

Accounting for Change
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This paper explores some of the ways in which accounting may affect the power relationships between two organisations, and how accounting can be

involved in organisational reconstruction. The empirical basis of the paper is a study of a cross-border acquisition in the former German Democratic Republic. In this particular case, a Swedish construction combine introduced decentralised and project based accounting practices in an acquired German firm as part of an overall reform programme aiming for competitiveness and an increased identification with the acquirer. One conclusion of the analysis is that the new accounting practices helped establish a principal-agent relationship between the acquirer and the acquiree, i.e. a relationship where organisational members considered it natural for the German firm to be governed by the Swedish one. Another conclusion is that internal power relationships were transformed. Project accounting furthered a redrawing of internal boundaries and promoted a redefinition of individual as well as organisational identities.

As the cross-border acquisition theme implies, the paper can also be read as tale of an encounter between the “east” and the “west”. When discussing the relationship between the two organisational parties, I will use the conception of an east/west divide as a signifier describing, and ascribing, differences in relative powers, knowledge and competencies.

Accounting: Regulating and Constituting

Accounting can now be seen as a set of practices that affect the type of world we live in, the type of social reality we inhabit, the way in which we understand the choices open to business undertakings and individuals, the way in which we manage and organize activities and processes of diverse types, and the way in which we administer the lives of others and ourselves. (Miller 1994: 1)

The practices of accounting are intertwined with wider systems of management control and power within organisations and between organisations and other actors. However, when conceptualising firms and organisations primarily as economic entities striving for effectiveness and efficiency, accounting is traditionally often defined as fulfilling a limited number of regulatory functions. Danielsson (1989) stated that accounting has three main regulatory roles: to enable the market control of firms, to help principals control agents, and, to keep track of information about products, processes and activities in order to keep management well informed. It follows that accounting practices enable a form of controlling and explaining actions a distance, c.f. Latour's (1988) discussion of acting at a distance. Principals need not be present in order to govern agents; accounting does it for them.

Students of business, readers of business magazines and others are familiar with a perspective on accounting of the economic type. The regulatory roles of accounting it delineates are fundamental from an economic viewpoint, but as all perspectives it is a perspective with limitations and blind spots. One type of critique is that this type of perspective takes too little notice of variations between organisations and settings, e.g. differences in how accounting systems and other control systems function across various market economies (Whitley 1999). Accounting practices have wider power implications than the ones made

evident from a narrow economic standpoint. Importantly, governing through accounting is no neutral, exogenous practice, reporting on events and actors already in place. Accounting affects our ideas of individual identities or personhood; accounting forwards a view of individuals as being manageable and efficient entities (Miller & O’Leary 1987). The focus on costs and calculus inherent in accounting practices makes them active parties in the rationalisation, or “McDonaldization” (Ritzer 1993), of individual members of society. This renders another role of accounting visible. In addition to being a regulatory system, accounting has constitutive capacities. Or rather, due to it being a regulatory system, accounting has constitutive capacities. It is a language of power, constraining the men and women of organisations to speak within the realm of, and act on behalf of, the world as constituted by accounting.

Accounting imposes a definition of the situation and action; the subordinate must explain his or her action in terms of this imposed understanding; individuals’ own understandings are in principle irrelevant to this process. (Roberts 1991: 361)

The constitutive capacities of accounting are not limited to individuals. The construction of organisational identities is another issue where accounting is important. As organisational boundaries are neither self-evident nor reproduced without an effort, we need an aid in order to be able to identify them. Accounting can serve that purpose. It has a role of “boundary maintenance” (Llewellyn 1994), of creating and maintaining organisational boundaries. Thanks to accounting, we can know what to count as part of a specific organisation — e.g. what resources, cash, buildings, products being processed — and what not to. From this perspective, it is not surprising that accounting has been found to be instrumental in attempts at strategic organisational reform (Dent 1990).

Accounting is also involved in shaping new forms of society. Societal and more explicitly political aspects of accounting are evident in Power’s (1994) conception of the “audit” society. His argumentation suggests that auditing has evolved close into being a “rationalized myth” (Meyer & Rowan 1977) in society.

The idea of the ‘audit’ society, which describes systematic potentials as much as identifiable practices, draws attention to the function of audit as a ‘rational norm’ which is greater than the apparently diverse technical practices which are conducted in its name. (Power 1994: 313)

Accounting is a prerequisite for societies of the audit type to evolve. The wide spread use of accounting makes various economic evaluations, discussions of accountability, and auditing possible as does the strong faith in the merits of accounting and similar practices across nations, spheres and issues. Current developments within the public sector is one point in case (Olson et al 1998).

So far, I have mentioned some powerful aspects of accounting on the individual, organisational and societal level respectively. In the following, I will

concentrate on the organisational one. Individual and societal aspects are not wholly excluded from the discussion, though. The next section describes the empirical background of the descriptions and analyses. In addition, I briefly look into the influence of the societal transformation on the relationship between the organisations studied. I will then outline the aims and measures of accounting reform as part of a wider reform programme initiated by the acquirer. In the concluding, more analytical, parts, I will focus on the powers of accounting in connection to regulatory and constitutive issues.

Fieldwork

Northcon and Sibco are the main organisational actors in this study (apart from their members). Their names are fictive, as their real life counterparts were promised anonymity concerning their names. In other respects, the accounts of Northcon and Sibco have not been altered in to order to safe-guard anonymity. The initiated reader may well recognise them.

I conducted the fieldwork on which the description of the relationship between Sibco and Northcon is based in 1990-1993. The study of that relationship was part of a research project focussing on the social construction and re-construction of privatised organisations in different settings (Svedberg Nilsson 1999). The fieldwork in the study consisted mainly of interviews. At the head office and sites of Sibco, 26 formal interviews were made. The German interviewees represented various hierarchical levels ranging from manual workers to top-management. At Northcon, eight interviews were conducted with Swedish Northcon personnel in Stockholm, Berlin, and, eventually, at Sibco. These interviewees also represent different hierarchical levels, but the main selection criterion was that they were engaged in, and/or responsible for the reconstruction process. At Sibco as well as at Northcon, interviews were complemented by informal discussions with interviewees and other organisational members.

Apart from interviews and discussions, various internal documents were analysed. Among those most pertinent for the present discussion are the project accounting forms, reform- and training plans, and the firm magazine which were all involved in, and thought likely to be instrumental for, the attempts of Northcon to reconstruct Sibco.

Organisational Actors

Northcon, the Swedish construction combine, is the organisation deemed relatively more powerful in this study due to it being not only the acquirer but also western, c.f. the discussion in the next section. However, Northcon's position in the German Democratic Republic of the early nineties was by no means unproblematic, if not as complex as Sibco's, the GDR construction firm it acquired and strove to reform.

Traditionally, Northcon supplied building materials and was engaged in building projects for the East German State. Northcon had been present in East Germany for more than two decades by 1990 and had a subsidiary in East Berlin. The transformation processes affected Northcon in a more direct way than it did many other foreign firms without its presence in, experience of, and resulting dependence on the GDR. Consequently, Northcon suffered a severe blow and lost its main customer as the political and economical system of East Germany crumbled. The prospect of a reunited Germany further complicated Northcon's situation, as it was not present in the Federal Republic of Germany.

The acquisition of Sibco was an important element in Northcon's strategy to handle the ongoing societal change in East Germany. The acquisition was intended to help establish Northcon on the construction market of a re-united Germany, a market Northcon expected soon to be booming.

Sibco, the Smalltown Industrial Building Company, was originally a GDR *Kombinat*. It was then turned into a *GmbH*, a change of organisational form that was a compulsory part of the preparation for the upcoming monetary union between the two German states in the summer of 1990. Sibco's main production area was industrial construction. It was also engaged in housing and other forms of so called community construction projects. The number of employees amounted to 1900. Sibco was thus close to the average size of a GDR construction *Kombinat*, which was 2000 employees (Grabher 1992).

During the spring of 1990, Sibco faced financial and other difficulties as the economic system of East Germany was falling apart. It reduced the number of employees by some twenty percent, through outright lay-offs and by a kind of outsourcing. The survival of the company was no longer to be taken for granted. At this problematic stage in the history of Sibco, the Northcon combine appeared. Northcon put its initial bid on Sibco in June 1990. Following several months of negotiations between Northcon and the seller, the *Treuhandanstalt*, the acquisition was finalised in March 1991.

Setting the Stage for Accounting Reform

Before turning to the aims and contents of accounting reform, a few remarks need to be made about the societal setting in which the reform took place. The ongoing transformation limited the views of actors regarding the reasons for reform. It also affected the form of relationship between Sibco and Northcon thought possible and desirable.

Fitting into the Market

The Germans deemed the planned economy irrelevant for their present situation, which is a finding in accordance with Rottenburg's (1991) study of another *Kombinat*, at that time. The members of Sibco, and of Northcon for that matter, had concluded that what was fitting for a firm in a planned economy was not likely to be appropriate for a firm in a market economy. Similarly, they

agreed that experience and knowledge from the planned economy were not likely to be of much significance in the market economy.

In the eyes of the Germans, Sibco suffered from a problem of environmental mis-fit. The surrounding environment was expected to adhere increasingly to the principles of a market of the perfectly competitive variety. Sibco had to evolve into an actor in such a market, it was argued. It had to turn into an autonomous and competitive firm ready to face the forces of supply and demand. The Swedes did not disagree.

Carriers and Recipients of Knowledge

The Swedes of Northcon had several reasons for wanting to reform Sibco, not all of which were evident to the Germans. Importantly, there was a strong need for Northcon to adapt to the ongoing changes in East Germany. This need of Northcon's was downplayed, however. Both parties concluded that Northcon, being a western firm, was a carrier of knowledge and practices that Sibco did not have, or indeed could not have yet due to its limited experience of the market economic system. The knowledge gap between the parties induced a relationship where Northcon was the teacher and role model whereas Sibco was a student and follower. The idea that Northcon could have something to learn from Sibco was not expressed at the time. It surfaced later in the relationship, as discussed in Nilsson (1996).

The Myth of Transition

It would be incorrect to regard the reformist-teacher-student relationship as entirely of Sibco's and Northcon's own making. The relationship was supported by dominant ideas in the wider societal setting. What has been termed the "transition perspective" (Grabher 1995) dominated the debates and analyses of East and Central Europe in the early nineties.

Within the transition perspective, the planned economic system was proven wrong. The perspective also contained the idea that the planned economy was wholly separate from the market economy. Thus, rather than supporting transformative or path-dependent views of what was happening, the standpoint furthered was that, put crudely, it was possible to jump from one social system to another. A pre-requisite for such a jump was that these systems, i.e. that of the past as well as that of the future, were known. And, within the transition perspective, they were. The past was in the east and the future, market system, could be found in the west.

As a consequence, in the societal setting where Sibco and Northcon operated, it was hard to claim that organisations previously intertwined with, and adapted to, the planned economy could function in the market economy. It was equally difficult to argue that experience and knowledge grounded primarily in the old planned system would be of immediate, or indeed of any, use in the new market one. It was, however, reasonable to view eastern firms as in need of reform, and legitimate to claim that western firm were ideals to be followed.

Western firms were pre-supposedly market-economic firms providing experiences and knowledge suitable for actors new to a market economic system, c.f. Kostera's (1995) discussion of the unidirectional character of communication in the Polish setting.

Consequently, by recognising the need for reform of Sibco with Northcon as the role model, the members of Sibco and Northcon acted in accordance with predominant myths as represented by the transition perspective. In so doing, they portrayed both organisations as legitimate, or at least as acceptable, actors in the new market economy.

Project Accounting as part of Reform

To sum up the discussion so far, I have argued that there was surface agreement concerning the reasons for and aims of reform between the people of Northcon and those of Sibco. I have also argued that this common frame of reference was supported by the wider societal context. The stage was set for Northcon's reconstruction programme where the practices of project accounting were one integral part.

Acquisitions as Occasions for Integrative Efforts

Integrative efforts and change attempts are commonly assumed to be necessary in order for mergers and acquisitions to be successful (Shrivastava 1986). Diverging organisational cultures, and clashes between these, are among the recurring problems to be worked out (Buono, Bowditch & Lewis 1985). Thus, one does not ask if post-merger integration is needed, but rather what integrative instruments are best suited for the particular complexities of the situation at hand (Strandgaard Pedersen 1998). Northcon followed this script. It was self-evident for Northcon that Sibco needed to be more integrated in Northcon for the acquisition to be a success.

Accounting has been put forward as one integrative instrument promoting identification with the acquirer (Jones 1985). In the following, Northcon's use of accounting as a reform instrument is portrayed, focussing on project accounting issues. To understand what Northcon set out to do, what it strove to change, and why project accounting mattered, it is necessary to describe some of the main characteristics of Sibco at the time of the take-over. This is the topic of the first of the following sections. Then I turn to the issue of reform and its consequences.

Pre-Reform Problems and Reform Aims

In 1990, Sibco was infused with values and structures of the old system. In the planned economy period, the external control of Sibco was formalised in the plan. Central plan production targets were designated to Sibco stating how much, of what type, where and for whom it was to erect houses and other

buildings. Accounting procedures at Sibco were adapted to the targets set out in the plan. A main task was to transform the central plan targets into targets for the various production sites and “collectives”, as the work groups were called. Sibco’s department for planning, a department within the accounting area was in charge of these proceedings. As a symbol of the old order, it was among the first to be abolished in the spring of 1990.

The planned order worked as a main internal structuring device in several respects. The hierarchical order of the plan was reproduced within Sibco. There was a large degree of centralisation of accountability and responsibility to top managers. Departments and areas were labelled and numbered in accordance with plan standards. The range of activities was wide, as prescribed, including holiday arrangements and ideological schooling.

The functionally oriented organisational structure of Sibco, which included the areas of accounting, production, personnel and technology, also followed the plan. Administrative personnel administered at headquarters and where thus separated from manual workers producing on the sites, as were women from men. Women worked at the head office but were a rare sight on the sites. In addition to this overall separation between areas and groups (and sexes), there was a wide range of specialised functions further subdividing the members of Sibco and their tasks. By way of illustration, manual workers at the sites could be specialised carpenters, roof-builders, concrete- or ironworkers etc.

In many respects, Northcon was the total opposite of Sibco in terms of internal structures and control systems. The structure of Northcon was centred round production. Production, in turn, was centred round individual construction projects. The project, usually a construction project, was the main accountable entity and project accounting an integral part of building at Northcon. Project accounting practices involved explicitly designating resources to single construction projects and to allocate costs accordingly. For these activities, there was computerised support. Project accounting also meant following and accounting for construction project across years, i.e. not only following the calendar year principle in accounting reports as had been the case at Sibco.

Another prominent feature of the organisation of Northcon was that administrative personnel and productive personnel were mixed. The cross-functional team was an important building block of the organisation. There were teams at the head office as well as on the construction sites. As people with accounting competence were included in teams on lower managerial levels, it was possible to decentralise accountability for costs to the single team.

Figure 1.

SIBCO	NORTHCON
<ul style="list-style-type: none"> • Centralised accounting • Accounting for the organisation • External accountability • Wide range of activities • Wide range of specialities • Functional brigades and work groups • Four peer areas 	<ul style="list-style-type: none"> • Decentralised accounting • Accounting for projects • Internal accountability, and external • Narrow range of activities • Narrow range of specialities • Cross-functional teams • Production the centre area

The main features of Sibco and Northcon as presented here are summarised in figure 1. It can be noted that I have not explicitly mentioned the issue of internal versus external accountability present in the figure. What this dimension helps to emphasise, is that accounting at Northcon, not least project accounting, was an integral part of the internal governance system. In contrast, accounting at Sibco was focussed primarily on external accountability - at producing accounts satisfying central authorities.

Reform Measures and Results

Simply put, the overall aim of Northcon's reform measures was to turn Sibco into an image of Northcon. The primacy of production was promoted through a new internal structure centred on production. Accounting, the so-called technical area, and personnel were deemed secondary support functions. The C.E.O. duo at Sibco, consisting of the personnel manager and the accounting manager, was replaced by a Northcon man. The accounting manager returned to her previous position, but now with the support of a controller recruited from West Germany. The other management positions were not changed. However, what was called a "support structure" consisting of Swedes was set up at all managerial levels.

Project accounting was promoted already before the take-over. A small group of Swedes worked closely with a number of the economic-administrative staff of Sibco. The staff candidates chosen were the ones considered especially change prone and open-minded. This excluded the head of accounting, to whom Swedes repeatedly referred as a person being adverse to change, and as being a source of trouble.

In the early stage, Sibco spread the ideas of, and reasons for, project accounting. Attempts were also made to account for production on the limited number of construction sites still under way. After the take over, the early work was followed up by educational efforts teaching accounting principles and techniques to staff and production managers. A computerisation was also undertaken. It was necessary in order for Northcon to implement project accounting, which rested on a computerised system. The computerisation was also needed to enable an overall modernisation of other administrative routines; i.e. to make them compatible with those used at Northcon. It can be noted that moder-

nisation, in terms of new technology within production and administration, was what many of the Germans at Sibco had longed for, and had associated with the West. Thus, computerisation met with little resistance in this case.

Project accounting supported the idea of the team as an important building block in the organisation – and vice versa. They were both expressions of the idea of decentralised accountability favoured by Northcon. Teamwork was also encouraged through training programmes for managers ranging from top-management to on-site managers. Lower level employees were then supposed to learn from managers on the next level. The training programmes underlined the importance of shared marketing responsibilities; i.e. managers within production were co-responsible for the marketing of Northcon's construction services. They could not expect to be given work. Being accountable for projects did not only include accounting for projects under way, it was argued. Planning ahead and being able to account for prospective projects in tendering situations was equally important. It was stated that a *Northconite*, was somebody who was an “accountable marketer”; an individual who was accountable for costs and responsible for the marketing of a specific task, project or the company as a whole, apart from being well skilled at his, or her, other work tasks.

The personnel manager was involved in the implementation of several of these training programmes. Personnel still appeared to be an area with functions related to its previous ones. The technical area, however, lost its core to the growing production area. The technical area was soon reduced to a couple of people only. It was then somewhat revived by being turned into a team working with the acquisition of properties for development.

The accounting area shrank as well. The shift to project accounting limited the range of activities of central accounting. Personnel within central accounting were moved in order to be closer to production. Moving to the area of production included a relocation of offices making the restructuring very visible. The main responsibility left for the accounting manager was the external accounting on which tax payments were based. Project accounting staff kept track of costs and revenues in the projects and they were involved in the cross-functional teams. The controller surveyed the activities, costs and revenues of projects, and reported to the Swedes.

The production area increased its importance, but was not untouched by the reorientation. Notably, construction activities considered peripheral by the Swedes, such as carpentry, were out-sourced, thereby reducing the range of specialities and number of on-site workers employed by Sibco.

Summary traits of the reformed Sibco are presented in Figure 2, together with a reproduction of the portrayal of Northcon from Figure 1. In the post-reform phase, Sibco had decentralised accounting, worked with accounting for projects and emphasised internal accounting. Structurally, production was at the centre. The range of activities was narrow and so was the range of specialities.

Figure 2.

SIBCO	NORTHCON
<ul style="list-style-type: none"> • Decentralised accounting • Accounting for projects • Internal accountability, and external • Narrow range of activities • Narrow range of specialities • Cross functional teams • Production the centre area 	<ul style="list-style-type: none"> • Decentralised accounting • Accounting for projects • Internal accountability, and external • Narrow range of activities • Narrow range of specialities • Cross functional teams • Production the centre area

Identities and Boundaries

A comparison between Figures 1 and 2 makes the overall impact of reform visible: Sibco had grown increasingly similar to Northcon. This result indicates that the Swedes had achieved an overall identification of Sibco with Northcon, as intended¹. The identification, which implies a reconstruction of Sibco, was made possible by a large amount of “boundary maintenance” (Llewellyn 1994).

Maintaining boundaries involves not only delineating them in the first place, but everyday maintenance as well as major efforts every once in a while. Northcon’s accounting reform measures included all of these. The introduction of project accounting was a major effort. It moved the boundaries of a centrepiece of organisational reality, the boundaries of construction. Before, construction was an activity. It was carried out by specialised workers and resulted in houses, factories and other buildings. Now, construction was “a project”. It was set out in figures and, hopefully, eventually it would result in profits. Constructing a building of some sort was only a means to achieve this profit aim.

Not only was project accounting practices introduced, a large number of organisational members were trained in the language of project accounting. Being fluent in that language, they were then actively participating in maintaining the new boundaries of construction simply by carrying out and discussing their everyday work tasks. In addition, project accounting, and accounting as a whole, helped define what was part of the company, and what was not. For instance, in all prospective plans and budgets for new projects organisational members were constantly reminded that e.g. carpenters and roof-builders were no longer part of the organisation. They were outside, even if they could be brought in when necessary. The territory enclosed by the organisational boundaries of Sibco had shrunk.

This leads us to the impact of accounting reform on the content of work identities. Previously, the plan order prescribed a wide range of activities and

¹ It can be noted, that the process of reconstructing Sibco was more complex and more contradictory in nature than is made evident by the scope and length of the present text. A more comprehensive analysis of the repertoire of construction methods used in this case, and a few others, can be found in Svedberg Nilsson (1999).

speciality functions. In so doing, it fostered work identities that were narrow in scope, but also many and diverse - although to a varying extent united by an ideological building block. Workers identified not primarily with the company but with their work tasks. They were professional persons. In contrast, the accounting practices and structures implemented by Northcon fostered fewer work identities as broad construction tasks and competencies, not specialised tasks and competencies, were required.

Northcon norms emphasised that a main building block in all identities should be the image of “the accountable marketer”. Organisational members were not only accountable for themselves, they had better be aware that they were accountable for the organisation at all times. As a result, work identities were based more on accountability— for themselves, for projects, and for the organisation as a whole — than on specialised skills. Another conclusion is that the content of the main building block of the new work identities was hard to distinguish from content of the new organisational identity of Sibco. It was not only workers that were accountable marketers, so was the organisation. The identities of the human persons and the identity of the organisational “super person” (Czarniawska-Joerges 1994) had merged.

Out of Count

Another consequence of the implementation of project accounting was that it made the maintaining of old boundaries around central accounting difficult. The head of accounts had lost most of her power base – externally and internally. Previously a central figure, responsible for contacts with major actors in the environment and involved in a range of issues connected to the organisation’s dependence on external resources, she had now been reduced to being a taxpayer.

Internally, project accounting was not her responsibility; it was part of the internal control system supervised by the new controller. It was also he who was the manager in charge of the role of accounting as an information system - not the head of central accounting. Consequently, central accounting was largely cut off from internal control and accounting practices in other parts of Sibco. The maintenance of central accounting as a separate entity, that was hit hard by the fall of the plan system, was therefore difficult to reactivate. Moreover, the new organisational structure placed central accounting together with other so called support functions, making its boundaries even less noticeable. They kept crumbling.

This development implies that the head of accounts need not have been adverse to change, as the Swedes argued, just adverse to changes being entirely to her own disadvantage. Another circumstance may also have affected the head of accounting negatively. The C.E.O., the controller and the other top managers at Sibco were all male. The head of central accounts was female. This position as a “token woman” (Kanter 1977) is not likely to have helped her case, especially as there were no female top managers at all at Northcon.

Principals and Agents

To de-emphasise central control by promoting decentralisation of accountability, as done by Northcon, could be interpreted as a reform measure increasing the powers of individuals on lower levels as well as the powers of the organisation acquired. To support the growth and spread of common company norms, or what some prefer to call a strong corporate culture, as done by Northcon, could be interpreted in the same way. Moreover, such an interpretation of the development at Sibco would be supported by interviewees claiming to have a larger freedom to act than before the take-over and before the transformation. Most members felt more powerful, and for a reason. They were free of many rules that had governed their work- and private lives.

However, as we have learned from studies of deregulation, abandoning central regulations does not automatically imply that all rules disappear. Rather, what can be expected is a re-regulation involving a change in the form and content of rules governing the system, actors and activities in question (Jacobsson 1993, Majone 1996). In turn, this indicates that de-regulation does not necessarily make it possible for actors to act in accordance with their own free individual wills and preferences. A case in point, is the abandonment of central rules regarding compulsory components in the structure of Swedish municipal authorities. This de-regulation did not result in a diversity of locally adapted structures, as hoped for in motivating the de-regulation; it resulted in widespread implementation of fashionable purchaser-provider structures (Fernler 1996). Similar structures enforced by compulsory central rules were thus exchanged for a new set of similar structures enforced by common norms. In the case of Sibco, centralised accounting, plan targets and communist ideology were indeed abolished. The consequence was not that individuals were free to act according to their personal preferences, however. The empty margins in the regulatory space were soon filled with decentralised accounting, budget targets and Northcon ideology.

In addition to this, it can be noted that bureaucratic control, such as centralised directives, need not be abandoned in order for norms and other versions of self-imposed control to arise. One does not exclude the other. Implicit governing by norms, e.g. in the form of a strong national or corporate culture, does not exclude explicit governing by more bureaucratic means. Bureaucratic control can be over-layered and supported by self-imposed control in a company as studies of corporate cultures have shown (Kunda 1992). In the GDR, bureaucratic control in the form of plans used to be meshed with self-imposed control in the form of ideology. Similarly, Northcon introduced formalised, and centrally produced rules such as project accounting at Sibco, in addition to new norms of conduct and other less visible means of control. One was not exchanged for the other. They reinforced one another. The form and content of rules had changed but Sibco was still very much an agent governed by a principal.

Summary Conclusions

The paper aimed to analyse some of the powers of accounting by focussing on a relationship between two organisations where one strove to reform the other using project accounting, and complementary practices, as means in that process. One main conclusion of the analysis is that project accounting had a regulatory impact. It was instrumental in re-establishing a principal-agent relationship with the acquirer as the new principal, thereby fulfilling one of the traditional economic functions of accounting. In short, accounting reform helped establish the hegemony of Northcon over Sibco and prohibited alternative paths of development. What was defined as support and modernisation was also control and domination. On the other hand, if Northcon had not taken over Sibco, and if Northcon had not made an effort, monetary and otherwise, to reform Sibco, it is questionable whether Sibco would have continued to exist at all.

The second main conclusion is that accounting expressed constitutive powers in this case. It furthered a transformation of boundaries and identities. On the organisational level, accounting promoted a shrinking of organisational boundaries. A number of activities and actors fell outside of company accounts and thus did no longer have access to organisational membership. A redrawing of internal boundaries complemented this change. Production was the implied new ruler and the other parts of the organisation were followers. Furthermore, the meaning of the main task of production, construction, was transformed from being an activity into being a “project”. A focus on producing things was thus turned into a focus on producing profits. Accountability — for projects, costs, profits and more — turned into a main building block in the identity of the organisation.

On the individual or personal level, it is concluded that the redrawing of boundaries and shaping of a new organisational identity was intertwined with changes in the relative positions, powers and identities of organisational members. Notably, the head of production had increased his relative powers whereas the head of central accounting had lost a major chunk of her power base. Being the only female top-manager, her fall from grace also implied a setback for women as a group at Sibco. There were no other female top managers at Northcon to serve as alternative role models. Turning to the issue of identity, a standardisation was noticeable. Having previously been manifold and individual, work identities had turned increasingly similar and accountability oriented. In other words, work identities merged with the new accountable identity of the organisation as a whole.

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