I*

⁴ I chose the word 'intertwined', to show a recursive relationship between MAPs and human agency.

chose to focus on contexts of significant transformations, because they represent challenges for business in forms of diverse uncertainties (Otley & Soin, 2014) and have inevitable implications for the human actors involved (Widener, 2014). Referring to accounting, the MAPs' changes are often undertaken in times of transformations, as it is in the context of PSCs (transformations in economic systems, privatizations, new accounting regimes, etc.). Further, it is believed that, in times of transformations, hidden things become more visible (Foucault, 2013). Therefore, it is believed that the cases reported here will provide a rich description of the role of human agency's dimensions in undertaking MAPs' changes.

The aims of this dissertation are, then, threefold: (1) to examine the influence of radical changes (significant transformations) on the development of MAPs and the role that human agency plays in this development; (2) to demonstrate and analyze the different aspects (dimensions) of human agency that interpenetrate diverse forms of management accounting (control) practices; and (3) to point out the implications of such a multifaceted conception of human agency for management accounting academic research.

In order to achieve these aims and to answer the main research question, the thesis consists of four papers – one literature review and three empirical studies – all based on qualitative research methods (Scapens, 2004). The developed papers address four different but theoretically interrelated cases of MAPs' development under significant transformations, in which embedded human agency played an evident role in these processes. These cases are (a) MAPs transformations caused by transition from planned to market economy in post-socialist countries (Paper 1); (b) radical organizational and control regime changes in former state-owned enterprise (SOE) in Ukraine (Papers 2 and 4); and (c) transformations of abstract ideas into real objects (big construction projects in Ukraine and Norway) and changes in design and use of management control systems in these projects (Paper 3). While it is acknowledged that these settings are loosely connected, it is stressed that each has unique insight into the larger theoretical discourse addressed in this thesis, i.e. the role of human agency in MAPs' development and changes.

This part of the dissertation is organized as follows. Firstly, I explain the theoretical concepts and provide a framework for understanding the influence of the radical changes on the development of MAPs and the role of human agency in this context. Further, I present my reflections on the research methodology, epistemology and

ontology, as well as brief information about the studied context. Section four contains empirical findings from the four sub-studies. It ends with a discussion and conclusion section that demonstrates and analyzes different aspects (dimensions) of human agency that interpenetrate diverse forms of management accounting (control) practices and points out the implications of the concept of human agency for management accounting academic research.

2. THEORETICAL FRAMEWORK

Management accounting and control dilemmas examined in this dissertation

Coercive vs. enabling perception of control. Management accounting change can be regarded as an attempt at constructing a 'rational organization' (Brunsson & Sahlin-Andersson, 2000), in which the role of accounting is assumed to be sufficiently powerful for its adoption to make managers rational, responsible and accountable for their financial results. This type of accounting, then, is mainly formal, has a diagnostic character, is enacted through hierarchies, thus imposed, and is consequently perceived as coercive by organizational participants (Adler & Borys, 1996). A considerable amount of literature points at the negative attitudes of people towards the new accounting practices and regimes that result in inertia (van der Steen, 2009), resistance (Covaleski et al., 2013; Granlund, 2001; Kholeif et al., 2007; Yang & Modell, 2015), decoupling or loose-coupling of accounting systems (Siti-Nabiha & Scapens, 2005).

There are, however, a number of studies showing the enabling and lateral sides of accounting (Burchell et al., 1980; Baxter & Chua, 2009; Chapman et al., 2009; Hopwood & Miller, 1994; Miller & Power, 2013; Gerdin et al., 2014). In such cases, accounting can also enhance interactive learning processes and provide other opportunities for individual actors and organizations (Ahrens & Chapman, 2004). Despite a substantial interest in this issue, many of the studies of MAPs' changes are likely to pay little attention to the individual actors' perspectives or micro-perspectives (van der Steen, 2006; 2009, 2011) and the underlying processes of accounting practices' development and changes on the ground, where divergent actors with their distinctive psychological aspects (Hall, 2016), mentalities, traditions, and approaches to work (rather than the organization as one unit) are in focus. The

idea of tracing the role of these aspects in the implementation of a new financial control regime in a former SOE resulted in Paper 2 of this dissertation.

Formal vs. informal control. Formal control systems are reported to be preferred in relatively stable contexts and situations (Ouchi, 1977). In order to deal with environmental uncertainty and complexity, arising due to various transformations, organizations often retain relatively simple management accounting systems (MAS) and supplement this with other sources of information, in particular, non-financial information, frequently obtained via informal channels (Yazdifar & Tsamenyi, 2005; Preston, 1986; Ouchi, 1977; Moilanen, 2007). These assumptions question the 'real' value of formal diagnostic controls in situations of organizational complexities and transformations that will be closely examined in Paper 3 of this dissertation.

There are differences in the claimed roles of accounting and the ways accounting functions in practice (Burchell et al., 1980; Hopwood & Miller, 1994; Miller & Power, 2013; Chapman et al., 2009; Gerdin et al., 2014), especially in situations that are characterized by significant uncertainties. According to Burchell et al. (1980), depending on the context, the roles and forms of accounting vary between "answer machines" and "rationalization machines" (Appendix A). "In either case, accounting systems can serve as 'answer machines', providing the simple investment appraisal methods, stock control systems and credit control routines which grace many management accounting texts" (Burchell et al., 1980, p. 14).

With clear objectives but uncertain causation, the situation is more complex. "One might expect that this is where organizational participants would need to explore problems, ask questions, explicate presumptions, analyze the analyzable and finally resort to judgement" (Burchell et al., 1980, pp. 14-15). Thus, accounting may take the form of a "learning machine" (providing assistance, decision support in *ad hoc* analyses), an "ammunition machine" (by which and through which interested parties seek to promote their own particular position) and "rationalization machines" (used for legitimization and justification of actions that have already been decided upon). Interestingly, the suggested typology of the roles of accounting does not consider accounting's 'human side' aspects that will be examined in Paper 3, with the intention of extending (however, simplifying) the proposed framework.

Stability vs. change. The term "institutional entrepreneurs" is often used to describe those actors, who actively engage in embedded agency and seek to change existing beliefs and practices (DiMaggio, 1988). However, while seeking changes and

opportunities, institutional entrepreneurs are likely to face some resistance from other human actors (“institutional defenders”) that prefer to retain the status quo and inhibit institutional change (DiMaggio, 1988; Battilana et al., 2009; Garud et al., 2007). Different aspects that enable human actors to engage in institutional changes (and thus, MAPs’ development and changes) are, then, of interest to academics and practitioners. Some studies refer to external environmental factors (Hardy & Maguire, 2008; Battilana et al., 2009). More recent studies draw (and are invited to draw more) attention to the results of internal intentions as also important aspects of MAPs’ changes (Ahrens & Ferry, 2018; Covalleski et al., 2013; van der Steen, 2006; 2009, 2011), that is, different psychological aspects (Hall, 2016) of human embedded agency that are somehow taken-for-granted in most studies of accounting changes. Particularly, the nature of institutional entrepreneurship in the management accounting area is the main concern of Paper 4.

The paradox of human embedded agency and its dimensions

The concept of human embedded agency is associated with such terms as motivation, will, intentionality, interest, choice, autonomy and freedom (Emirbayer & Mische, 1998; Battilana & D’Aunno, 2009). Agency resides in the interpretative processes, whereby choices are imagined, evaluated, and contingently reconstructed by actors in ongoing dialogue with unfurling situations (Emirbayer & Mische, 1998). All actors, both individual and collective, possess some degree of agency, but the amount varies greatly among actors, as well as among types of social structures. Thus, an individual’s level of agency is not a constant attribute; it may vary, depending on the context, and evolve over time, accordingly (Battilana & D’Aunno, 2009).

Emirbayer & Mische’s (1998) definition of agency is adopted in this research. It refers to a temporally embedded process of social engagement, informed by the past but also oriented towards the future and the present. Thus, there are three basic dimensions of agency: *iterationality* (habituality), *projectivity* and *practical-evaluativity* (Emirbayer & Mische, 1998), see Table 1.1.

The practical-evaluative dimension of agency is oriented towards the present and thus responds to the demands and contingencies of the present. It entails the capacity of actors to make practical and normative judgments among alternative possible trajectories of action, in response to the emerging demands, dilemmas, and ambiguities of present evolving situations (Emirbayer & Mische, 1998). “Even

relatively unreflective routine dispositions must be adjusted to the exigencies of changing situations; and newly imagined projects must be brought down to earth within real-world circumstances” (Emirbayer & Mische, 1998, p. 994). Judgments and choices must often be made in the face of considerable ambiguity, uncertainty and conflict; means and ends sometimes contradict each other, and unintended consequences require changes in strategy and direction. The problematization of experience in response to emergent situations thus calls for increasingly reflective and interpretative work on the part of social actors. This exercise of situationally based judgment has been variously termed “practical wisdom”, “prudence”, “art”, “tact”, “discretion”, “application”, “improvisation”, and “intelligence” (Emirbayer & Mische, 1998, p. 994).

Thus, the primary locus of agency in the practical-evaluative dimension lies in the contextualization of social experience. By increasing their capacity for practical evaluation, actors strengthen their ability to exercise agency in a mediating fashion, enabling them (at least potentially) to pursue their projects in ways that may challenge and transform the situational contexts of action themselves (although, given the contingency and uncertainty of interactions, the consequences of their actions cannot be controlled and will often ‘feed back’ in ways necessitating new agentic interventions) (Emirbayer & Mische, 1998). The changes in this dimension are the results of dialogues, discourses and debates between different human actors.

The projective dimension of agency encompasses the “imaginative generation by actors of possible future trajectories of action, in which received structures of thought and action may be critically reconfigured in relation to actors’ hopes, fears, and desires for the future” (Emirbayer & Mische, 1998, p. 971). According to Emirbayer & Mische (1998), such a form of agency needs to be “neither radically voluntarist nor narrowly instrumentalist; the formation of projects is always an interactive, culturally embedded process, by which social actors negotiate their path towards the future” (p. 984).

Faced with problems that taken-for-granted approaches cannot solve, actors “project” themselves into the future (Battilana & D’Aunno, 2009). Reflections about the future are characterized by emotional engagement and passion (Kierkegaard, 1944), which Heidegger (1962) termed *care* (“Sorge”). Care means the preconscious affective engagement of the world that constitutes the forestructure of action; actors invest efforts in the formulation of projects because in some way or other they care

about (not just have an interest in) what will happen to them in the future (Emirbayer & Mische, 1998; Bernstein, 1971).

The iterational (or habitual) dimension of agency is oriented towards the past and describes the “selective reactivations by actors of past patterns of thought and action... [It helps] to sustain identities, interactions, and institutions over time” (Emirbayer & Mische, 1998, p. 971). The primary locus of agency for the iterational dimension lies in actors’ abilities to recall, select and to appropriately apply the more or less tacit schemes of action that they have developed during past interactions. Further, even though this takes place at a low level of conscious reflection, it still “requires attention and engagement on the part of actors” (Emirbayer & Mische, 1998, p. 975).

Table 1.1. The agency’s dimensions and accounting dilemmas, addressed in the dissertation

Agency’s dimension	Practical-evaluative	Projective	Iterational/Habitual
<i>Basic assumptions</i>	<ul style="list-style-type: none"> – Responds to demands and contingencies of the present – Situationally based judgments – Changes are results of dialogues, discourses and debates between different human actors 	<ul style="list-style-type: none"> – An imaginative engagement with the future – Emotional engagement and passion – Reconfiguration of actors’ hopes, fears, and desires for the future 	<ul style="list-style-type: none"> – Selective reactivation by actors of past patterns of thought and action – Sustaining identities – Deeply related to the notion of ‘habit’, which entails a settled disposition toward appropriate action in accordance with wisdom
<i>Key aspects examined</i>	Situated awareness	Care	Habit
<i>Accounting dilemmas</i>	Coercive vs. enabling	Formal vs. informal	Stability vs. change

According to Emirbayer & Mische (1998), this dimension of human agency is deeply related to the notion of ‘habit’ as “the basis for ‘virtues’ or ‘excellences’ of character, which entail a settled disposition toward appropriate action in accordance with wisdom” (Aristotle, 1985, p. 44) and ‘habitus’ as being “disposed to some activity or other – not because one tends to that activity on every possible occasion, but because one finds it natural, readily coped with, an obvious activity to engage in...” (Davies, 1992, pp. 225-226).

According to Battilana & D'Aunno (2009), the temporal conception of human agency developed by Emirbayer & Mische (1998) challenges the notion of institutions as cognitively totalizing structures. Further, though actors may be subject to institutional influences, they can develop a 'practical consciousness' with for instance situated awareness, habit, and care, which will be examined based on the empirical papers of this dissertation.

3. PECULIARITIES OF THE STUDIED CONTEXT

Accounting in transition – transition of / to what?

The dissolution of the Soviet Union and the collapse of the communist system in Central and Eastern Europe was one of the most significant events in the last century after the Second World War. Since then, most of the countries affected by this development, generally referred to as post-socialist countries (PSCs), have been engaged in transformation processes from planned economies to market economies (Paladi & Fenies, 2016; Peng & Heath, 1996; Sucher et al., 2005). This radical transformation and a long list of introduced reforms entailed many dilemmas and had a strong impact on companies' activities (Paladi & Fenies, 2016). Market economy principles have totally transformed the enterprises' philosophy and management and caused radical changes in the accounting regimes⁵ (including the introduction and use of financial accounting and control, capital budgeting, project management, performance measurement and management) of many previously state-owned enterprises (SOEs). Although the field of management accounting is a relatively new discipline for PSCs (Golyagina, 2016), transformations to new accounting regimes and new business philosophies associated with 'performance', 'efficiency', and 'resilience' seem to be quickly developing in the PSCs, in practice.

According to previous studies, MAPs and the role of accounting in PSCs differed substantially from those of the Western model (Bailey, 1995; Enthoven, 1998; Moilanen, 2007; Southworth, 1994). Accounting was distantly separated from decision-making and planning, from actual operations, as it was a means for central government to control and dominate (Bailey, 1995; Enthoven, 1998). However, after the collapse of communism, organizations had to survive under the new conditions

⁵ Regime, in general, is a system or ordered way of doing things (*Oxford Dictionary*). An accounting regime may typically include a set of implicit or explicit principles, norms, rules, and decision-making procedures, around which actors' expectations converge in a given issue-area (Krasner, 1982).

and gradually respond to dramatic changes in operating conditions (Southworth, 1994). In Ukraine for instance, transformations in the economy were followed by mass privatizations and “accountingization” in previously SOEs (Petrovych & Borbulevych, 2016; Solodchenko & Sucher, 2005).

The impact of these developments has been enhanced by the demands of globalization, evidenced in particular in the pressures exerted on transitional and emerging market economies by the World Bank (WB), the International Monetary Fund (IMF), big international audit firms and the International Accounting Standards Board (IASB), as well as the demands of foreign venture capitalists and multinational corporations (MNCs) to develop accounting and financial systems, similar to those used in advanced capitalist economies (Ezzamel & Xiao, 2011). Nevertheless, studies of the 2000s showed that some companies, despite the orientation to Western markets, still widely used “outdated” accounting models and calculation practices (Vámosi, 2000). The situation might have changed, and, therefore, this research area provides plenty of opportunities for investigation and systematization. It may be assumed that transformations in the formal and informal institutional forces have an influence on human agency (see Figure 1.1).

Particularly, previously SOEs were traditionally engaged in long-term planning and bureaucratic controls; an absolute majority of SOEs were overstaffed, in order to contribute to full employment. Limited financial and management resources were a problem for many enterprises in the PSCs (Peng & Heath, 1996). Further, the system of informal contacts and personal networks (e.g. *blat* in former Soviet Union countries, such as Russia, see Ledeneva, 1998), has traditionally affected many aspects of business and accounting (Sucher et al., 2005) and therefore had an impact on human agency (Battilana & D’Aunno, 2009), which was conditioned by the hierarchies, formalities, and other constraints.

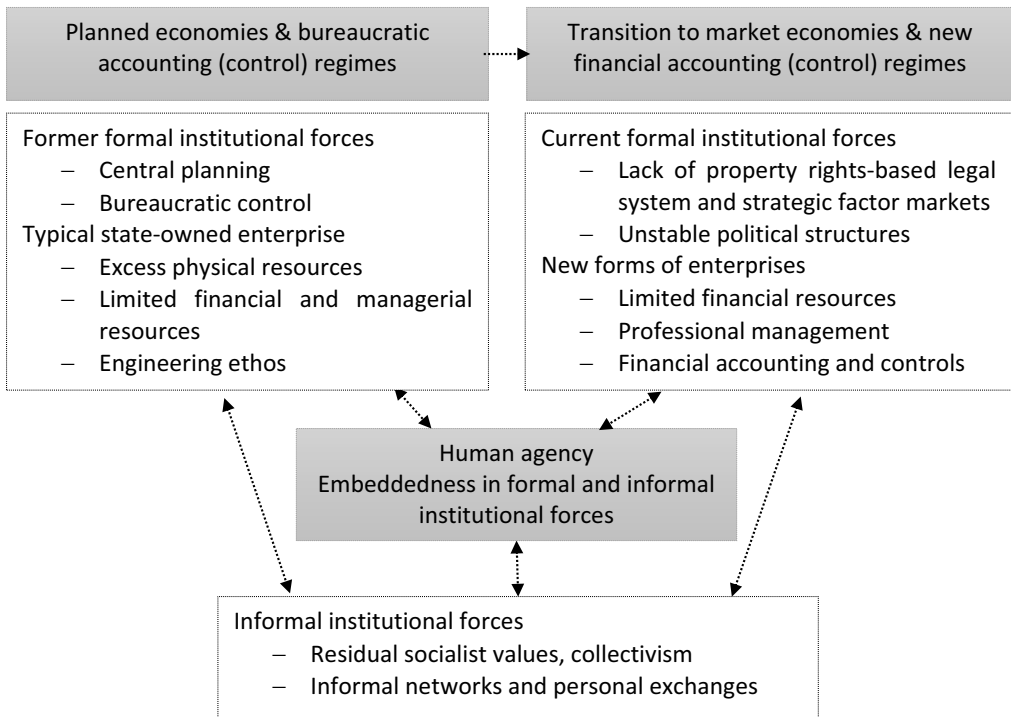


Figure 1.1. Formal and informal forces influencing human agency in PSCs

Thus, with significant changes at the level of formal and informal institutions, significant transformations might have occurred at the level of human agency. Organizational actors, being previously embedded in formal and informal institutional forces, such as central planning, bureaucratic control, and residual socialist values, such as collectivism, informal networks and personal exchanges (see Moilanen, 2007; Peng & Heath, 1996; Sucher et al., 2005; Ledeneva, 1998), seem to have an opportunity to act differently in the new environment (e.g. freely adapt ‘Western’ management and accounting ideas, be more initiating, improvising and self-aspiring). However, these changes are undertaken with different tempos across PSCs in transition and post-transition. These changes will be described in detail in Paper 1.

4. RESEARCH PROCESS AND METHODOLOGY

In this section, I will present the research approach that I have followed from the research idea, through relating the idea to existing theory, designing a research plan, identifying means by which to collect data, analyzing the data and reporting the findings (Berg & Lune, 2012). In the final part of this section, the issue of validity is addressed, with the intention of presenting the basis for judging the trustworthiness and credibility of the conducted research.

Generally, the research process I was steering was not a linear activity but, rather, ‘spiraling’. A spiraling approach means going back and forth between different stages of the research process (Berg & Lune, 2012, p. 25). The overall research approach for this dissertation started from an idea, followed by a literature review of previous studies on MAPs’ changes and human agency, before I went back to refine the idea in light of existing theory. A research design was developed, and initial data collected, before returning to re-examine and refine theoretical assumptions and possible theoretical explanations. At each successive step of the research, previous steps were reconsidered, leaving all the steps in the research process open for re-examination and refinement during the research process. A conceptual illustration of the spiraling research approach is presented in Figure 1.2.

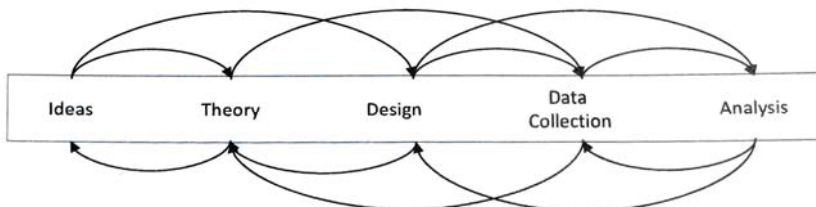


Figure 1.2. A spiraling research approach (Berg & Lune, 2012, p. 25)

During the research process, several choices were made: from the more philosophical assumptions on which the dissertation is constructed to the more technical methods used to conduct the research. Being inspired by earlier method studies in accounting literature (Ahrens & Chapman, 2006; Chua, 1986), I developed a structured presentation of the research choices that were made in the research process (see Figure 1.3).

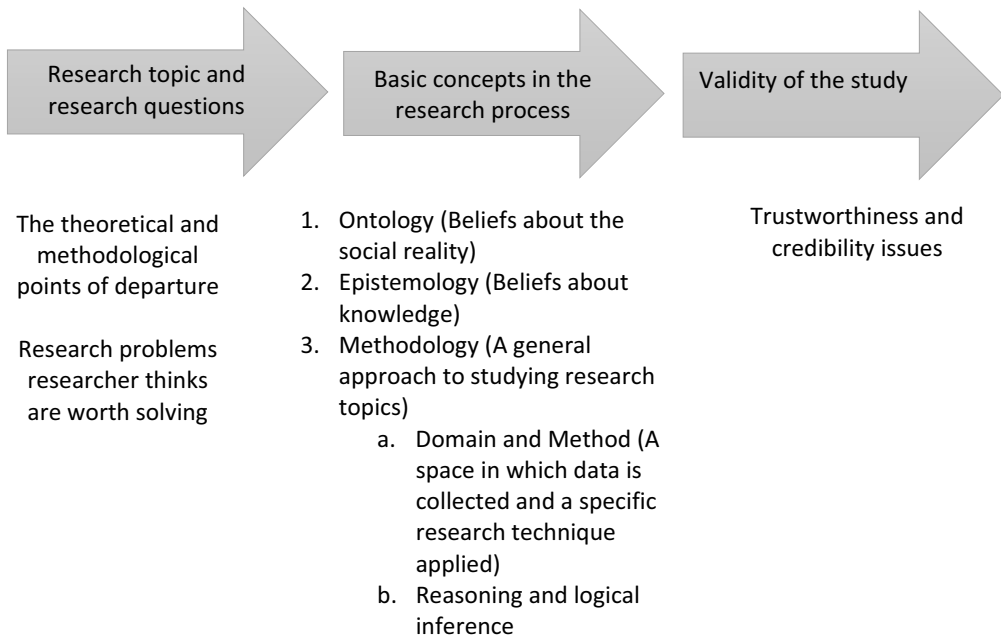


Figure 1.3. Basic concepts of the research process

In the following section, I will present each of the concepts theoretically, before explaining and arguing for the choices made for this PhD thesis.

Research topic and research questions

As stated by Berg and Lune (2012, p. 22), “every research project has to start somewhere”. Usually, it starts with an idea. At the beginning of my PhD, I had a general interest in the field of management accounting and control changes in view of organizational uncertainties, complexities and transformation. I was concerned with the questions: What do managers do in practice to cope with uncertainties? and why, in order to cope with organizational uncertainties and transformations, do managers choose and rely on particular management control and accounting tools? Further, seeing the gap in the management accounting literature covering topics of accounting changes in the non-Western context (Graham et al., 2009; Uddin & Hopper, 2001), I came up with an idea to study management accounting and control practices in the context of a post-socialist country, Ukraine.

Therefore, I gained access to the biggest energy company in Ukraine (DTEK), which was, at that time, experimenting with accounting and control systems, in order to gain control over the newly acquired assets. After getting 'into the field', talking to managers, observing, I became interested in human motivations, attitudes and reactions to changes. The empirical material that was collected in DTEK was used for developing research Paper 2 and (partly) Paper 4. Data collection for research Paper 4 was extended to other periods and focused on the professional biography of one of the managers in DTEK, who was later termed 'Institutional Entrepreneur'. Second, during my master studies, I had an opportunity to access the field of management of unique construction projects in Ukraine and Norway; I thought that the analysis of the human side of accounting in this area would also fit the overall topic of the dissertation (Paper 3).

The process of selecting research questions for study within this topic was challenging and took a great deal of time. As I gained more insights about the current topics in MAPs' research, more knowledge about the institutional actors involved in MAPs' changes, possible theoretical explanations and findings in the empirical data, the research questions for this dissertation were refined several times. Initially, the main purpose of the study was to explain the effect of MAPs' changes on organizational performance. However, as I started the data collection with interviews, I was surprised at how closely people (interviewed managers) linked to the accounting and control systems were. When expressing their opinions about the MAPs, I identified that they were persistent, curious, ambitious, skeptical, and very emotional.

This approach significantly complemented the approaches and studies in the management accounting literature, in which MAPs were reported to be implemented according to rational decisions and following the established plans. I became even more curious about how human actors are 'intertwined' in MAPs, how MAPs change over time, and what psychological and other aspects trigger individuals to engage in MAPs. After a few rounds of returning to the theory and collecting empirical material, the unique research questions were identified for each sub-study (the formulations of research questions will be provided later in the text, in the "Empirical findings" section).

As the purpose of this dissertation was to explore the role of the 'human side' of accounting in situations of organizational complexities and transformations over time, I have selected a qualitative research approach. This approach seemed to be

more suitable for tracing and understanding the changes that unfold within a specific context at a specific time. To highlight the main assumptions and choices made in this research, I present my ontological, epistemological and methodological assumptions in the next section.

Ontological assumptions

Deciding how to study the social world has always fostered a number of key philosophical debates. Some of these issues relate to 'ontology' and are concerned with beliefs about what there is to know about the world (Ritchie et al., 2013) or what kind of things exist in the social world. The nature of what exists "cannot be unrelated to how it is studied" (Archer, 1995, p. 16). Ontological assumptions about social reality and what it consists of affect how it is explained (Archer, 1995).

Different ontologies describe social reality in different ways and make different assumptions about what 'objects' there are to be studied (Chua, 1986). The ontological assumptions have a regulatory role in the research project "as they govern those concepts which are deemed admissible in explanation as in description" (Archer, 1995, p. 20). Within social research, key ontological questions concern: whether or not social reality exists independently of human conceptions and interpretations; whether there is a common, shared, social reality or just multiple context-specific realities; and whether or not social behavior is governed by laws that can be seen as immutable or generalizable (Ritchie et al., 2013). Ontological assumptions occur prior to, and govern, subsequent epistemological and methodological assumptions (Chua, 1986).

Three main ontological issues, summarized by Meidell (2016, pp. 24-29), were defined as central to the subsequent epistemological and methodological assumptions of this thesis. The first ontological issue concerns the objective vs. subjective view of the world; the second issue lies in the structure vs. agency debate; and the third issue considers the view of change as either variance or process. Current research's underlying ontological assumptions are illustrated in Figure 1.4 and will be further described in the text.

Objective vs. subjective ontology. The mainstream paradigm within management accounting research is the economic-based research agenda that corresponds to a functionalist paradigm (Burrell & Morgan, 1979), with an underlying view of reality as

an objective, observable and unified entity (Chua, 1986; Lukka, 2010; Modell, 2010). As opposed to the functionalist paradigm, Burrell and Morgan (1979) suggest an interpretive paradigm, in which the world is viewed as socially constructed. Interpretive researchers in management accounting literature assume that the interpretive ontological assumptions draw on both subjectivist elements and objective features (Ahrens, 2008; Ahrens & Chapman, 2006; Chua, 1986; Kakkuri-Knuuttila et al., 2008a, 2008b; Lukka & Modell, 2010).

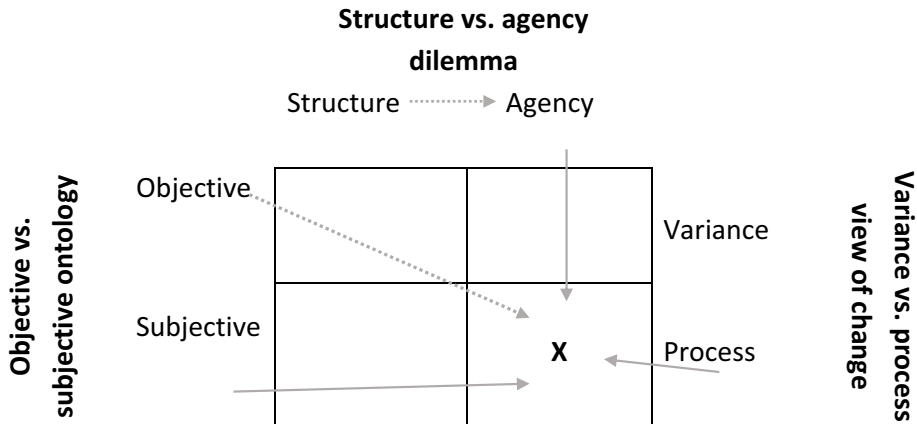


Figure 1.4. Current research’s underlying ontological assumptions

Chua’s (1986) assumption is that ontology of the interpretive perspective is built on a belief that social reality is emergent, subjectively created, and objectified through human interactions. Another important work stresses that social reality is a contingent and ongoing achievement of actors who constantly construct their world in interested and strategic ways (Lawrence et al., 2009, p. 12). Thus, the aim of interpretive research is to make sense of human actions and meanings attached to the issues in their everyday life contexts (Kakkuri-Knuuttila et al., 2008b). An interpretive researcher, then, seeks to interpret how the actors attach meaning to their actions (Chua, 1986) within particular “social structures that pre-date the individual” (Lukka, 2014).

Despite an agreement that management accounting research draws upon both subjective and objective elements, there is a debate in the research literature regarding how to adopt these elements in research practice (Ahrens, 2008; Kakkuri-Knuuttila et al., 2008a, 2008b). The subjective elements are the subjective meanings of actors, also referred to as the emic perspective of understanding things from the

viewpoint of the research subject (Kakkuri-Knuuttila et al., 2008b; Lukka, 2014). Pure emic studies are rare in management accounting literature and are often enriched by the epic dimensions that provide explanations from a more external viewpoint (Kakkuri-Knuuttila et al., 2008b; Lukka, 2014). In relation to this dissertation, it starts with a “how” question that points to the search for explanatory aspects that can explain the processes and mechanisms for producing the outcome (Lukka, 2014), which in this case is the notion of the human side in MAPs that helps deal with complexities and uncertainties. The explanations offered in this research connect subjective, emic insight of MAPs with an etic perspective, relating it to the theory and wider social phenomena.

With an ontological assumption of balancing between the objective and subjective, my view of the social world is a combination of moderate realism and moderate social constructivism (Kakkuri-Knuuttila et al., 2008b). This means that underlying reality cannot directly be observed from empirical observations. Thus, I cannot make any knowledge claims about the ‘real’, based exclusively on what I observe. However, with the use of theories, I can suggest explanations of my empirical observations about the real world. Further, as we can never have full access to the real world, our knowledge will always be provisional, temporal and subject to change (Mingers, 2008).

Structure vs. agency dilemma. The second ontological issue is the dilemma of what can explain social behavior, expressed via a “structure and agency” problem (Archer, 1995). As, throughout this thesis, actors are seen as both embedded in extant institutional structures and capable of changing those structures (also known as “the paradox of embedded agency” in the institutional literature (Seo & Creed, 2002)), the ontological assumptions that need to be made concern the view of how structure and/or agency causes human behavior (Meidell, 2016, p. 27).

The ontological assumption of this study is that agents have a capacity for reflexivity (Archer, 2009, 2010). Without such innate reflexivity, human beings would be unable to deliberate on the world and envisage opportunities for change (Modell, 2017). Further, the motivations and actions of people may be intertwined in their psychosocial aspects (moods, emotions, perceptions, etc.). Further, structures are also seen as things that reside partly within human individuals (Bourdieu, 1977; Elder-Vass, 2010; Giddens, 1984) and affect the ways human actors behave. However, the

individuals are not fully determined by social structures that allow humans to be reflexive.

Variance vs. process view of change. The third ontological issue resides in how change can be studied, since the focus of this dissertation is how MAPs develop over time, due to interventions from the human side. There are two main approaches to studying changes in organizational studies (Van de Ven & Poole, 2005): through variance theory and process theory. The premise of variance theory is that change is the dependent variable, which is explained by a set of independent variables. According to Van de Ven and Poole (2005), studying unfolding changes and innovations using variance methods is challenging. In the second approach, change is understood as a “narrative describing a sequence of events of how development... unfolds” (Van de Ven & Poole, 2005, p. 1388). In this approach, change is explained in temporal order, based on a story or historical narrative.

As this dissertation addresses questions related to MAPs emerging or changing over time, it follows the second ‘processes view’ on change. Accounting practice is not seen as an element that can be explained with static variables but as an ongoing interaction among different individuals, individuals and organizations, organizations and contexts, and even as interaction between individual characteristics, such as motivations, cognition, identities, etc., that form practices that unfold and are reinterpreted over time (Langley et al., 2013).

Epistemological assumptions

Epistemology, in general, is concerned with our beliefs about knowledge (Chua, 1986). Different world-views imply different assumptions about what constitutes adequate knowledge. The ontological assumptions presented in the previous section constitute boundaries for the possible epistemological assumptions of this dissertation. Balancing subjective-objective elements influences the epistemological assumptions in four ways (Meidell, 2016). Firstly, as we do not have any direct knowledge about reality, there is no absolute truth or reality against which an account can be compared (Maxwell, 1992). Secondly, social systems are inherently interactive and open, with a complex interplay between causal powers. This makes it difficult to test theories, as multiple factors can occur and influence the predicted effects, which may (not) occur (Mingers, 2000). Thus, in creating knowledge, the focus is directed to explanation rather than prediction.

Thirdly, since knowledge is historically, socially and contextually conditioned, there is a possibility to make “context-bound knowledge claims” and recognize that these claims may be faulty (Modell, 2009, p. 212). Fourthly, to make a valid knowledge claim, both emic and etic perspectives must be included (Meidell, 2016). The second ontological assumption, related to the structure vs. agency dilemma, has the following implication here. The structural perspective helps to understand how actors are embedded in extant social structures, while the agency perspective helps to understand how the actors (due to their personal aspects and characteristics) are able to make changes in management accounting practices that lead to particular consequences in view of uncertain situations. The third ontological assumption that change is a way in which reality is brought into being (Langley et al., 2013) suggests an epistemological positioning that emphasizes the importance of understanding how processes and phenomena change over time and in relation to their context.

Methodological assumptions

A general approach to studying research topics is called methodology (Ahrens & Chapman, 2006). The main function of methodology is to provide the researchers with particular activities that can be undertaken to respond to the research questions (Mingers, 2003). The methodological assumptions that are deemed appropriate depend on how ‘truth’ is defined (Chua, 1986). The outlined epistemological assumptions suggest that there is no absolute truth, that theories can be used to explain rather than predict causal powers where knowledge is context-bound, and that it can be assumed that both emic and etic accounts must be included to provide an explanation of how a process may change. In line with the epistemological assumptions, a qualitative research methodology (Ahrens & Chapman, 2006; Baxter & Fong Chua, 2008; Lukka & Modell, 2010) was chosen as it corresponds well with efforts to understand the process of social change over time and in different contexts (Langley et al., 2013).

The thesis is based on qualitative methods, aiming to capture the complexity of accounting practices and associated human-side aspects in different uncertain settings. While the field of management accounting and psychological aspects is not yet well explored, there is a need to define categories and explore emerging issues.

Qualitative researchers can study actors in “their everyday world” via ethnographic work, case studies, and participant observations (Chua, 1986, p. 615). I employed

these methods in my research (more detailed analysis of methods will be provided later in the section “Methods”). In general, qualitative data provide well-grounded, rich descriptions and explanations of the processes, and permit identification of cause-effect relationships between the concepts (Miles et al., 2013). An important advantage of field studies is the ability to examine a broader range of psychological aspects underlying MAPs (Hall, 2016). At the same time, field studies permit one to go deeper into the studied context, as in the case of post-socialist countries such as Ukraine. The thesis is exploratory in nature and therefore provides grounds for further qualitative and quantitative analysis.

Domain

The domain can be understood as an empirical space, such as the site of a factory (Ahrens & Chapman, 2006). For a qualitative field study, the domain is where data naturally occur and are often collected in an “open-ended interaction between the researcher and researched” (Ahrens & Chapman, 2006, p. 824). The selection of domain depends on its usefulness for answering the research questions (Ahrens & Chapman, 2006). With respect to the research topic and research questions posed in this study, I searched for domains where MAPs were changing (evolving) over time in an uncertain environment:

- The first empirical study (Paper 2) analyzes MAPs’ changes in the Ukrainian company (DTEK), formed in the energy sector by privatization of the previously SOEs with a Soviet past; this is an extreme and revelatory case in terms of Yin (2013).
- The second empirical study (Paper 3) represents a study of MAPs’ changes in two unique, complex construction projects in Ukraine and Norway;
- The third empirical study (Paper 4) provides analysis of the motivations and emotional states of an institutional entrepreneur, contributing to different MAPs’ and organizational changes in Ukrainian companies over time.

Since I had access to the people involved in MAPs transformations and changes (in the three empirical studies), I had a chance to better understand their motivations in changing MAPs (processes and outcomes of changes) via interviews, observations (where possible) and gathering archival and other secondary data. I was lucky to get an opportunity to go back and forth between data and theory and to collect additional data as theoretical concepts emerged. The DTEK case was unique, in that I had an opportunity to talk to different people involved in changing MAPs: those who were

employed 20, 10 and 5 years ago and those who were employed recently. In addition, I had an opportunity to listen to their stories via numerous informal conversations and not only in formal interviews. Studies of MAPs' changes could be more easily conducted in the Western context; however, as many cases and field studies have already been conducted in these 'established settings', I wanted to find a special context with rapid environmental changes that would contrast with the Western context, in order to broaden our understanding of the personal aspects-drivers of MAPs' changes in highly turbulent contexts.

Reasoning and logical inference

While positivistic studies typically use a deductive mode of reasoning and logical inference, where a priori hypotheses developed from extant literature are tested (Ahrens & Chapman, 2006), interpretive research is often associated with inductive reasoning, whereby new theories are generated from empirical data (Lukka & Modell, 2010). Yet another approach is abduction. Abductive reasoning (also called abduction or abductive inference) is a form of logical inference, which starts with an observation then seeks to find the simplest and most likely explanation. In abductive reasoning, unlike in deductive reasoning, the premises do not guarantee the conclusion (Josephson & Josephson, 1996).

Abduction may be described as "developing ('inventing') theoretically informed explanations to new and often surprising empirical observations" (Lukka & Modell, 2010, p. 467). In practice, abduction can be seen as using a combination of elements from deduction to induction. The similarity with induction is that it starts from empirically observable events; however, similarly to deduction, abduction relies more on extant theories to explain causal powers (Modell, 2017). As this study is inspired by the "stratified" ontological assumptions of critical assumptions of critical realism, we cannot observe the real world by only making theoretical assumptions about the "complex interplay between human agents and the multitude of causal powers embedded in social structures" (Modell, 2017, p. 29). With the use of abductive reasoning, it is possible to make multiple iterations between possible theoretical explanations and to analyze how those explanations work out empirically (Modell, 2017). Abductive reasoning and logical inference were widely used within moderate variants of realism (Lukka & Modell, 2010; Modell, 2009); they were also accepted in interpretative research (Langley et al., 2013).

Langley et al. (2013) suggest that the process of abduction is a preferred approach to studying process change, as a researcher can go back and forth between empirical observations and surprises and try to connect to existing theoretical ideas that can generate new conceptual insights. These were essential features of the conducted doctoral research. An iterative process of going back and forth between empirical material and possible theoretical explanations formed the core of the abduction process. New theoretical ideas were developed at the same time as more empirical materials were collected.

Methods

Research methods are not a set of mechanical procedures that can be followed but need to reflect the researcher's ontological, epistemological, methodological assumptions altogether with the theory and hypothesis that will be used (Ahrens & Chapman, 2006; Baxter & Fong Chua, 2008; Lukka & Modell, 2010). The three empirical papers of this dissertation are devoted to changes in management accounting and control practices in Ukrainian organizations. Thus, most of the empirical data were collected in Ukraine through interviewing, observations and secondary data; see Table 1.2. Almost all interviews are tape-recorded and transcribed (more information about interviews, interviewees, and interview guides will be included in each sub-study). These are rich descriptions of the stories that unfolded in each of the studied cases. I used the quotations in order to feature the voices of the informants when reporting the conducted research. Visual mapping, in the form of tables, schemes and graphical charts, was used as a tool for presenting the theorization of the field data. These visualization methods allowed the causal explanations and historical unfolding to be presented in relatively limited spaces.

It has been previously reported that conducting research in countries with a transitional economy is a much more challenging process than conducting research in the West. The necessity of speaking the same language is not the only case. I want to briefly share my experience 'from the field' in Appendix B (*'Take-aways' from the field: how (not) to conduct research in the context of PSCs*). In order to reveal similarities and differences in control practices in big construction projects (Paper 3), in addition to the data collected in Ukraine, empirical data were also collected in Norway. This permits me to draw some conclusions and to highlight similarities and differences in appropriate interviewing techniques in different contexts. As expected, Norway is more open to research. Interviewed managers gladly responded to the

interview requests by e-mail and invited me to come and conduct personal interviews in their organizations; nobody hesitated to speak English.

Secondary data, including reports, is also publicly available (however, not always in English). It is quite a new practice in Ukraine for researchers to approach organizations and ask managers for their opinions on accounting practices. My experience supports the idea that those researchers who are interested in the context of a transitional economy should have personal contacts in organizations in Ukraine and preferably proficiency in the local language(s). It is always an advantage to conduct interviews with an understanding of local jokes, shop-talk, and metaphors. Reports, news and other secondary data that can be used as research material are often available only in local languages. However, the big company and the big project I studied disclosed much material in English that I could use in my research (including annual reports, news, information about the business organization and top management, etc.).

Table 1.2. Research design and methods

Elements	Paper 1	Paper 2	Paper 3	Paper 4
Type of paper	Literature review	Research paper	Research paper	Research paper
Research design	Literature review	Longitudinal case study	Interpretive case study	Longitudinal study
Context	PSCs	Ukraine	Norway & Ukraine	Ukraine
Transformation	Contextual & agentic	Contextual & financial regime	Physical & control system	Contextual & mental
Research methods	Analysis of articles in peer-reviewed journals, factual data	Interviews Documents Observations	Interviews Secondary data	Interviews Documents Shadowing
Studied period	1991–2016	(2005) ⁶ 2012–2016	(2007) 2011–2012	(1999) 2013–2017
Agents in focus	Internal and external agents	Different levels of organizational participants	Small groups of individuals (projects' key persons)	An individual actor (Institutional Entrepreneur)

⁶ The years in parenthesis indicate the start of the retrospection.

Validity, trustworthiness and credibility

To claim knowledge as trustworthy and credible, and not simply personal opinion, the issue of validity must be examined in relation to the conducted study. Validity can be understood as “ways through which the credibility of a piece of research is developed and legitimized in front of relevant audiences” (Lukka & Modell, 2010, p. 463). Validity can also be characterized as the convincingness of field research (Baxter & Chua, 2008). To demonstrate that this research is well-grounded and trustworthy, this section addresses the aspects of procedural reliability, credibility and transferability. Securing the reliability of qualitative studies means that the scholar should show as many as possible of the procedures that have led to a particular set of conclusions.

The *procedural reliability* will be ensured by the following ‘measures’. First, interview guides employed for this study will be available in the appendices of the PhD thesis. Second, most interviews are recorded and transcribed and verified personally or via e-mails. Notes from the interviews are available in my personal archive. Third, the empirical material based on the secondary data, which were collected during the study, is also available in my study database. To convince readers that “I have been there”, I include a description of my presence in the field, as summarized in Table 1.3. In the three empirical papers of this dissertation, I have included information about the people interviewed, as well as the projects, and companies they worked for.

Table 1.3. Empirical material collection details

Number of conducted interviews (formal)	Number of informants	Total interview hours (formal)	Average length of interview	Observations	Active years “in the field”
39	22	51	1 hour 15 min	5	2011–2017

Credibility refers to accuracy of understanding, interpretation and representation of research results (Ritchie et al., 2013). To obtain credibility of understanding in the phase of data collection, multiple sources of evidence were used. In other words, triangulation of sources was employed. Understanding of MAPs, which was obtained from the primary sources, was thereafter enhanced by the study of internal documents, other publicly available data and online materials. Besides interviews, some observations were made on-site (where possible). This provided additional

insights into the documentary analysis, as well as interview interpretation, generating a meaningful narrative of the field-specific properties (Saunders et al., 2011).

To enhance the credibility of interviews, follow-up questions were asked during their course, to ensure the meaning of participants was correctly understood. Notes were also taken. However, some clarifying questions were asked via e-mail later during the phase of data analysis or, in some cases, during the next round of interviews. Furthermore, to improve reasoning and provide a sensible interpretation of the information obtained, the research project was continuously discussed with academic colleagues at research seminars and conferences. Finally, credibility of representation is secured by using extensive citations from the interviews. To preserve the anonymity of interviewees, their personal details are concealed. However, their work positions are indicated in the sub-studies or Appendixes in each sub-study – which speaks for their competency in the issues under consideration.

The interviews are conducted in either English or Russian and Ukrainian. There were some challenges while translating certain business terms and slang, used by managers and other specialists, from Russian and Ukrainian into English. These were discussed with those colleagues competent in Russian–English translation. As it is a qualitative piece of work, generalization of results is not possible, except theoretically. Therefore, the purpose of this study in relation to scientific generalization can be defined as ‘expanding and generalizing theories’, rather than ‘particularizing’ instances (Yin, 2013). This means that, in terms of transferability, the results of this study can be transferred to other similar settings, in which similar conditions to those studied may be found (Ritchie et al., 2013). Thus, this study, while aiming at theory building, permits theoretical generalization. This in turn implies that theoretical findings from this study can be tested in other similar settings.

One cannot study the human side of accounting without being inside the organization and talking to people involved in or affected by management accounting. Ethical issues, outlined by Bell and Bryman (2007), that must be taken into consideration by a qualitative researcher, are addressed in this research: (1) Harm to participants and invasion of privacy. The researcher should not harm the participants in the study; therefore, I secured the confidentiality and anonymity of the participants’ identities and used Dictaphones only when approved by an interviewee. (2) Lack of informed consent and deception. Any potential interviewee was informed fully about the study and its purpose. Invitations to participate in the interviews, together with a topic for

discussion, were sent in advance of each interview. Thus, interviewees were fully informed about this research and could decide whether they wanted to participate in the study.

5. EMPIRICAL FINDINGS

Paper 1: Iermolenko, O., "Mapping the MAPs: studies of management accounting practices in the post-socialist countries"

This paper stems from an interest in management accounting practices (MAPs)⁷ in post-socialist countries (PSCs) and aims to provide a comprehensive overview of existing empirical academic research published in this area in recent decades. The importance of systematized knowledge in the field of MAPs is widely recognized, and regular updates on the topic are frequently published in the top accounting journals, e.g. *Management Accounting Research* (Bromwich & Scapens, 2016; Scapens & Bromwich, 2001, 2010). Nevertheless, the knowledge about MAPs, in organizations in economies other than those typically described as 'advanced capitalist economies', is not that thoroughly studied and systemized (Hopper et al., 2009; Ezzamel & Xiao, 2011). Further, development of MAPs in PSCs is usually associated with progression in institutional (structural) reforms (Paladi & Fenies, 2016). However, accounting is not only an institutionally, but also a socially, constructed practice (Burchell et al., 1980; Baxter & Chua, 2009; Chapman et al., 2009; Hopwood & Miller, 1994; Miller & Power, 2013; Gerdin et al., 2014). The premise of this paper, then, is that studying the 'social' part of MAPs' changes is also important. In this regard, the main research question posed in this study is *'How has transformation to a market economy influenced MAPs' development across PSCs in recent decades, and what role has agency played in MAPs' development?'*

To achieve the aim of this research and to answer the research question, I conducted a literature review, returning in total 42 articles published in the period 1991–2016 in both peer-reviewed accounting journals (PRAJ) and other business administration journals (BAJ), written in English. The findings reveal that especially significant

⁷ Throughout this paper, I use a broad definition of MAPs that essentially encompasses "what managers do" with management accounting (Whittington, 2006). In this sense, articles about management accounting and control, performance management and measurement in PSCs are all used for conducting this literature review.

changes in MAPs are observed in the post-transition countries (successfully reforming countries of Central and Eastern Europe and the Baltic states (Paladi & Fenies, 2016)). These countries are now considered full members of the European Community and, after 26 years of “painful transitions and transformations” and changes (in terms of Czarniawska-Joerges (1994)), research and practices in these countries follow Western patterns and paths. Modernization and transformation of MAPs is also happening in the transition PSCs (former Soviet and Yugoslav republics, except Slovenia, Bulgaria and Romania (Paladi & Fenies, 2016)) but slightly slower. The wide use of the new performance measurement techniques, computerized management accounting and information systems, IFRS accounting and reporting and fair value accounting are a few examples of changes.

Nevertheless, the scientific potential of research on MAPs in transition PSCs is still underexploited; the research is at its initial stage, especially when it comes to publications in PRAJ. In general, a surprisingly limited number of publications in the defined topic are found in PRAJ (33% of total selected publications). On the contrary, it is observed that BAJ have a significantly stronger interest in publishing papers about MAPs in PSCs (67% of total selected publications), than accounting journals, and apparently reflect much better what is happening with MAPs in the PSCs (Ezzamel & Xiao, 2011). In this regard, I provide a brief summary and some thoughts of why, for example, more papers in the defined topic are published in BAJ than in PRAJ. In terms of the identified gaps, the majority of research papers express dissatisfaction with the contingency approach to studying MAPs (that is, however, a dominant approach in the selected publications) and suggest going beyond it. The survey-based research methods (applied in 52% of studies of total selected publications) are also criticized, and it is suggested they are complemented by more qualitative research, primarily longitudinal case studies.

Further, I have identified different organizational and individual actors engaged in MAPs' changes. These actors were grouped into the two main categories: external and internal agents and examined in terms of their agentic and negotiating capacities (Emirbayer & Mische, 1998) that define their abilities to be engaged in MAPs' changes (Battilana & D'Aunno, 2009). Although the selected publications may not explicitly refer to human agency, published research studies contain evidence of actors' engagement in management accounting, such as different initiatives of managers and accountants, undertaken for or against MAPs changes in their organizations, as well

as the implications of those changes for other organizational participants' control perceptions and their reactions to changes.

Based on this analysis, I propose to conceptualize MAPs' development across PSCs as dependent upon both progress in reforms (the institutional/structural perspective) and different actors' approach to changes and their behavior (the agency's perspective). According to this approach, MAPs' development and changes happen quickly and successfully, when PSCs make good progress in terms of reforms, but also when actors are mainly cooperative and adaptive, rather than mainly resistant and suspicious towards organizational and accounting changes. Due to the limited publications selected for this analysis, this framework might have its omissions and drawbacks, as the literature review does not equally cover each different group of PSCs. Despite these limitations, the developed framework is aimed to attract more attention to studying both perspectives on MAPs' development and changes, i.e. institutional/structural and agency's perspective, at their interplay, that is followed by a deeper understanding of the nature of MAPs' development in PSCs.

Paper 2: Iermolenko, O., Hersinger, A., "Accounting for enabling coercion: Constructing a 'New Empire' in the transitional economy"

This paper addresses the problem of bureaucracy (Adler & Borys, 1996) and control perception in a non-Western context. Bureaucracy is often associated with formal procedures, imposed (coercive) rules and hierarchical structures (Hoy & Sweetland, 2001). Much Western research literature refers to the perception of strong centralization and formalization as coercive⁸. "The coercive logic is often represented as inevitable, sometimes as a necessary evil, but rarely as a positive good" (Adler & Borys, 1996, p. 82). Coercive logic often results in employees' dissatisfaction and low levels of motivation and creativity, and thus hinders organizational capabilities to adapt to the relentless pace of change (Jamali et al., 2006). However, previous studies have not considered that the coercive and enabling perceptions of actors that tamper with the control systems may vary among different contexts: what appears coercive to some might be perceived as enabling by others. The paper poses a research question *'How does the introduction and use of rigorous financial controls, as part of*

⁸ Coercive refers to the stereotypical top-down control approach that emphasizes centralization and preplanning, resulting in limited options for employee action. Thus, it may result, for instance, in employees being dissatisfied, distanced from the impact of changes and carrying on daily activities as before (Jones & Dewing, 1997).

a new corporate accounting regime in a company in a transitional economy, affect organizational participants' control perception?'

To answer this research question, I report the findings of a longitudinal case study of the Ukrainian large energy company that was formed around former SOEs with a Soviet past (termed "the new empire"). I analyze the major organizational and accounting (financial control regime) changes undergone by this company in recent years and analyze the actors' perceptions of control. Over recent decades, bureaucracies and 'formal' organizations have encountered severe criticism in the Western organization literature for being hopelessly outdated, inflexible and restrictive (du Gay & Lopdrup-Hjorth, 2016; Heckscher & Donnellon, 1994; Jamali et al., 2006; Josserand et al., 2006; Child & McGrath, 2001; Osborne & Plastrik, 1997).

In this respect, the phrase "bureaucracy must die" is common advice for an organization striving for efficiency and innovativeness (Hamel, 2014). A similar tendency is traced throughout the management accounting literature that criticizes the new financial control regimes in contemporary organizations (Dent, 1991; Hood & Dixon, 2016; Nyland & Pettersen, 2004; Preston et al., 1992; Townley et al., 2003; Uddin & Hopper, 2001) and often pictures different formal coercive control tools and mechanisms as an "unnecessary evil" in organizations (e.g. the practice of budgeting in Wallander (1999)). Following the discussion in the Beyond Budgeting literature, it seems that, in Western companies, there is a quest against coercive formalization, in order to make MAS more dynamic and enabling (Bourmistrov & Kaarbøe, 2013).

However, according to Adler and Borys (1996), it is not only the design of a control system that matters. Sometimes even new technologies or systems with enabling orientation, intention and features, may be implemented coercively (Adler & Borys, 1996). Adler (2012) argued that bureaucracy need not always be coercive but can sometimes take a form perceived as enabling, as it was discovered to be in the studied case. Despite the fact that transformations in the company, caused by new ownership, began with the formalization of a new control system⁹ and significant changes in principles, norms, rules, and decision-making procedures, the resistance to initiated changes was overcome in a relatively short period and brought significant

⁹ The main elements of the new financial control regime were the new formalized vertical organizational structure, budgeting, accounting and capital budgeting, implementing the "culture of rationalization" and "efficient bureaucracy".

improvements in the company's performance and overall employee satisfaction. It was revealed that the implemented formalized changes in the financial control regime were designed with top-management awareness of how they could be perceived by ordinary organizational participants (middle- and low-level managers), and therefore a detailed plan of reorganizational actions was developed.

To overcome resistance, the active use of mechanisms of repair, internal and external transparency and flexibility, in Adler and Borys' (1996) terms, were employed before, during and after the financial control regime changes' initiatives. In this way, the revisions and adjustive adaptations (Blau, 1955) of the initial plans were made with the help of ordinary organizational participants, who had never previously had such an opportunity. In the past, there was a principle of "boss knows best"; all the changes were implemented coercively and without discussions with ordinary organizational participants.

Thus, these actors, who were actively involved in the repair (Adler and Borys, 1996), felt encouraged and appreciative that their voices would finally be heard. Although middle- and bottom-level managers were obliged to become involved in the rigid budgetary procedures and daily accounting (often joking about it: "*we are all 'big' managers here, we all have our own budgets...*"), after a while they did not look at these changes as coercive and constraining. These people became emancipated; the new 'regime' gave them space to create, learn, and act (within defined limits and budgets).

Thus, through MAS and budgeting, organizational actors were reconstructed as decision-makers. In addition, many of the former unformalized best practices well known in organizations were revived with new features (e.g. modified Gastev movement) and therefore were not perceived as completely new and unknown. Thus, formalized accounting procedures have brought several benefits to organizations: refined knowledge-sharing mechanisms and reconstructed decision-making processes that also lead to employee satisfaction and improved organizational performance.

The case reported here shows that institutional learning may be possible through the mechanism of coercive controls. Also, an understanding that, in order to change, an organization must be engaged in processes of unlearning (Morais-Storz & Nguyen, 2017) proves to be only partly true. In the case reported here, we show that creation

of knowledge is not simply the destruction of knowledge, or unlearning, or exploration of new possibilities but also the exploitation of the old certainties (March, 1991) of the bureaucratic organizations. This means that bureaucracies are taking on new forms and functions in today's societies (Adler, 2012; du Gay & Lopdrup-Hjorth, 2016; Hodgson, 2004). Our study contributes to this discussion by showing the potential benefits of formalization for organizational actors and the variability of control perceptions across contexts.

Paper 3: Iermolenko, O., "Beyond the 'Iron Triangle' control regime: Safeguarding big projects' good fate by controlling with care"

The purpose of this paper is to analyze how project managers of big unique construction projects mobilize their control efforts during the project's construction and safeguard its 'good fate' by ensuring the transformation of abstract ideas into specific results (unique sport arenas) that meet stakeholders' requirements and expectations. Fundamental limitations are reported in the use of formal control systems, i.e. the traditional diagnostic "Iron Triangle" control regime (PMI, PMBoK, 2013; Kerzner, 2013), as they cannot detect or prevent different uncertainties related to optimism bias, asymmetry of information, excessive opportunism and other human-related aspects, that in sum represent a danger for big construction projects' progress (Blomquist et al., 2010; Klakegg et al., 2016). This issue is especially sensitive in projects, whose budgets exceed six-digit numbers and are strictly limited in time. Therefore, a substantial amount of research focuses on the non-traditional forms of control and project organizing (Sahlin-Andersson, 1992; Blomquist et al., 2010), because the traditional (formal controls) seem to fail quite often (Flyvbjerg, 2007; 2014; Flyvbjerg et al., 2002; Flyvbjerg et al., 2003).

In finding new ways of controlling and organizing, I appeal to the concept of care (Heuts & Mol, 2013; Von Krogh, 1998; Vie, 2012a), as an essential part of human agency, and the reason behind conduct (Bandura, 1989). Thus, the current paper aims to find out - *How do managers mobilize informal controls with care, to repair the failures of formal controls in big, unique construction projects?* We aim to answer this question by analyzing two complex construction megaprojects in Ukraine and Norway, built before two important sport competitions in Europe in 2012 and 2011. Empirical material was collected right after the projects were completed in 2011, and the discussion is based on analysis of the experiences of key people involved in the projects' management.

Effective project progress control puts particular demands on the way people relate to each other in projects. Emotional support from managers is reported to be positively associated with project progress (Cicmil et al., 2006; Kelly & Barsade, 2001). Ordinary activities like listening and chatting – examples of leading projects with care – can enhance the project’s progress (Vie, 2012a). Untrustworthy behavior, constant competition, imbalances in giving and receiving information and a “that’s not my job”-attitude endanger the good fate of a project. Constructive and helpful relations speed up the communication process, enable organizational members to exchange their concerns and personal knowledge and discuss different ideas freely. Overall, good relations purge ineffective communication and lower distrust, fear and other negative outcomes of a “not-healthy” project environment (Von Krogh, 1998). All this makes it very relevant to study care in contemporary project settings.

The studied cases demonstrate that project uncertainties arise as projects evolve, which places special emphasis on the way managers motivate and control project participants. The studied projects are considered relatively successful, as they met or even exceeded stakeholders’ expectations. Both arenas became the landmarks of their regions and were completed in time – before important sport competitions. However, both projects ended up with double their budgeted costs (compared to initial estimations), which from the “Iron Triangle” perspective would constitute a managerial failure. That outcome can be attributed to the cumbersome pre-execution stage of both projects but also to the fact that new uncertainties appeared even at the late execution stages, requiring ‘redrawing’. Despite considerable case differences, e.g. the projects’ ownership (public vs. private), we found a similarity that allowed the management control system (MCS) to be navigated and projects’ progress safeguarded. Through qualitative data, we show that care became a natural part of managers’ acceptance of personal responsibility in big projects and one of the central elements that predetermined the good fate of the studied construction projects.

Aspects emerging as by-products of managerial care, such as courage, mutual trust, empathy, help and lenience in judgment (Von Krogh, 1998), made a positive impact on project progress. Thus, unique construction projects that are limited in time need a special set of managerial skills that includes emotional competences and care (Vie, 2012a). Caring efforts should be visible early in the project, because it takes time for care effects to be felt by project participants and thus to safeguard the project’s progress. Thus, we reveal that how a control system is mobilized through care is more

important than how 'perfectly' it is designed. Caring in these settings means that "You do not abandon the ship when it sinks", caring means extending boundaries and finding new solutions to complex problems. Managers modify MCS with care and face uncertainties; they mobilize MCS with care to produce project results. Care needs passion, patience, inspiration, and gut feeling. An implication of this research for practice is that, by recognizing the need to exercise care in different dimensions, managers may be less surprised by the burdens of managing and thus better prepared to bear them.

Paper 4: Iermolenko, O., Argento, D., Bourmistrov, A., "The role of an individual in accounting and organizational changes: Personal aspects of serial institutional entrepreneurship"

Much psychological and behavioral research into management accounting changes investigates the actions of ordinary managers (Luft & Shields, 2009; Mai & Hoque, 2017) but not those of institutional entrepreneurs (IEs). Further, there is a lack of attention within accounting change literature, and institutional theory particularly, paid to individuals, to explain who become IEs and why (Kisfalvi & Maguire, 2011). Although much research has addressed the field conditions conducive to IEs, as well as their positions, strategies, and skills (Battilana et al., 2009), little work has addressed the personal aspects of IEs. Although such studies, explaining the paradox of embedded agency (Garud et al., 2007; Seo & Creed, 2002) through the reflexivity of IEs, are beginning to emerge in the organizational literature (Mutch, 2007), studies of "personalized" IEs are sparse at the moment. Our study poses the following research question: *Who are the institutional entrepreneurs as individuals, and what triggers them to (not) act as IEs throughout their careers?*

To answer the research question, we investigate the individual professional biography of Mister Institutional Entrepreneur (later Mr. IE) in a real-time setting via shadowing techniques (McDonald, 2005) and retrospectively (Leonard-Barton, 1990; Ven & Huber, 1990; Langley, 1999), in the period 1999–2017, and pay special attention to emotional and psychological aspects facilitating and hindering institutional entrepreneurship. Our findings reveal that Mr. IE's 'Western' working experience was divergent, in respect of other organizational participants with an 'Eastern mentality' and post-Soviet approach to work. He did not work in an easy-to-change environment because management accounting practices (MAPs) and the role of accounting in post-

Soviet countries (PSCs), such as Ukraine, differ substantially from those of the Western model (Bailey, 1995; Moilanen, 2012; Szychta, 2002; Vamosi, 2000).

The changes in management accounting are happening slowly and are often met with resistance (Petrovych & Borbulevych, 2016; Solodchenko & Sucher, 2005). Such an unfavorable field and hostile organizational conditions to radical changes render this study on the triggers that stimulate IE to introduce radical changes in the context of Ukraine very relevant (Battilana et al., 2009). From a theoretical perspective, we combine psychology and institutional entrepreneurship theory (DiMaggio, 1988; Battilana et al., 2009). In particular, we incorporate selected concepts from work psychology (Bourmistrov & Kaarbøe, 2013, 2017; Korpelainen & Kira, 2013; White, 2009). The perceived work situation (PWS) concept was applied to reveal human behavior (in this case, Mr. IE) associated with the emotions and feelings of managers at their workplaces (Bourmistrov & Kaarbøe, 2017). We analyze PWS as dependent upon a degree of work routinization and frequency of change, in order to reveal the institutional entrepreneurs' 'comfort' and 'discomfort' zones that may influence IE's efforts for purposeful changes.

As our study shows, individualism and dedication to work are essential aspects of IE's personality. Inherent aspects of his character became visible in the studied case: IE believes in himself and his experience and knowledge and believes he can improve the organizational structure and accounting. Thirst for knowledge and experimenting, and "why"-questioning, are essential characteristics of the IE. Among other important aspects of the actor's personality and character, we define the following: curiosity and charisma; willingness to experiment and spread knowledge (knowledge is updated through continuing education); perseverance in achieving goals and own interests and result orientation; thirst for experimenting; obsession with the construction of new processes; avoiding discomfort from doing what does not fit the mindset; optimizations and delegation of responsibilities; passion for success in self-assigned tasks; educational role in organization and aspiration of institutional building; belief in numbers and accounting information; critical thinking; a will to gain self-confidence through initiated and realized projects; comfort with marginality and growth needs.

It is important for IEs to be successful (Hardy & Maguire, 2008) and follow the 'Blue Ocean strategy'. Thus, we are dealing with IE, who might be pictured though a 'pacesetter' leadership style (Goleman, 2000). He is interested in efficiency but also

wants to do something differently; he does not want to “fight the battle”, when he thinks that the industry will win; he decides to leave before seeing the consequences; and he tries to find new conditions where he can be seen as good.

In line with Ahrens and Ferry (2018), who stressed emotional and mood aspects as drivers of changes, we also found that not only field-level aspects, personal background and particular skills (Battilana et al., 2009), but also psychological aspects seemed to shape the individual as IE and define his ‘fate’. Through this study, we reveal that institutional entrepreneurship can have a cyclic character and depend on PWS. A match or mismatch between the mindset and behavior results in individuals experiencing a ‘comfort’ or ‘discomfort’ zone in their workplace (Bourmistrov & Kaarbøe, 2013, 2017; Korpelainen & Kira, 2013; White, 2009), which in turn influences their efforts in acting as IEs. We call this behavioral pattern ‘serial institutional entrepreneurship’, meaning that individuals do not always act as institutional entrepreneurs to the same extent. Institutional entrepreneurship may go through peaks, decline and boost again when the IE experiences a ‘comfort zone’. This adds to the literature on IE that usually describes institutional entrepreneurship as if it were a continuous process without interruptions.

6. DISCUSSION AND CONCLUSION

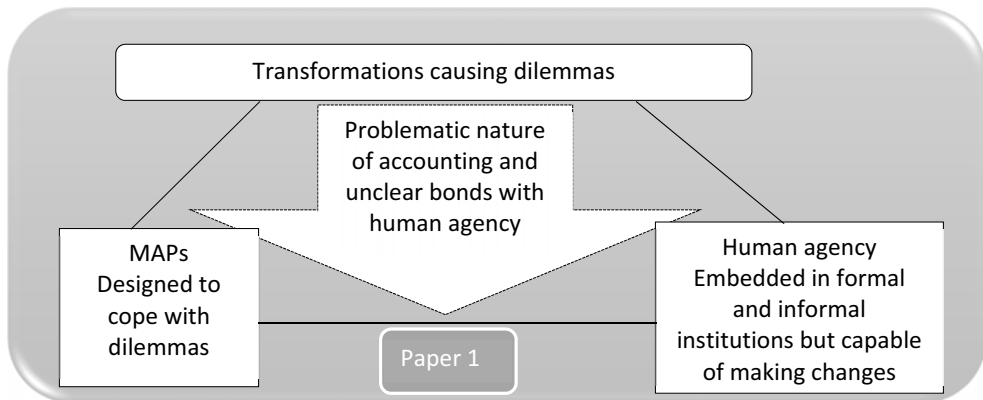
Combining the results: searching for the bonds between human agency and MAPs

MAPs’ changes are rife with dilemmas, not least because management accounting is a social and institutional practice (Busco et al., 2007; Miller & O’Leary, 1994; Miller & Power, 2013). However, the “social” part of this definition is often limited to understanding the organizational-level actors engaged in MAPs’ changes, without addressing the micro-perspective (van der Steen, 2006) and underlying processes of MAPs’ development and changes, where divergent actors with their distinctive psychological aspects (Hall, 2016), mentalities, traditions and viewpoints perform accounting institutional work, often resulting in MAPs’ changes (Ahrens & Ferry, 2018; Covalleski et al., 2013; Battilana & D’Aunno, 2009). Therefore, the intention of this thesis was to extend the explanation boundaries of these accounting changes with new intricate dimensions and pictures. Specifically, I examined the so-called human side of accounting through the notion of human embedded agency (Battilana

& D'Aunno, 2009; Emirbayer & Mische, 1998) within the context of a transitional economy.

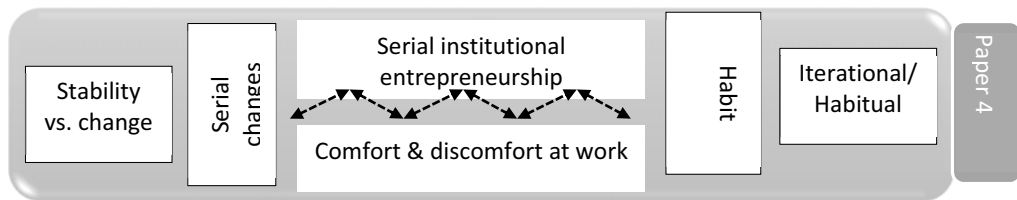
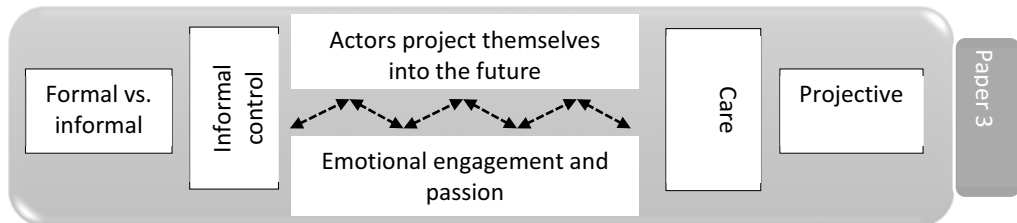
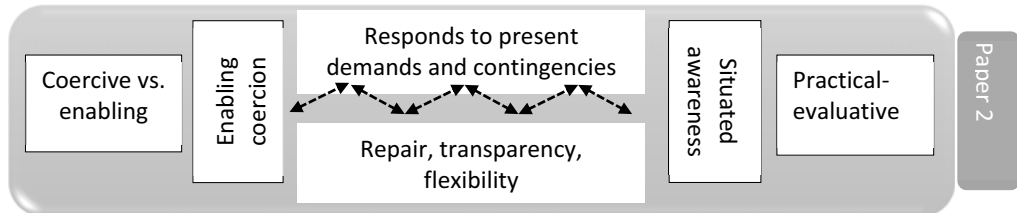
I chose to juxtapose different MAPs' dilemmas (coercive vs. enabling, formal vs. informal control, stability vs. changes) and explain the outcomes of MAPs' changes from the position of the human agency's different dimensions (practical-evaluative, projective and habitual). This gave me an opportunity to explore how human agency's different dimensions are intertwined with MAPs during significant transformations. A summary of the thesis (Figure 1.5), drawn from the four sub-studies, aims at conceptualizing the bonds between human agency's different dimensions and MAPs' changes. It is proposed that the agency's dimensions (examined through the notions of 'care', 'habit' and 'situated awareness') have an influence on the design of MAPs and may act as a key impetus for MAPs' changes.

A literature review (Paper 1) shed light on the transformational processes in MAPs in PSCs and reported the differences in MAPs' development across PSCs. It was found that progress in MAPs' transformation is a subject common to both, human agency's aspects and the progress in institutional/structural reforms at the country level. The group of PSCs in post-transition makes good progress in MAPs' reforms, not least because 'external' and 'internal agents', possessing high agentic and negotiating capacity (Emirbayer & Mische, 1998), find ways to formulate and achieve common goals and views on changes. The agentic and negotiating capacity of 'external' and 'internal agents' in PSCs in transition is reported to be lower in the selected publications. This adds to the explanations of the relatively slower progress in MAPs' reforms. The three other sub-studies (Papers 2-4) demonstrated the different aspects (dimensions) of human agency that interpenetrate diverse forms of MAPs. Overall, this study shows that the agency's dimensions' perspective (Emirbayer & Mische, 1998) might be fruitfully applied to justify the choices of the design of a control system in particular (complex) situations.



MAPs' dilemmas

Agency's dimensions



Implications for theory and practice

For theory: Versatility of the human agency's dimensions and their influence over design and mobilization of MAPs

For practice: MAPs are not only controlling devices; they are also a means of mobilizing human agency. Development of the emotional and affectional skills of practitioners is therefore an important aspect, especially in view of digitalization and the robotization of accounting

Figure 1.5. Summary of the thesis

In other words, the mobilization of a particular control system or tool occurs, based on a particular 'demand' in a particular situation to which agency offers its own solution or correction. For instance, seemingly coercive controls might be perceived as enabling, due to the practical-evaluative dimension of agency that includes 'situationally based judgments' (Emirbayer & Mische, 1998), formed as results of dialogues, discourses and debates (also mechanisms of repair, internal and external transparency and flexibility, in terms of Adler & Borys (1996)), described in Paper 2. In the case of the described accounting regime changes, there are many dilemmas in objectives, numerous cultural clashes, and little knowledge about the cause and effect of the undertaken changes and their results. In this case, as part of the practical-evaluative dimension of human agency, 'situated awareness' became prominent, leading to changes in MAPs through the mechanisms of 'enabling coercion' (Paper 2).

Further, human actors mobilize care in situations that need projective thinking (Emirbayer & Mische, 1998) – in situations when formal control systems fail but complex projects must move forward 'no matter what'. In this case, managers are reported to display an emotional engagement and passion (referred to as *Care*) and in this way complement or substitute the formal control systems (Paper 3). The care component indicates that managers in situations of significant transformations often do more than required by the contract, because they care for the things and people they control, as well as for their reputation. Thus, care deals with 'liking', but it also means 'taking care of' and 'making sure', 'being careful', by paying attention to details and facts.

In this respect, instead of being answer machines, ammunition machines, learning machines or rationalization machines (Burchell et al., 1980), management accounting and control practices merely become 'caring machines'. The so-called 'caring machines' are mobilized through informal control systems. As managers did *care* about their projects (thus mobilizing the projective agency's dimension) (Paper 3), they were emotionally attached to what they controlled; therefore, managers in both studied projects decided to go beyond their contracts. In these cases, characterized by dilemmas about cause and effect, the managers mobilized informal control systems with care to complement the deficiencies of formal controls. The notion of care enriches our understanding of the informal control mechanisms (Ouchi, 1977). In addition to the above theoretical contributions, this paper has several important practical implications for the development of the project controller's profession. One recommendation is to cultivate emotional abilities and human skills, because – with

digitalization – there is a need to account for more emotions that only humans can ‘produce’, not robots.

Finally, the iterational/habitual dimension of agency that undermines selective reactivations by actors of past patterns of thought and action, therefore sustaining their identities (Emirbayer & Mische, 1998), might be one explanation of the phenomenon of ‘serial institutional entrepreneurship’ (Paper 4). The entrepreneurial motivations to engage in MAPs’ changes may be driven by emotional states and personal aspects, such as match and mismatch between the mindset and behavior of an institutional entrepreneur in his/her ‘comfort’ and ‘discomfort’ zones.

In the case of serial institutional entrepreneurship (Paper 4), we deal with an individual (manager), who is, due to experience, certain about how to do things (habitual or iterational dimension of agency). He has his own will and also knows the cause and effect relations. However, he deals with a great many dilemmas in objectives for making changes (often personal vs. organizational). The institutional entrepreneur is sometimes trapped and asks himself: “Why do I need to engage in changes and to fire people? I do not like it!” Facing conflicts of personal and organizational interests, the institutional entrepreneur leaves the company, where he was undertaking MAPs’ changes.

Paper 4 provides an important temporal perspective, concerning how human agency is triggered over time, a consideration which has been largely missing from previous accounts of management accounting change (Abrahamsson et al., 2011; Horton & de Araujo Wanderley, 2018). It answers research calls for non-heroic models of human agency that go beyond a focus on exogenous shocks or heroic institutional entrepreneurs (Hwang & Colyvas, 2011; Kilfoyle & Richardson, 2011; Leca et al., 2008). It contributes to an emerging body of literature that aims to understand the microprocesses through which daily work, habit and life experiences give rise to change related actions (Sharma et al., 2010; Sharma et al., 2014).

Since the notion of agency is such a multifaceted concept, the bonds between MAPs and human agency are many: agentic and negotiating capacities, control perceptions and mentalities, emotional engagement and care, perceived work situation of comfort and discomfort at workplace, etc. It does not seem possible to resolve the ‘mystery of agency’ or the so-called ‘human embedded agency paradox’ (Seo & Creed, 2002) in one dissertation. However, it is believed that current research adds

understanding to the issues of human (embedded) agency and its role in accounting changes.

Research implications

There has been little discussion of the bonds between human agency and MAPs in the previous management accounting literature. This study offers a timely contribution to the growing body of management accounting literature devoted to human agency's role in MAPs' changes; see e.g. *Management Accounting Research* (Englund & Gerdin, 2018; Ahrens & Ferry, 2018; Hiebl, 2018; Horton & de Araujo Wanderley, 2018). It enriches our understanding of the human agency in several ways.

First, I provide insights into the micro-processes, through which I shed light on human agency's different dimensions and their bonds with MAPs. The study appreciates the affectional, psychological and emotional components of MAPs. Thus, in addition to understanding management accounting as a social and institutional practice (Busco et al., 2007; Miller & O'Leary, 1994; Miller & Power, 2013), accounting proves to be an affective practice (Boedker & Chua, 2013), meaning that it is also subject to human agency's aspects, different moods, feelings, and attitudes (Ahrens & Ferry, 2018; Boedker & Chua, 2013; Covalleski et al., 2013; Hall, 2016).

Thus, compared to previous accounts of MAPs' changes (Ahrens & Ferry, 2018; Boedker & Chua, 2013; Covalleski et al., 2013), this study provides a more detailed explanation of the micro-processes through which human agency occurs and particularly the role of different dimensions of agency (projective, habitual and practical-evaluative) in shaping such change processes. The empirical studies juxtapose such categories as 'situated awareness', 'care' and 'habit', as parts of agency's different dimensions, with the accounting dilemmas, and explain the outcomes of MAPs' changes, resulting in 'enabling coercion' (Paper 2), 'use of informal controls' (Paper 3) and 'serial institutional entrepreneurship' (Paper 4).

Secondly, this study contributes to the management accounting and control literature on accounting in transition (Haldma & Lääts, 2002; Moilanen, 2007, 2008; Southworth, 1994; Szychta, 2002; Vámosi, 2000), by revealing the role of human agency in different processes, in terms of accounting reforms across different PSCs. Further, this study revives some classic accounting studies (e.g. Burchell et al., 1980), by adding the 'novel' human agency perspective into analysis. It is thus proposed that

the human agency perspective can provide an important perceptual lens in the study of institutional change in management accounting contexts.

In terms of the implications of this research for practice, it is stressed that practitioners should understand the common illusions of control (Dermer & Lucas, 1986), created by formal control systems, such as budgets, and must therefore complement the formal with informal controls. Further, managers must develop their emotional competences and be more careful towards the people and things they control. Managers should understand the ways in which accounting also impacts and mobilizes the human agency of people on the ground, as they also have the capacity to influence the MAPs' development path and to suggest improvements to existing MAPs.

Limitations and suggestions for further research

Having defined the contributions of the thesis, it is important to highlight the limitations and suggest important directions for further extensions of this work. As a major limitation of the current study, I must admit that I illustrate only a few examples of three basic dimensions of agency (Emirbayer & Mische, 1998) in each empirical paper (i.e. 'care', 'habit' and 'situated awareness'). The intention was to attract attention through some illustrative examples that elevate a particular aspect of each dimension that is more visible in each case. Future research should examine other aspects of the different agencies' dimensions (Emirbayer & Mische, 1998; Battilana & D'Aunno, 2009). Another possible option is to look at human agency from the position of social psychology, e.g. to build analysis around intra-personal phenomena such as attitudes, persuasion, social cognition, self-concept; or interpersonal phenomena: social influence, group dynamics, and interpersonal attraction.

Generally, there is considerable potential for research on emotions in accounting. For instance, the (psychological) dimensions of 'accounting actorhood' have become a highly topical area in management studies in recent years (Bromley and Meyer, 2015; Voronov & Weber, 2016; Voronov & Weber, 2017). Actorhood is seen as a constructed role and carries the posture of voluntarism, activity and agency (Bromley & Meyer, 2015, p. 127). Thus, contemporary actors are not structured as passive enactors of their institutional environment but are equipped with socially legitimized agency. In some views, they are seen as natural entities, albeit with bounded autonomy: that is, they are real actors navigating constraints from their

environments. Sense-making in crises situations (Gioia & Chittipeddi, 1991) may yet be another relevant topic for further research.

When it comes from each sub-study of this dissertation, there are other possible directions for future research. For example, the literature review stresses the importance of understanding the ‘struggles’ and ‘failures’ in the development of MAPs, especially in the transition PSCs, because this group of countries is especially sparsely represented in the research literature today. The first empirical sub-study calls for more research on relations between coordination and decision-making in accounting regimes’ transformation processes. Although I do not explicitly refer to the intentionality of the change processes described in the paper or the collective change efforts, the distinction between intentional and unintentional sources of agency (Englund & Gerdin, 2018), as well as the notion of collective institutional entrepreneurship (Wijen & Ansari, 2007; Maguire et al., 2004) from the side of company managers, may have interesting implications for the change processes presented in this sub-study.

The second empirical sub-study calls for more empirical research on ‘care-control’ relations from ‘first hands’ (different levels of actors) in real-time settings. Deeper analysis of the psychological aspects (Hall, 2016) related to care and control may also be a promising area for further research. The third empirical sub-study calls for more research on the traits and characters (Kisfalvi & Maguire, 2011) of serial institutional entrepreneurs (IEs), as well as on other areas of reflexivity and the institutional entrepreneurs’ inner-world’ (Archer, 2009; Mutch, 2007).

Similarly, the power or status of an aspiring change agent is likely to be important in affecting their capacity for agentic behavior (Emirbayer & Mische, 1998; Battilana & D’Aunno, 2009; Horton & de Araujo Wanderley, 2018), in particular affecting their level of business involvement and access to key resources within a firm. Indeed, it is relevant to note that the institutional entrepreneur (IE) cited in this paper occupied high-status positions at the upper management level (e.g. CFO) and had formed particular habits, which appeared to have facilitated his attempts at MAPs’ changes and his decisions to leave at particular moments, summarized as the comfort and discomfort zones of IE. A systematic understanding of such categories is missing from the extant literature. It is thus reasonable to call for more research, aimed at addressing these important questions in future management accounting studies.

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8. APPENDIXES

Appendix A. Decision making, uncertainty and the roles of accounting practice
 (Adapted from Burchell et al., 1980, pp. 13-14)

		Uncertainty of objectives	
		Low	High
Uncertainty of cause and effect	Low	Decision by computation Answer machine	Decision by compromise Ammunition machine
	High	Decision by judgment Answer / Learning machines	Decision by inspiration Rationalization machines

Appendix B. "Take-aways" From the Field

How (Not) to Conduct Research in the Context of a Post-Socialist Country **(An episode from the data collection in DTEK)**

Breaking down the walls of the PR department to reach the top management

It is difficult to get access, via PR departments, to the managers you want to interview. They try to provide a lot of general information that you might find yourself on news or official web-pages. Only sometimes may PR departments provide the contact information of a low-level manager. My advice is to try to make contact with a manager at a top-level position. Those managers are often very open, and, once you talk to them, it becomes a signal to the rest of the company that they can also talk. (Perhaps, this is a cultural thing.) In my case, I spent at least three months contacting the PR department of a company, convincing them to forward my e-mail to the top-management of the company. It did not bring many results – only a few reports, available at the company's web-page, but also a few e-mail addresses that actually allowed me to figure out the format of the e-mail addresses used in the company. Thus, I decided to send a direct e-mail to the top manager (I thought he would not mind taking part in a research activity.) I was lucky: the format of the e-mail worked well. To my surprise, I received an answer from the top manager within 20 minutes; he suggested I should come to a personal meeting in two days' time at the corporate

center. After this interview, I was able to use the snowball interviewing method, as the interviewed top manager also recommended other people I could talk to.

The 1st and the 2nd e-mails

The content of *the 1st e-mail*, which was also a request for an interview, was an important starting point. In order for the potential research participant to understand my aim, I concisely formulated it in the first two sentences, later providing brief information about myself and the institution I worked for. I decided to keep it as short and straightforward as possible. I also made a note about the anonymity of the research participants (and the company, if necessary). After my visits to the company, the Director for External Affairs confirmed that I did not need to anonymize the company name. *The 2nd e-mail* should necessarily include the topics for discussion, in order for the participant to be prepared. I did not include the list of questions I had with me during the interviews but, instead, grouped them into four different categories that I thought should give a good overview of the issues of interest in the company's MAPs. I also included a note about the estimated time that would be needed for the interview, keeping in mind that managers are busy people and like to plan their time.

Other issues

Personal curiosity is the main driving force of research and interviews. However, preparedness (as much data as possible about the interviewed person and an interview guide with a set of questions) is necessary. It is important to employ the snowball interviewing technique (at least one new person should be recommended to talk to during each interview). The snowball interviewing technique helped me to identify the Institutional Entrepreneur I describe in my fourth paper. In an ideal situation, when the interviewer is allowed to tape record the conversation, this would not be an issue. However, in situations in which it is not possible to record the conversation, the researcher must have extra papers and extra pens to make notes, as well as to look through the notes and repeat 'the findings' at the end of the interview, in order to ensure that the interpretation was correct. It is even better if it is possible to send a transcript of the interview to the interviewee via e-mail and request their verification via e-mail or phone. In this way, a more trusting relationship may be established. In cases when I was not able to record the interviews, I tried to put all the findings on paper (on the laptop) as soon as possible.

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The human side of accounting:
The bonds between human agency and management accounting
practices' changes in the transitional economy

This thesis studies the *human side of accounting*, using the notion of human embedded agency. It refers to the ability of human actors to create, maintain and disrupt management accounting practices (MAPs). This thesis extends the existing explanation boundaries of MAPs' changes and (re)conceptualizes the role of human agency in shaping and interpenetrating diverse forms of MAPs, by exploring *how human agency's different dimensions are intertwined with MAPs during significant transformations*.

By means of four different but theoretically interrelated studies, the thesis introduces readers to the practices of management control and accounting and the changes these practices have undergone in the context of post-socialist countries (PSCs). This research goes beyond the well-studied 'naturally occurring' management accounting changes observed in Western contexts.

Firstly, the literature review paper describes and compares the progress in MAPs' reforms across different PSCs. The three basic dimensions of agency (*practical-evaluative, projective and iterational (habitual)*) are then examined in three empirical studies. Each study draws upon a particular agency's dimension and examines its role and bonds with MAPs. By so doing, the three empirical papers add new perspectives to 'classic' accounting dilemmas – *coercive vs. enabling, formal vs. informal control, stability vs. changes*.

The thesis reveals the role of human agency in making different levels of progress in terms of accounting reforms across PSCs. The study juxtaposes such parts of agency's different dimensions as 'situated awareness', 'care' and 'habit' with the accounting dilemmas and explains the outcomes of MAPs' changes, resulting in 'enabling coercion', 'use of informal controls' and 'serial institutional entrepreneurship'. In sum, this study revives some classic accounting studies and proposes ways to add the 'new' perspective into analysis – the 'human side' of accounting.