

Studying The Dialectics between and within Management Credo and Management Accounting

Norio Sawabe¹ and Sumitaka Ushio²

¹ Corresponding Author: Graduate School of Economics, Kyoto University

Postal Address: Yoshida-honmachi, Sakyo-ku, Kyoto, 606-8501, Japan

E-mail: sawabe@econ.kyoto-u.ac.jp

² Faculty of Management, Chukyo University

This paper examines how management credo and management accounting systems are linked to management accounting practices by employing evolutionary institutional theories as heuristic devices. Management credo and management accounting systems at the institutional level are understood as “things,” whereas management accounting practices are understood as flow of events at the level of actions. On the basis of a detailed field study, in this paper, we argue that potential contradictions within management credo and management accounting systems are realized in practice via a certain set of routines that reflects institutional properties, and that the realized contradictions are dealt with in practice, thus creating another set of routines that are neither directly derived nor discernable from the institutional realm.

Keywords: management accounting, management credo, creative conflicts,
evolutionary perspective, institutionalization

JEL classification numbers: M41, B52

1. Introduction

Institutional theory has contributed to accounting research by fostering understandings of the role of institutional and technical environments upon the formal structure and decision-making processes of management accounting (Powell & DiMaggio, 1991). Institutional theory has been successful in developing insights into how dominant institutions are recreated over time through various types of isomorphism. However, researchers using institutional theory have had little success in explaining how and why institutions change (Baxter & Chua, 2003).

Burns & Scapens (2000) suggest that an evolutionary perspective can be employed in order to understand accounting change. Their model is based on a sequential model of institutionalization that was originally developed by Barley & Tolbert (1997). In developing their sequential model of institutionalization, Barley & Tolbert (1997) drew on institutional theory and Giddens' structuration theory (Giddens 1976, 1977).

Some researchers who have built on Giddens' structuration theory suggest that the emergence of and changes to management accounting practices result not from consistency but from contradictions and conflicts in practice. For example, Barret et al. (2005) utilized Giddens' structuration theory to analyze the effect of globalization on the coordination of work in multinational audits and focused on the resulting "global-local dialectics."

In this paper, we employ a simple evolutionary institutional model (hereafter, SEIM), that draws on Giddens' structuration theory, new institutional theory, and evolutionary economics. We use the SEIM as a heuristic device to understand institutionalization processes that regularly occur in organizational settings, and by particularly focusing on contradictions and conflicts between and within various levels of an organization¹⁾.

This paper examines how management credo and management accounting systems are linked to management accounting practice. We narrowly define management credo as inscribed norms, values, credos, and other fundamental policies and biases that are centered around the notion of management at the level of collectivities²⁾. Management accounting system is also narrowly defined as a formalized statement that describes accounting information-based procedures that members of an organization use to maintain or alter patterns of organizational activities. Management accounting practice is defined as actual accounting information-related acting and interacting that members of organizations deliver and engage in.

This paper utilizes a detailed field study of management accounting practices at a Japan-based multinational manufacturing company. A consulting arm of the manufacturing company is the main source of data. This site provides us with insightful data as it is staffed by highly reflexive practitioners of management accounting.

Utilizing the SEIM, we analyze how intrinsic conflicts at the level of management credo, which corresponds to the institutional realm, are reflected on

¹⁾ Drawing on Giddens' structuration theory, new institutional perspectives on organizational studies, and evolutionary economics, Sawabe (2006, 2007) developed an evolutionary institutional model (EIM). As will be shown briefly, the model used in this paper is a simplified version of the EIM.

²⁾ Our definition of management credo treats it as a "thing." They are formalized as documents and statements, and various other types of inscriptions. There are other definitions of management credo that are broader than that formulated by us. Our definition is intended to be narrow so that we can demarcate practices that are actually influenced by management credo from management credo itself.

and handled in practice, which corresponds to the realm of action. This, in turn, creates routines that mediate the fundamental contradictions. In particular, we examine the influences of two fundamental contradictions that exist within the management credo, on management accounting practices.

The presence of contradictory credo influences the way in which the formalized management accounting system (FMAS) is designed. In turn, the complexity of the FMAS allows these contradictions to exist in the system. Thus, the FMAS is also fused with values in the management credo that are not naturally compatible to each other.

The FMAS works as a part of infrastructure for management accounting in practice. It provides a basis on which organizational activities function. In this way, the FMAS becomes a part of the taken-for-granted reality for management accounting practice. This paper demonstrates, using the illustration of the case site, that management accounting practices can cope with these realized contradictions and conflicts at the practice level to the extent that they become part of the routines when they are replicated over time and space.

The rest of the paper is structured as follows. In section 2, we review existing literature on the relationship between management credo and management accounting, and on the management accounting system of the case study site. In section 3, we develop our theoretical approach by drawing on Giddens' structuration theory and new institutional theory. In section 4, we outline our research methods, specifically how we have utilized an empirical study on the basis of detailed field research at a manufacturing firm. The firm examined in this research has been the subject of management accounting research since the 1990s, as part of the Japanese management accounting research bandwagon, owing to its unique and sophisticated management style. In section 5, we dialectically discuss the findings from the case site and analyze how management credo and management accounting dialectically constitute each other in a dialectic manner at the case site. We highlight how our theoretical approach provides insights into the dynamics of dialectic institutionalization in a seemingly steady state, and in section 7, we discuss the implications of our findings for both researchers and practitioners.

2. Management Credo and Management Accounting

The notion of management credo employed in this paper is an empirical concept observed in the research firm. The concept originated from the vocabulary used by practitioners to describe their own environments and activities. In this paper, management credo is defined as a statement of management belief.

According to the founder of the researched firm, management credo is the ethical base on which management decisions and activities should take place (Inamori, 2006). Management credo is usually referred to as "management philosophy" when it is literally translated from Japanese to English, and interchangeably used with "management principles" at the firm. Management

credo at the firm is documented in books, brochures, posters, and is often cited in formal meetings and informal conversations regardless of rank and order. Inscriptions of management credo are found to be ubiquitous at the firm.

Management credo has received relatively scant attention in management accounting research. However, there has been a strong strand in management accounting research sheds light on the particular normative significance of accounting by investigating the constitutional powers of accounting in relation to organization and society (Hopwood & Miller, 1994; Chapman, 2005). A very small body of work theoretically focuses on the relationship between management credo and management accounting research.

Miller & O'Leary (1987) traced the relation between scientific management principles and standard costing in Harrison's study (1930). Broadbent & Guthrie (1992) depicted a similar relationship between the New Public Management (accounting) and commercial management principles, practices, and accountability regimes. This body of literature found that emerging management accounting practices at a particular point of time in history are embedded with dominant management principles of the day.

Another body of literature that has introduced some aspects of management credo into management accounting research stems from Simon's levers of control framework (Simons, 1995; Marginson, 2002; Henri, 2006; Widener, 2007). Simons has developed his levers of control framework in order to understand the relationship between four types of management control systems (Simons, 1987, 1990, 1991, 1994).

Simons' levers of control framework introduced four types of management control systems (MCS), namely, belief systems, boundary systems, diagnostic control systems, and interactive control systems. An MCS itself is defined as the formal, information-based routines and procedures managers use to maintain or alter patterns in organizational activities (Simon, 1995, p. 5). In Simon's typology of MCS, belief systems and boundary systems are related to the notion of management credo as defined above³⁾. Belief systems are defined as "the explicit set of organizational definitions that senior managers communicate formally and reinforce systematically to provide basic values, purpose, and direction for the organization" (Simons, 1995, p. 34), while boundary systems "delineate the acceptable domain of activity for organizational participants" by establishing limits on the basis of defined business risks (Simons, 1995, p. 39)⁴⁾.

Drawing on the notion of the belief system and boundary system, Marginson

³⁾ Belief systems and boundary systems are related but different from our definition of management credo. In Simon's framework, belief systems and boundary systems are defined as particular types of routines and procedures, while in this paper, management credo is defined as statements and inscriptions about basic management beliefs. Management credo is an exemplary medium with which a set of management beliefs is communicated in Simons' framework (Simons, 1995, p. 35). Instead of assuming that a management credo is a part of belief systems, in this paper, we empirically investigate whether a concrete management credo actually forms a part of a belief system and how it performs in practice.

(2002) examined the role of a set of company values on strategy processes at a telecommunication company in the U. K. He found that the company's belief and boundary systems had an emancipating effect on strategic activity in that they created a climate that encouraged members of the company to suggest new ideas. Marginson argued that value systems were used as mechanisms for strategic change. The value systems allowed managers to be involved in the conceptual development of new ideas and in the mobilization of resources around these ideas.

Henri (2006) conducted quantitative research to examine the roles of MCSs in creating dynamic tensions that affect organizational strategic behavior based on resource-based view (RBV) (e. g. Barney, Wright, & Ketchen, 2001; Hoopes, Madsen, & Walker, 2003). He claims that a balanced use of interactive and diagnostic performance measurement systems creates dynamic tensions within the firm. Drawing on conflict and tension literature (e. g., DeDreu, 1991; Nicotera, 1995), Henri (2006) shows in his quantitative study that the dynamic tensions created by MCSs positively affect organizational capabilities by fostering organizational dialogue, stimulating creativity, and focusing organizational attention on strategic issues.

On the basis of Simon's levers of control framework, both Marginson (2002) and Henri (2006) provide evidence that suggests that it is conflicts and tensions that create new ideas and improve organizational capabilities through increased communicative interactions. In response to Marginson's call for further investigation into the role of MCSs in the emergence of new ideas and practices (Marginson, 2002, p. 1027), we conducted an in-depth case study to understand the relationship between management credo and accounting. While Marginson (2002) and Henri (2006) implicitly assume that a belief system is a coherent entity whose contents are internally consistent, and try to identify tensions and conflicts between the belief system and other MCSs, we study the notion of management credo to see whether or not it is internally consistent, and investigate the structure-agency dynamics of management credo and accounting. In order to pursue this line of inquiry, in the next section, we develop a theoretical perspective on the basis of Giddens' structuration theory.

3. Theoretical Approach

We draw on Giddens' structuration theory (Giddens, 1976, 1979, 1984) and new institutional perspectives (Meyer & Rowan, 1977; Powell & DiMaggio, 1991) to analyze the institution-agency dynamics of our empirical framework⁴⁾.

Giddens' structuration theory reflects the duality of structure and action. Structure is both a product of and a constraint to or enabler of human action. Thus, structuration theory tries to bridge the gap between objective and static notions of

⁴⁾ Formal belief systems and boundary systems are relatively recent organizational developments (Bartlett and Ghoshal, 1993; Simons, 1995; Marginson, 2002), a trend that is explained in light of the growing complexity and diversity of firms.

structure, and subjective and dynamic notions of actions, by bringing moderating notions between the two. What Giddens calls “modalities” intermediates between the realms of structure and action.

New institutional theory posits that organizations and individuals within them are suspended in a web of values, norms, rules, beliefs, and taken-for-granted assumptions (Barley & Tolbert, 1997, p. 93). Bhimani (1999, pp. 425–427) argues that the structure of management accounting is sometimes heavily influenced by culture and institutional environments in which organizations operate⁶. The socially constructed nature of reality is captured in the way environments, actors, and the structure of management accounting are characterized in the new institutional theory.

New institutional theory acknowledges the multiplicity of environments, that is, both technical and institutional environments (Meyer & Rowan, 1977; DiMaggio & Powell, 1983), and the multiplicity of the logic of action, that is, the presence of both the logic of consequences and of appropriateness (March & Olsen, 1989). Within the institutional perspective, organizations respond to pressures from both technical and institutional environments. Organizations tend to adapt to technical environments rationally and to adapt to institutional environments ritualistically. In the former, organizational actions are driven by the logic of consequences in which alternatives are assessed in terms of the expected consequences of that action, or, in other words, the use of a rational choice decision-making process model. In the latter, organizations adopt rules, such as formal structures and procedures, which are socially considered socially appropriate for the organization. The logic of appropriateness is where actors seek to fulfill social images of themselves by matching actions to situations in ways that

⁵ Sawabe (2006, 2007) developed an EIM by bringing insights from evolutionary economics and new institutional perspectives on structuration theory. The EIM is aimed at understanding the evolutionary processes of institutionalization by developing evolutionary concepts such as replication, variation, retention, and selection. Ontologically, it posits the existence of “interactors” and “replicators.” The theoretical perspective employed in this paper is a simplified version of the EIM in the sense that it is limited to a single location, (spatially local) and to a steady condition (temporally local). In other words, full EIM is expanded to include multiple locations and changing stability conditions. Having said that, SEIM is limited to temporally and spatially local, and it is not a static model. On the contrary, we will demonstrate that SEIM is capable of unveiling internal dynamics that operate in a seemingly steady state.

⁶ Management accounting researchers have long been interested in the relationship between organizational culture and management accounting practices (Bhimani, 1999, 2003, 2007; Ahrens, 1996, 1997, 1999). Existing literature on management accounting and organizational culture suggest that success or failure of a management accounting systems are influenced by the cultural values which held by the users of that management accounting system. have (Bhimani, 2003; Dent 1987). In recent years, institutional theory has embraced culture as an synonym integral part of institutions (DiMaggio, 1997). Barley & Tolbert (1997, p. 93) posits that institutional theory highlights cultural influences on decision making and formal structures. The cultural elements at of the institutional environments help to define the way the world is and should be for an organizations and the individuals within it. The detailed theoretical analysis of relationship between institutions and culture is beyond the scope of this paper.

are appropriate for the image and that the actors find acceptable. Within technical environments, the relationship between means and ends is defined technically and the probabilities of outcomes can be estimated no matter how stochastic they may be. The logic of appropriateness is most likely to govern behavior where there is uncertainty or ambiguity about preferred outcomes or where calculative behaviors violate core beliefs (March & Olsen, 1989; March, 1999).

The relationships between the technical and institutional environments, as well as between the logic of consequences and of appropriateness, are intertwined. In many cases there are complex reflexive relationships between the environments that make it difficult to clearly distinguish one from the other. The dichotomy is neither quite apparent nor consistent over time. The static nature of new institutional theory makes it difficult to analyze the interaction between the institutions and the agency, even though the original theoretical development acknowledged such interactions. Actors create institutions through ongoing interactions, which in turn become a taken-for-granted reality that designates appropriate roles and behaviors to

Instead of statically juxtaposing the interrelated technical environments with the logic of consequences, and institutional environments to the logic of appropriateness, a dynamic theory is needed to analyze the intertwined relationship between the various types of environment and logic of actions.

Giddens' structuration theory treats structure as both a product of and a constraint to or enabler of human action⁷⁾. The structuration theory is the product of an effort to bridge the gap between the static and objective notions of structure that govern agency, and the dynamic and subjective notions of agency, by positing two realms of social order: (1) the realm of structure where institutions define identity and appropriate behavior and the relationship between actors (2) and the realm of agency where actors interact with each other. The structuration theory focuses on the intersection of the two realms, which Giddens calls "modalities." The role of the modalities is to mediate between the realms of structure and agency. Giddens' generic model of structuration is shown in Figure 1 below.

Barley & Tolbert (1997) developed a diachronic model of institutionalization

Figure 1. Structuration theory (Giddens, 1986)

Structure	Signification	Domination	Legitimation
Modalities	Interpretative schemes	Facilities	Norms
Agency	Communication	Power	Sanction

⁷⁾ Takatera & Sawabe (2000) draw on Giddens' structuration theory to analyze the historical development of income accounting. They interpret income accounting as an abstract system that moderates interaction over time and space. Income accounting as an abstract system facilitates the separation and re-integration of time and space by de-contextualizing actions at the local context and by re-contextualizing at another local context.

as a structuration process. Their definition of institutions, the shared rules and typifications that identify categories of social actors in their study, and their idea of appropriate activities or relationships closely resemble Giddens' (1984, p. 377) notion of structure.

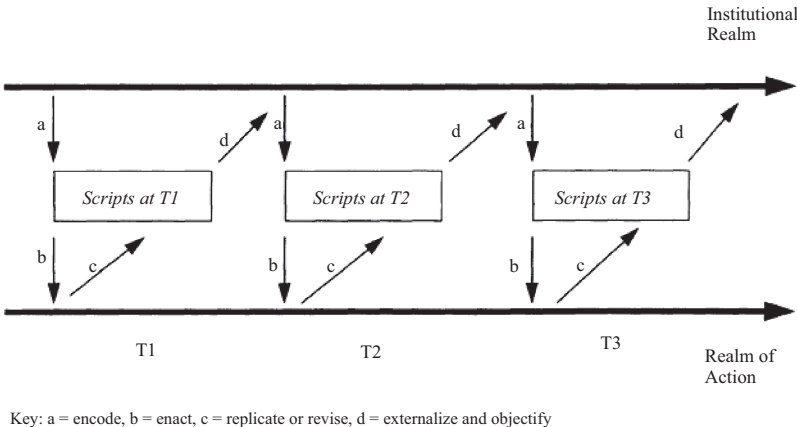
Barley & Tolbert (1997) introduced the notion of script as a substitute to Giddens' notion of modalities with the aim of operationalizing the structuration theory for empirical research. They define scripts as the behavioral regularities that are observable and recurrent activities and patterns of interaction that are characteristic of a particular setting (p. 98). Scripts encode general rules that are defined at the institutional realm and thereby become resources that are utilized by actors for engaging in ongoing interactions. Social actions may vary in their particulars, but to be interpretable, their patterns must generally conform to a certain set of rules that outline the activities and interactions appropriate for different classes of actors (pp. 96–97). Thus, the scripts are the necessary resources to enable actors to engage in and interpret interactions.

Figure 2 shows Barley & Tolbert's diachronic recursive model of institutionalization/structuration. Institutions are encoded by scripts (arrow a), and the scripts are enacted in action (arrow b). Then, the action fosters a replication of scripts (arrow c) and the scripts are objectified as an institution over time.

To the degree that institutions are encoded in an actor's stock of practical knowledge (in the form of interpretive schemes, resources, and norms adapted to particular settings, which Giddens calls "modalities"), they influence how people communicate, enact power, and determine what behaviors to sanction and reward (p. 98).

Drawing on Barley & Tolbert's (1997) model of institutionlization, Burns & Scapens (2000) developed a modified version of the diachronic recursive model of institutionalization to suit management accounting research. Figure 3 shows Burns

Figure 2. A Sequential Model of Institutionalization (Barley & Tolbert, 1997)



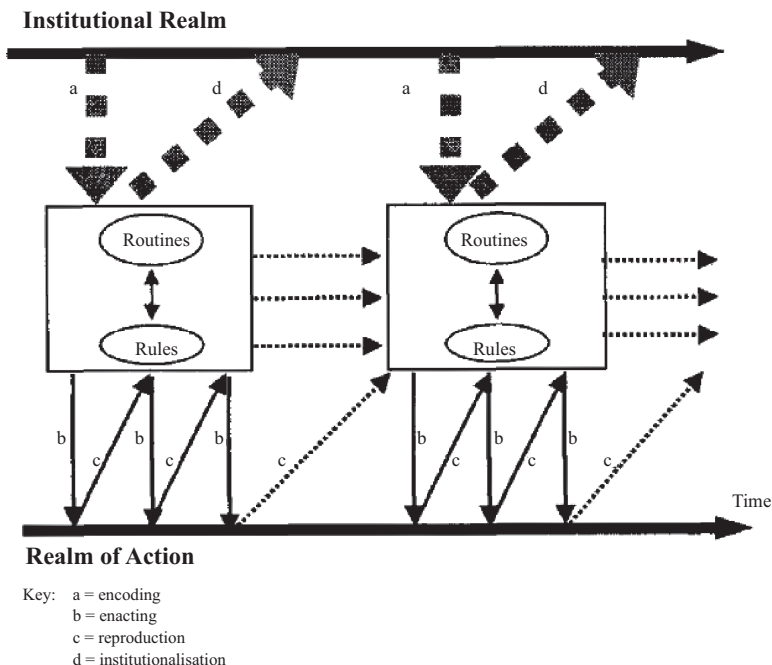
& Scapens' modified diachronic recursive model of institutionalization. In Figure 3, scripts are replaced by rules and routines. Rules and routines also interact, as shown by the internal arrow in the box. By placing routines in the upper part of the box, Burns & Scapens seem to be suggesting that routines are closer to the institutional realm, whereas rules, placed in the lower part of the box, are closer to the realm of action.

In Burns & Scapens' model, rules comprise the FMASs, as they are set out in the procedure manuals, whereas routines are the accounting practices actually in use. Rules and routines are closely related, but "it is important not to confuse the two" concepts (Burns & Scapens 2000, p. 7). Management accounting practices in use (the routines) may not actually replicate the systems set out in the procedure manuals (the rules).

The separation of rules and routines allows management accounting researchers to apply the model of institutionalization as it clearly captures a peculiar feature of a management accounting phenomenon: the prominence of formalized management accounting procedures and the management accounting practices that are related to, but quite often autonomous from, the formalization.

However, the locations that the rules and routines are assigned to in Figure 3 might hinder the model's potential to be fully deployed in management accounting research. We will scrutinize the conceptualization of rules by Burns & Scapens

Figure 3. The process of institutionalization (Burns and Scapens, 2000)



(2000) and Barley & Tolbert (1997) in order to further develop a more detailed set of concepts that can be deployed to understand management accounting practices⁸⁾.

Burns & Scapens (2000, p. 7) posit that rules and routines are grounded in their specific historical context. However, institutions are disassociated from their particular historical circumstances and they exist only in the actors' understandings and stock of knowledge⁹⁾.

Barley & Tolbert (1997) conceptualize rules as elements analogous to taken-for-granted assumptions about the activities and interactions appropriate for different classes of actors. According to Barley & Tolbert, rules clearly reside in the realm of institutions if institutions are defined as a taken-for-granted reality.

Burns & Scapens (2000) use the term "rules" to describe a formalized statement of management accounting procedures. They argue that formalized management accounting procedure is an example of such rules, which are analogous to modalities by Giddens (1984) and scripts by Barley & Tolbert (1997)¹⁰⁾.

There are two separate dimensions involved in the different conceptualization of "rules" by Barley & Tolbert (1997) and Burns & Scapens (2000). On the one hand, they differ to the extent that rules are explicit and formalized. Burns & Scapens (2000) have a formal definition of rules in the context of management accounting, whilst Barley & Tolbert (1997) include both formal and informal rules.

The other dimension is the extent or span to which rules are shared. Burns & Scapens argue that rules are grounded on the specific historical context (Burns & Scapens, 2000, p. 7). In other words, rules grounded on the specific historical context are not very clear in terms of the span of sharedness. It may imply that a specific historical context refers to something that is both spatially and temporally specific. The question is how specific is specific that can be separately identified from institutions when we engage in management accounting research.

For Barley & Tolbert (1997), the notion of rules is a part of their definition of institutions: "we define institutions as shared rules and typifications that identify categories of social actors and their appropriate activities or relationships." (Barley & Tolbert, 1997, p. 96). This definition strongly resembles Giddens' notion of "structure" (1984, p. 377). Rules in institutions seem to be shared globally both in terms of time and space.

⁸⁾ When it comes to the notion of routines, Burns & Scapens (2000) and Barley & Tolbert (1997) have no conceptual differences. Routines are shared only among those who have an immediate interaction with each other, that is, local and historically bounded.

⁹⁾ Burns & Scapens (2000, p. 8) define institutions as "the shared taken-for-granted assumptions which identify categories of human actors and their appropriate activities and relationships." This definition is slightly different from Barley & Tolbert (1997), as acknowledged by Burns & Scapens. The difference, however, is negligible in regard to our discussion here.

¹⁰⁾ Barley & Tolbert define institution as shared rules and typification (1997, p. 96) that define appropriate identity, relationships, and actions of actors, while for Burns & Scapens (2000, p. 6), it is a formally recognized way in which "things should be done". Burns & Scapens have more normatively defined the concept, whereas Barley & Tolbert's definition is more cognitive.

As far as the theoretical status of rules is concerned, Barley & Tolbert (1997) and Burns & Scapens (2000) differ in terms of both the degree of the formality of rules and in the span of sharedness. We utilize a part of Burns & Scapens' operational conceptualization of rules in the management accounting context, but at the same time, we do not confine rules to a particular historical context as they did (Figure 3). In other words, our understanding of rules allow them to be a part of institutions as defined by Barley & Tolbert (1997, p. 96).

Ontologically, we assume that formalized management accounting procedures exist independently from human agency once they are formalized. These formalized rules become a part of institutions when they are shared globally both in terms of time and space.

We draw on the definitions of institutions developed from new institutional perspectives (March & Olsen, 1989; Brunsson & Jacobsson, 2000, p. 11), which posit that institutions are shared taken-for-granted assumptions that tell an actor "who you are in this situation, and what an appropriate behavior in this situation is." Paralleling Barley & Tolbert's definition of scripts (1997, p. 98; Burns & Scapens, 2000, p. 9), we define routines as observable and recurrent activities and patterns of interaction that are characteristic to a particular setting. In a stable condition, it is most likely that these repeated patterns of actions strongly resemble the repeated patterns of actions expected by those in the setting. At the same time, in a stable condition, it is likely that a stable relationship exists between institutions and routines¹¹⁾.

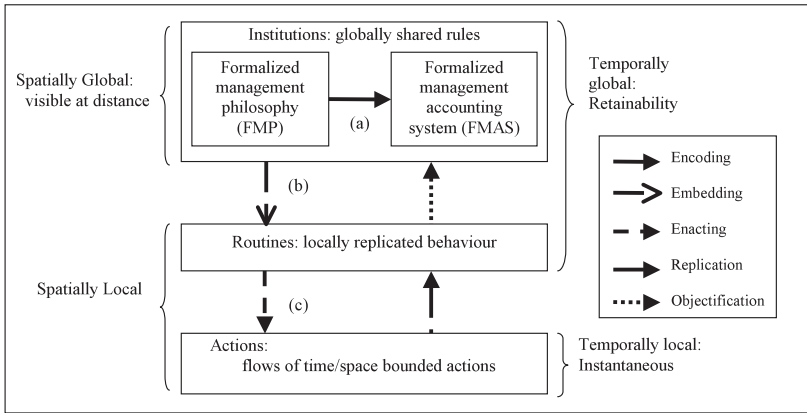
Figure 4 shows our modified recursive model of institutionalization or an SEIM¹²⁾. Institutions are globally shared rules both in terms of time and space. It is spatially global in that it is visible from a distance. It is temporally global in that shared rules are retained over time. Actions are local both in terms of time and space; they can only be seen by those who are on the spot with the actor/actant. Routines are temporally global and spatially local. Routines are observable if one is there even if he/she is not always with the actor. Routines are not directly observable to those present at a distance, unless they are expressed linguistically by those who have an immediate relationship with them.

The arrows in the Figure 4 closely resemble those in Barley & Tolbert's model. Institutions are embedded in routines (arrow b). Routines are enacted through

¹¹⁾ Stable relationships between institutions and routines do not necessarily mean that routines are consistent with institutions or that institutions dominate routines. Even in an extremely stable condition, some routines may systematically deviate from an institutionally defined model. For example, a set of legal rules may exist in the institutional realm, which could be used as a logic of representation, while at the same time, there may be another set of rules that could be used as a logic of practice (Czarniawska, 2004). Institutions are plural, and different institutional rules may coexist and compete.

¹²⁾ In Sawabe's (2006, 2007) EIM, this ability to be replicated in different contexts is the defining feature for replicators, while the ability to interact with other entities defines interactors. In the management accounting context, formalized management accounting techniques and procedures are examples of replicators, while organizations and individuals within them are examples of interactors.

Figure 4. A simplified evolutionary institutional model (SEIM)



actions (arrow c). Routines are successfully enacted by actions, actions replicate routines (arrow d). Some routines may be externalized from the local setting and objectified globally, and the patterns acquire a normative and factual quality (Barley & Tolbert, 1997, pp. 100–103).

In this figure FMAS and formalized management principles (FMP) are established as institutions organization-wide. The box labelled “institutions” shows that institutions or globally shared rules, some of which are formalized, reside in the institutional realm. The globally shared FMAS is an example of such formalized rules¹³⁾. The FMP is another type of residence in the institutional realm, as institutions defines the appropriate identity, relationship, and behavior of actors. The FMP often shows abstract but general rules about the way in which organizations and its individuals should behave.

From a rationalistic perspective, management credo should provide the grounds for management accounting system design (Kaplan & Norton, 2004, p. 33). However, our recursive model considers the importance of *a posteriori* actions as much as *a priori* value judgement. The arrows a and a’ show the mutually constitutive relationship between the FMP and FMAS¹⁴⁾. Institutions are embedded in routines (arrow b), and routines are enacted in action (arrow c).

Figure 4 also notes that there are two dimensions of the global-local dichotomies: spatial and temporal. From the spatial dimension, the institutional

¹³⁾ As is mentioned in Barley & Tolbert (1997, pp. 98–99), the model is applicable regardless of the actual size of the object of study. Global may mean the whole company and local means subunits in the company, or global may mean large number of companies across time, and local means individual corporations.

¹⁴⁾ There are always practices that connect abstract systems. For instance, in the case of the relationship between the FMP and FMAS, there is the practice of management gurus, planning officers, and others. However, we are not scrutinizing the practice of planning in this paper, because our focus is on the use of the FMAS for daily operational practices.

realm is global, but both routine and actions are both local phenomena. From the temporal dimension, both institutions and routines are global in the locally sense that they are capable of retaining themselves over time, whereas actions are instantaneous and bounded in one time dimension.

For management accounting, this distinction between spatial and temporal dimensions is critical as management accounting disembeds and re-embeds time- and space-bound phenomena from local contexts (Takatera & Sawabe, 2000). For example, FMASs, such as activity-based costing (ABC) or balanced scorecard, are retainable over time and are transferable to other locations (Jones & Dugdale, 2002). Management accounting routines are, however, not easily transferable to other locations, even though they may be replicated over time in the same locality. Management accounting actions, by definition, are bounded by local time and space.

The two dimensions of local-global dichotomy require a separate ontological status of FMASs and management accounting routines. The former should reside in the realm of institutions as it is global in terms of both time and space. The latter is located at the intermediate level as it is temporally global but spatially local¹⁵⁾.

Routines in the management accounting context are how management accounting is actually used in practice along with other repeated practices. In a steady condition where routines are replicated in action, they retain the status of the current routines. This is because routines, when observed from a distance, are not easily distinguishable from normalized action in practice. It is more likely that there is large diversity and deviation from the normalized actions in each individual case. However, these individual variations are not easily observable from a distance, because the individual deviations from the norm often cancel each other out. In such circumstances, routines are replicated through action, which then objectify the formalized rules.

The stability, however, is only at a superficial level. As is mentioned above, there are constant variations at the individual action level. The variation may sometimes lead to a revision of routines that may consequently destabilize the formalized rules¹⁶⁾.

We focus on intrinsic dialectics within and between institutions and actions. Barret et al. (2005) draw on Giddens' (1990, 1991, 2000) structuration theory in analyzing local-global dialectics of the globalizing auditing profession. They focused on dialectic conflicts between and within local activities and global management control. In this paper, we focus on dialectic tensions within and

¹⁵⁾ The distinction between FMAS and management accounting routines in terms of their ontological status in the model become even more critical when the model is fully developed as full evolutionary institutional model (FEIM). See Discussions and the concluding sections of this paper.

¹⁶⁾ Formalized rules are subject to intentional change. The modified version of the recursive institutionalization model is capable of analyzing the complexity of the process involving intentional change at the institutional level.

between formalized management credo, formalized management accounting systems, and management accounting practice actually in use.

4. Research Methods

The main case site for this research is a consulting arm, offshoot of the planning office of a Japanese manufacturing company. The manufacturing company, Kyocera Corporation Ltd. (Kyocera) has a consolidated revenue of approximately JPY 1129 billion or USD13 billion consolidated revenue for the year ending March 2009. Within the Kyocera group, there are 219 companies at the end of the fiscal year 2006. The Kyocera group is well-known for its affiliation with the charismatic founder and its management credo (Cooper, 1994, p. 19; Miya, 2003, pp. 143–144).

We have conducted in-depth and longitudinal field research since May 2004 using semi-structured interviews and on-site observation mainly at the consulting arm of Kyocera, which is called Kyocera Communication Systems (KCCS). Details of the interview are given in Appendix 1. The field research included investigating the other subsidiaries of Kyocera and client companies of KCCS. We had wide and extensive access to the internal documents of all the companies involved in this research.

KCCS originated as an offshoot of the management planning office and is now a subsidiary of Kyocera. It was in charge of designing, establishing, and maintaining Kyocera's management accounting system, and providing internal consultations. The current CEO of KCCS is the former head of the management planning office, and it was under his leadership that Kyocera's management accounting systems were developed. Over the time, Kyocera's management accounting system was formalized and disseminated within and outside the Kyocera group. This FMAS, abstracted from the Kyocera's original system, as Amoeba Management System (hereafter, AMS).

The core competence of KCCS as a consulting firm lies in its ability to design, implement, and operationalize the AMS. In particular, the KCCS is keen on helping its clients to improve the practical application of the AMS. A KCCS executive commented that:

We think that our business is not only bringing the box (i. e., AMS) to the clients, but letting them know how to use it in practice and helping them develop the necessary attitudes. We reckon that people in the place and their mindsets are decisive... An ordinary consulting company tries to establish the management mechanism once for all. Our business starts after that. We work with our clients to get the most from the system. (interview, November 26, 2007)

This longitudinal case study is multi-reflective in the sense that KCCS is a reflection of the management planning office's experiences within Kyocera. Where

the inductively developed AMS is applied and tested, and modified iteratively, it can be seen that the consulting practices become highly reflective.

Our case study demonstrates that at KCCS, the AMS serves as both the management system functioning within the KCCS and the management system that the KCCS provides to its client companies. Even though KCCS is an offshoot of Kyocera, because it is a consulting firm whereas Kyocera is a manufacturing company, fundamental differences emerge in practice. As these differences become apparent, the former Kyocera managers who work as consultants are bound to question taken-for-granted properties associated with the AMS at KCCS, thus resulting in a highly reflective process.

The prior history and current nature of daily practices has resulted in an accumulation of multi-layered reflexivity at KCCS where the AMS in practice and the AMS for consultations are intertwined. Until recently, the majority of consultants at KCCS had previous experience as managers at Kyocera rather than as consultants. Those that used to be practitioner consultants describe how they are now forced to acknowledge the nature of what they sell (AMS) more than when they were members of the management planning office at Kyocera. This means that they have to explain the virtues of the AMS to clients from organizations whose contextual settings are different from that of Kyocera.

An obvious problem associated with accessing the field from, and being guided by, members of the consulting arm is that our perceptions are inevitably influenced by the cognitive framework that has been developed by the consultants. Another problem which can be more easily avoided than the previous cognitive problem, is that we may also be influenced by the normative framework of the consulting arm, and we may thus develop a biased view in favor of their consulting practices. We are quite aware of these problems and take a cautious reflexive approach in order to validate and interpret our findings. As will be discussed later, the theoretical approach we have employed in this paper is the single most important reflexive tool for dealing with these problems.

In contrast to the abovementioned problems associated with this type of research are the advantages to and opportunities provided by close interactions with the consulting staff at KCCS. They have an extensive wealth of reflexive knowledge about the practices employed at KCCS, and they are eager to not only share this knowledge but also solidify their own understanding of it. (Cooper & Morgan, 2008; Kaplan, 1986). In that sense, our presence at the research site provided the practitioners at KCCS with the opportunity to reflect on their current practices. Nevertheless, the aim of this research is neither to report the practical knowledge of the KCCS consultants nor merely advocate the services provided by KCCS. On the contrary, we are aiming to use their knowledge in practice in order to provide some theoretical generalizations, and also to add new insights that were not previously held by the practitioners. Thus, the significance on the basis of the research can partly be evaluated extent to which this paper provides new insights about the AMS that the consulting practitioners are not currently aware of.

5. Findings

This section presents obtained from the modified recursive model of institutionalization described above. First, the institutions, routines, and actions of Kyocera are described briefly. At the institutional realm, the features of the firm are the prevalence of the FMP and the thoroughness of the FMAS. Both the FMP and FMAS are globally shared in the firm: not only is formal knowledge about them high among members of the corporation, but the interpretations of them are highly homogeneous. Then, we move on to illustrate the routines and actions of the firm.

After describing the institutions, routines and actions, we document the interactions between them. The strategy employed here focuses on dialectic conflicts. Routines and actions in steady conditions are difficult to distinguish as mentioned above. Because of this, in the latter part of this section, we will focus on the intrinsic dialectics within routines from an actor's point of view. Routines comprise several sub-routines that may or may not be consistent with each other. When sub-routines are not mutually aligned, the actors are expected to devise something that may alleviate the resulting conflicts. Likewise, intrinsic conflicts within and between the FMP and FMAS are scrutinized to document how dialectic dynamics develop.

5.1 Management credo at KC Manufacturing ltd.

In external documents, such as its annual reports, Kyocera advocates "to provide opportunities for the material and intellectual growth of all our employees, and through our joint effort, contribute to the advancement of society and humankind" as an official corporate rationale.

In the second year of the firm's existence, teenaged workers concerned about their future at the firm, almost went on a strike to demand annual wage increases and bonuses for life. The negotiations lasted several days until the firm's founder persuaded the workers to withdraw their claims by promising that he would give his own life to maintain the firm. From this experience, the founder noted that if he should give this level of commitment, then it may inspire the employees to completely devote themselves to the company. He promised himself that he would manage the firm in such a way that the employees would be allowed to maintain their lives and families fulfil their ambitions. Since then the firm has been modelled on the traditional "family" structure, where grand-parents, parents and their kids live together and work for the entire family. According to Inamori (2006, pp. 24–26, pp. 52–53), the founder of Kyocera, this is how the corporate rationale was established.

In addition to the corporate rationale, all workers, including the top management, are required to follow several principles, called the "twelve principles for management." These principles are documented and distributed to all workers.

——Twelve Principles for Management——

- 1 . You need to understand the significance of the business and have a clear goal for the business.
- 2 . You need to set a concrete target.
- 3 . You should have a strong desire.
- 4 . Your effort should surpass those of others (you develop self-respect comes when you stand on your own feet).
- 5 . Maximize sales and minimize costs.
- 6 . Pricing is management.
- 7 . A strong will achieves management results.
- 8 . Strong fighting spirits.
- 9 . Move ahead with courage.
- 10 . Be creative.
- 11 . Be honest with compassion and compassionate.
- 12 . Be cheerful and positive, and have dreams, hopes, and a good heart.

Most of these principles aim at raising leaders' consciousness of *managing* a unit called "amoeba" in the AMS, as a head of an independent organization, and introducing market mechanism within the interactions between amoebas in the firm. This is shown in such sentences as "make more effort than anybody else" and "maximize sales, and minimize costs". At the same time, some of the principles encourage the leaders to be collective or familistic, and have compassion toward other workers, and treat them as members of the firm. This is shown in the last two principles as well as in the corporate rationale.

The firm stresses the role and importance of these management credo for the management and daily operations of workers. The firm systematically educates all workers, including top management, about these credos. The rationale and principles are documented in many forms, including internal pocketbooks, textbooks, and published books. These documents are distributed to each employee, and cited in daily meetings. Periodic training programs are also held for all workers, including top management, where they are taught the management credo and they discuss how they behave in daily situations in keeping with the credo.

5.2 Accountability, responsibility, and controllability in the AMS: formal features of the system

Each amoeba is designed to be autonomous, and the size of an amoeba is kept small so that the leader can supervise it at the most detailed level possible detail. Each leader of an amoeba is expected to improve his/her management skills. As a *manager*, each leader has discretions over pricing his/her amoeba's products for both internal and external transactions.

Each amoeba is formed by functions such that the structure of the amoebas is based on the functionalized structure of the organization. Manufacturing and sales functions are divided into different amoebas. Even for the manufacturing function,

several amoebas are formed for each operation, such as welding, moulding, cutting, and finishing.

The performance of each amoeba is measured by two unique performance measures, the analogues of profit and its derivative. The first performance measure, which we call "workers profit" (hereafter WP) is calculated as profit less capital interest plus workers' wage. This is akin to an equity attributed to workers, including managers, with the result that the claims by capital providers are deducted from the value added by the workers. In other words, WP can be regarded as the value created by managers, leaders, and other workers, or a part of their management activities to be shared between them.

The second performance measure, which is actually a primary performance measure in usual amoebas, is calculated as WP divided by the total labor hours devoted to earn the WP of the amoeba. We call this performance measure as hourly workers profit (hereafter, HWP)¹⁷⁾.

There are three points to note with regard to these measures. The first point is that the labor expenditure is not included in costs. According to an interview with a vice president of KCCS, the AMS aims to bring out and maximize employees' abilities rather than exploit them by cutting off these expenditures to improve the performance of the firm. In other words, expenditure on employees is to be maximized rather than considered as a cost to be minimized.

The second point is that product sales of products are not booked at sales amoebas but at manufacturing amoebas. This is intended to make manufacturing amoebas more conscious of the external market and therefore set adequate prices for their products. According to the interview mentioned earlier, the underlying belief in the structuring of the AMS is that "profit is generated in manufacturing." Sales amoebas are mainly in charge of *supporting* manufacturing amoebas to sell their products to other amoebas or external organizations. The sales amoebas receive commission from the manufacturing amoebas in recognition of their support.

The third point is that capital interest is included in the costs, as stated above. Each asset in the firm is assigned to a particular amoeba and they are charged six percent of the asset's value. This is done with the aim of encouraging the efficient use of assets in each amoeba.

Management cycle, as also stated in Cooper (1994), consists of two time horizons: for a year and for a month. A plan developed for the firm on a yearly basis is called the "master plan." It is set after repeated discussions are held at each level of the firm, from the president to the amoebas at the very lowest levels. Monthly meetings are held across all levels to set the monthly plans. Each amoeba's performance is monitored against the master plan on a monthly basis, and its performance against the monthly plan is monitored on a daily basis. The

¹⁷⁾ Hamada & Monden (1989) and Cooper (1994) called this primary performance measure as "value added per hour." The term is misleading as explained above.

results are reported to each member in a daily meeting, and disclosed and reported to the other amoebas.

5.3 Dialectic conflicts in AMS in use

In practicing the AMS, we observed several routines persistent in various situations. It is not necessary that all amoebas share the same routines at the same level of detail. There are minute variances in routines in the differing amoebas. Nevertheless, we could observe repeated patterns of behavior and reflections made by actors about these routines.

One of the most commonly held beliefs arising from the use of the AMS is that it is not ethically correct to lay off any member of the amoeba. Even though there are some local variations, such as with regard to the treatment of part-time workers, the general assumption held when making decisions at the amoeba level is that all members of the amoeba are like members of a family.

At the same time, there is a generally observed routine where each amoeba is expected to maximize its HWP. It is also expected to achieve an HWP that is higher than the average salary of its members. The leader will be harshly criticized if this is not achieved, and he/she may be replaced by another leader if the situation continues. In the interview we conducted with the vice president of KCCS, he stated that it was a minimum requirement for each amoeba to “make their own bread.”

There is an obvious conflict between the assumption about membership and the responsibility that each amoeba leader bears. Ultimately, there are only two ways for a amoeba leader to increase HWP: increase WP and/or decrease the number of labor hours. The former is obviously difficult to accomplish, whereas the leader may contemplate taking the second option. However, this option is actually not available because you cannot cut off your family members. Later in this paper, we will explore in detail how this dialectic conflict between family kinship and performance-based commitment which then becomes a part of routine is handled in practice.

Another conflict exists between the expectation that amoeba leaders will set high targets and design a feasible plan. Leaders are expected to set their own targets as high as possible. They are required to go beyond what they have previously achieved. This is obviously a vicious circle for each individual leader. once they achieve one target, they are trapped in the infinite cycle of working toward achieving higher targets. For the corporation, this is a way to make leaders work as hard as possible, for as long as the leaders can endure.

Meanwhile, leaders are expected to design a highly detailed plan with reasonable feasibility, covering various contingent situations at the planning stage. They need to persuade their supervisors of the feasibility of their plans by explaining what actions need to be taken to reduce costs or increase sales. Again, there is a dialectic conflict between the high target setting for each amoeba and the need for the leaders to propose a detailed and realistic plan. In the next section, we will examine how this conflict is handled in practice.

5.4 Dialectic dynamics in practice

In this subsection, we focus on intrinsic dialectics within and between institutions, routines, and actions. All those factors affect the dialectic conflicts seen in practice. Potential inconsistencies and conflicts at the institutional level may remain undetected as there is no direct interaction taking place at that level. However, these conflicts are more immediate at the action level and can affect the way in which activities are reproduced and, consequently, the daily life of people. In other words, conflicts are realized at the action level, and the means, including being patient and obedient, should be taken at this level to mitigate them.

One of these conflicts in practice is caused by the dialectic relationship between family kinship and principles of quasi-market competition at the FMP level. Both family kinship and quasi-market principles are embodied within the structure of accountability in the AMS.

Family kinship, or familism as we call it here, is outlined by the corporate rationale, and some management principles of the firm are behind the calculation structure of HWP, the performance measure used in the firm. Specifically, to provide *family members* with an opportunity to work for their material and intellectual growth, labor expenditure is not booked as “costs” in the calculation of HWP. To be in line with the corporate rationale, it is commonly perceived within the firm that *family members* should not be targeted in the attempts to improve the performance of the amoebas.

On the other hand, competition among amoebas is enhanced by the use of quasi-market principles, or marketism as we call it here, and other formal systems. Numerous amoebas are formed and the size of each is kept small so that each leader can manage it as a feudal lord. Each amoeba is treated as an independent firm by giving the leaders discretion over the pricing of the products. The performance of each amoeba is reported on a daily basis to all members including those in other amoebas.

Each amoeba leader is confronted by this contradictory reality in daily practice. The more efficient a amoeba is, the fewer are the workers that is needed by the amoeba. However, the amoeba cannot improve its performance by simply laying off the redundant members since this action is not allowed in the firm.

To cope with this conflict, several routines have evolved out of the experimental actions in practice. One such representative routine is the temporal movement of members between amoebas. Those amoebas with worker shortages negotiate with other amoebas for workers, and vice versa. When the shortage is persistent and the HWP remains high, there will be a transfer of workers from one amoeba to another. This process of allocating workers at the level of amoebas is called “autonomous labors accommodation” because of the allocation of workers being autonomously decided by negotiation with each amoeba having the discretion of being involved in the transfer of workers.

Another routine, more accurately described as an assumed attitude, evolved as a result of the pressure excited by dialectic conflict on amoebas to increase

business volume to and from successful amoebas. The dialectic conflict between the marketism-driven behavior and familism tends to create de facto overcapacity. As each amoeba becomes more efficient, the current capacity becomes underutilized unless the business volume expands. For example, if a amoeba in a production line becomes more efficient than before, neighboring amoebas become bottle necks for the more efficient amoeba, and thus, the capacity of the efficient amoeba is underutilized. In the case where all manufacturing amoebas become equally efficient, unless the sales amoebas can expand the sales volume accordingly, the entire manufacturing capacity becomes underutilized. In the situation where efficiency leads to overcapacity, the efficient amoebas exert pressure on the less efficient amoebas to be more efficient. This pressure is increased by the daily meetings where the situation is reported to each amoeba. Capacity is understood as the ability to produce output in a given period; therefore, efficiency can be translated into speed or output per hour. This effect is named the "speed linkage effect" as the more efficient amoebas pull the less efficient amoebas to increase their outputs.

Another source of conflict in practice originates from the dialectic relationship between romanticism and realism at the FMP level. Romanticism in the FMP is clearly demonstrated in the twelve principles by phrases such as "strong desire," "strong will delivers management result," "ardent fighting spirits," "move ahead with courage," and "be cheerful and positive, and have dreams, hopes, and a good heart." At the same time, there is apparent realism in the FMP. Phrases such as "One needs to clarify goals for the business" and "set concrete targets" show realism at an abstract level, while "maximize sales and minimize cost" and "pricing is management" illustrate that the FMP is grounded on reality of business at a more concrete level.

Romanticism in the FMP is clearly reflected in certain elements of the AMS in practice. An example of such routines in the AMS is the setting of aggressive targets by amoeba leaders. Supervisors expect that each amoeba leader to set his/her target as high as possible.

Realism is also clearly reflected in the way planning is executed by amoeba leaders. Planning is expected to be highly detailed and to cover various contingent situations. In order to devise a concrete plan, that is convincing enough for both superiors and subordinates, amoeba leaders must be very realistic.

To handle this conflict, several routines have evolved out of the experimental actions in practice. A representative routine of what has evolved is the extensive and frequent interactive discussions that are held with various other amoeba leaders and supervisors. Linking the high target with a feasible plan is not an easy task. Unit leaders have to explore various possibilities in order to devise a concrete plan that their supervisors will find acceptable.

This exploration intensifies both the horizontal and vertical interactions of the AMS. Unit leaders and their members regularly discuss their own planning as well as that of other amoebas. In these discussions, the feasibility and validity of the different amoeba's plans are scrutinized by various parties.

Unit leaders are expected to persuade their supervisors of the feasibility and validity of their amoebas' plan. One of the preconditions for a supervisor to be convinced is that the plan should be based on the leader's will to achieve high targets, while another condition is that the feasibility of achievement is reasonably well thought out in the plan. The feasibility of and the contingency held within the plan require the leader to obtain large amounts of relevant information. This is why interactions and discussions over planning have become a shared norm in the usual practice of the AMS.

As part of this research, we conducted an interview with a manufacturing manager at an external company that had introduced AMS in consultation with KCCS in 2002. He stated that after the introduction of the AMS, he has interacted much more frequently with leaders at the sales divisions and at the development division. He commented that this tendency is more prominent among young workers and part-timers. He noted that during the plan setting, they were more likely to contact and communicate with workers in other amoebas. He also commented that "a problematic situation emerged once." However, it had already been resolved by part-timers by the time he noticed it. Thus, the young workers and part-timers had even become problem-solvers after the introduction of the AMS.

Although the detailed planning and intensive discussions may improve the likelihood of achieving the set target, the fundamental reality is that the high target remains difficult to achieve. There is still a potential conflict in that amoeba leaders may be accused of failing to achieve the target, and thus, they may be discouraged to set high targets in the first place. A very peculiar routine has evolved to resolve this conflict. The result is still analyzed and discussed with supervisors and the amoeba members. However, the focus of the discussion is on the reasons why the amoeba has or has not achieved the target, rather than on the target figure itself. Unit leaders are expected to be reflective on their planning, but the result is understood as probabilistic. Unit leaders can expect that they will not be accused of failing to achieve the target, unless their planning is found to be insufficient *ex post*. This assumed attitude is to emphasize planning, rather than results, and is quite common in the practice of AMS. We refer to this attitude as "biased toward future."

By allowing amoeba leaders to repeatedly reflect on their experiences, this "biased toward future" attitude may sacrifice immediate result for the sake of improving the ability of future planning. However, this also relies on the leaders not being severely criticized for not achieving their targets. This forward-looking management improves the abilities of the firm members to communicate with each other across the various levels of the organization and to also identify ways to achieve their goals.

However, according to the interviews we conducted at KCCS, a downside can be that the supervisors and top management feel stressed, pressured, or even threatened by their subordinates. They need to understand these detailed plans in order to evaluate and give advice. Since daily accounting information and

management credo are shared among all workers, upper-level workers can only advise according to their own knowledge, experiences, and skills.

6. Discussions

6.1 Mutually constructive relationship within and between FMP, FMAS, and management accounting in practice

Using the theoretical elements identified previously, our findings are summarized in Figures 5 and 6. Both figures illustrate recursive relationships between formal management systems, such as FMP and FMAS, and management accounting in practice.

In Figure 6, there is an inherent conflict within FMP at the institutional realm that is familism against marketism. Familism is encoded in the calculation structure of the performance measures, WP and HWP, in the FMAS, while marketism is encoded in mechanisms to enhance competition among amoebas (arrow a). As stated previously, the FMAS resides in the institutional realm since it is a globally accepted norm to be followed by all amoebas. Under the FMAS, all amoebas are subject to the same set of rules, such as the evaluation criteria.

The institution is embedded in the routines of the amoebas (arrow b). The potential conflict still remains since each amoeba is not fundamentally allowed to lay off its members that are a result of increasing efficiency. However, each amoeba is still expected to increase efficiency, in order to improve its HPW.

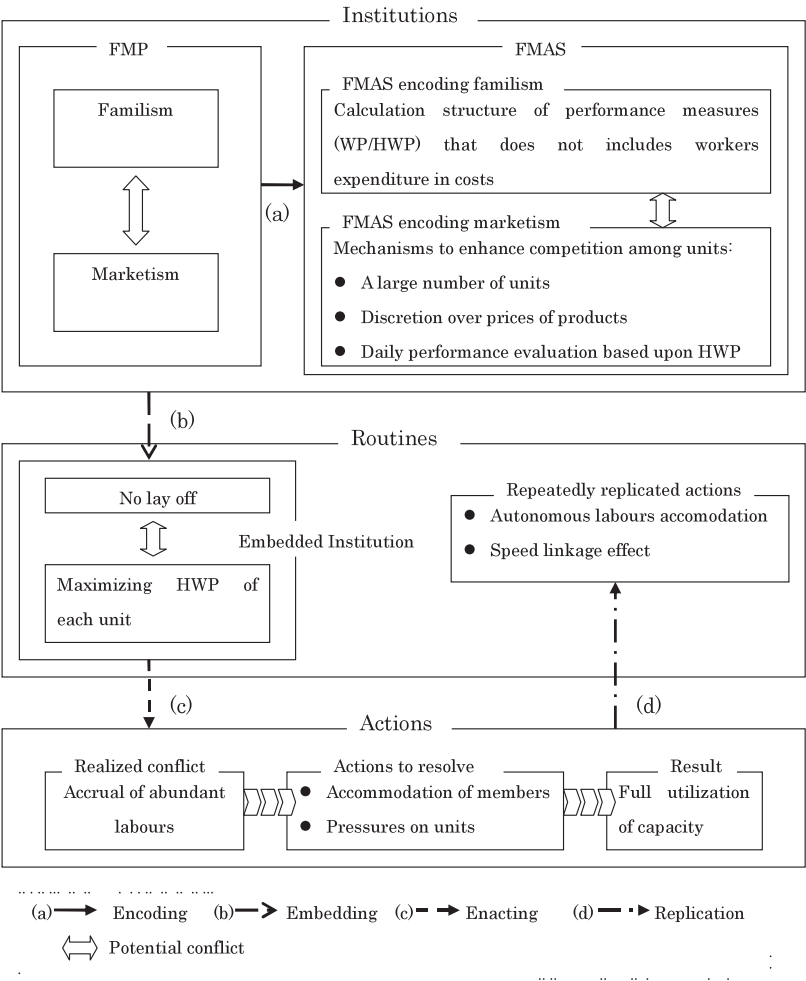
These routines are enacted through actions (arrow c). The potential conflict is realized and handled in this realm. The increased efficiency may just result in abundant of labor if these conflicting routines are practiced without modification. To prevent this, amoebas transfer members to where they are needed and also pressurize each other so that their capacities are fully utilized. Replication of these actions results in the autonomous labor accommodation and results in the speed linkage effect among amoebas (arrow d).

Another recursive relationship is illustrated in Figure 6. The FMP residing in institutions has another inherent conflict between romanticism and realism. The institution is embedded in a routine of setting aggressive targets that is accompanied by detailed plans with specific actions (arrow A).

In this routine, the better the result a amoeba achieved in the previous term, the harder it is to set a feasible plan for the current term, since it is the norm to surpass the previous result.

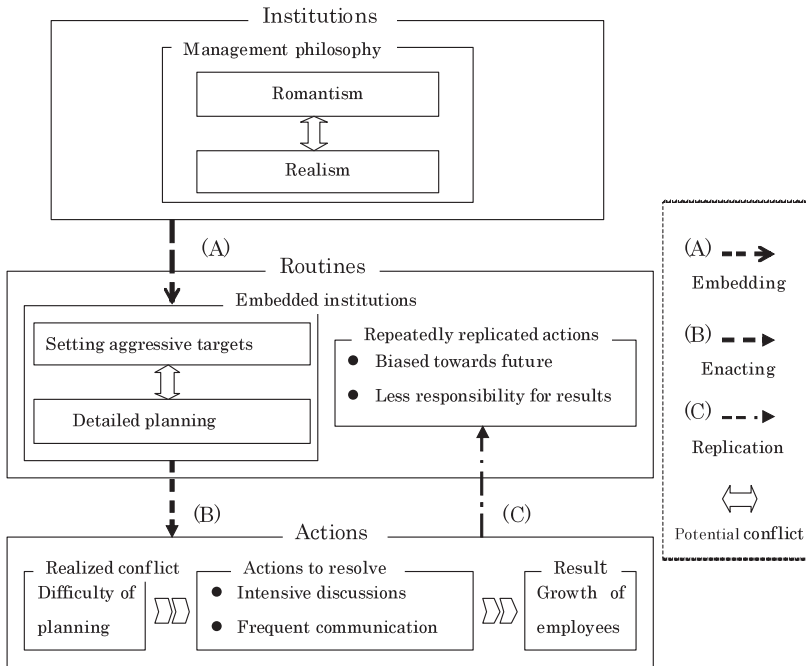
To cope with this conflict, each amoeba member expands his/her vertical and horizontal, and internal and external, interaction within and outside of the firm (arrow B). These actions are repeatedly replicated in an attitude that we call "biased toward future" (arrow C). By this we mean that management more focused toward leaning towards the future to the extent that forward-looking attitudes enable amoeba leaders and their supervisors to focus their attention and efforts on scrutinizing the details of plans for the future, at the expense of retrospective

Figure 5. Recursive model of management credo and management accounting: case 1



analysis and evaluation of the past results.

Since our case study dealt with recursive situations in steady conditions, we have not directly observed the actual objectification process. Nevertheless, we have explained that there are several instances in the history of the company where such objectifications resulted out of chaotic conflicts. An example of this is found in the main part of the management credo. Familism emerged after a serious confrontation between the founder and the young employees at a very early stage of the history of the company, as mentioned previously. In a sense, the familism spelled out at that time could have been just a formalization that did not have any impact on practices. The subsequent history of the company does not reflect this.

Figure 6. Recursive model of management credo and management accounting: case 2

The compromise reached between the management and the workers at the time seems to have been embedded in the everyday practices of the company.

6.2 Strong but inconsistent culture

Willmott (1993) insists that there is a negative aspect to the self-disciplining form of employee subjectivity, by asserting that practical autonomy is conditional on the development of a strong corporate culture. The findings of our case study show a certain potential danger of this sort is inevitably a part of reflective practices. Nevertheless, we illustrated that a strong corporate culture does not necessarily mean it is monocultural if corporate culture is understood as a synonym of management credo, as in our case.

Contrary to the monoculturalistic aspect of a strong corporate culture, the management credo of the case study site contains competing values with potential contradictions within it, and is a source of the variations seen in the day-to-day practices of the firm. The intrinsic dialectic conflicts create problems for workers, but the same problems may serve as opportunities to demonstrate free will, not in a heroic manner but as part of mundane practices. At a meta-level, this is still a total subjugation to the abstract management credo as each individual worker is forced to confront conflicts that he/she would not want to encounter. Nevertheless, we would argue that being confronted with the conflicts is different from “happy

slavery," (Willmott, 1993) because the former is open to undefined trials that are not prescribed in the system.

7. Conclusion

Our study suggests that dialectic conflicts are ubiquitous in organizations and that they endow organizations, and their individual members, with opportunities to create their own ways of coping, which may evolve into routines at the locality, thereby giving the organization a kind of character that is not prescribed *a priori*.

The SEIM utilized in this paper posits that intrinsic dialectic conflicts at the institutional level are globally shared (shared company-wide in our case). The way in which the globally shared sources of problems may be influenced by the mediating mechanisms in turn link the abstract notions with concrete actions in practice. In our case, the FMAS reflects some aspects of the FMP (Figure 5). The design of the FMAS becomes both the constraint to and enabler of management accounting routines and practices. The SEIM suggests that the way in which the same problem is dealt with at different localities may differ because there is no universally "right" answer for the problem. In the first place, there are various possible interpretations of the problem. These interpretations may in fact be better than the available responses to the problem. As a heuristic device, the SEIM assists researchers to explore the potential conflicts that underlie a seemingly steady state, when viewed from a distance, and to scrutinize variations in practice that have emerged to cope with the localized conflicts.

Furthermore, the SEIM guides researchers to see if individual actions are replicated over time and become routines at the locality, and then if routines are globally legitimized to obtain an institutional status. One way of such legitimization is the company-wide formalization of routines.

The strength of the SEIM is evident when a seemingly consistent system in a steady environment turns out to be an open system where unnatural human efforts are exerted to maintain the order. Without the practical necessity and resulting efforts to cope with the unsolvable conflicts, the order that can be observed from a distance may not be able to reproduce itself.

In this paper, we employed the SEIM, which is a simplified model of evolutionary institutional model, because of the empirics, namely, a single company's chronological data. The SEIM is a part of the full EIM (FEIM) encompasses global phenomena both in terms of time and space. With the FEIM, we may observe that the FMAS at the institutional level may travel across space and even between entities that do not directly interact each other.

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Appendix 1

Interview list		
Date	Interviewees	Length (h)
May-04	KCCS, divisional manager	2
Jul-04	KCCS, divisional manager, consultant	2
Aug-04	KCCS, divisional manager, consultant	3
Sep-04	KCCS, divisional manager, consultant	2
	Kyocera, LTTC division sub-section leader	2
	Kyocera, LTTC division section leader	2
	Kyocera, management planning division section leader	2
Oct-04	Kyocera, administrative division manager and section leader, CRC division section leaders	3
	Kyocera, institute of management vice manager, section leader, and section sub-leader	2
	Kyocera, management planning division manager	2
Fall 2004	KCCS, seminar series (observation)	40
Jun-05	KCCS, consultant	2
	SRT corporation president, production head office manager	2
Sep-05	Kyocera executive advisor, and KCCS divisional manager	2
Nov-05	KCCS consultant	2
Jan-06	SD corporation production management division group-leader	2
	SD corporation president	2
	SD corporation production leader	1
	SD corporation planning office manager	2
Nov-06	SRT corporation president, production head office manager	2
Feb-06	Kyocera ex-executive	2
Jul-06	KCCS, divisional manager	2
	KCCS, divisional manager	2
Jun-06	Kyocera, networking event (observation)	6
May-07	KCCS, president, vice president (former divisional manager), consultant	2
Oct-07	KCCS, consultant	2
Nov-07	KCCS, vice president (former divisional manager), consultant	2
Dec-07	KCCS consultant	2
Feb-08	Kyocera, factory manager	2
	Kyocera, factory morning meeting (observation)	1
	Kyocera, production division leader	2
	Kyocera, production division leader	2
Apr-08	Kyocera Mita, president, executive	3