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The role of identity and image in shaping management accounting change

Lynda Taylor, **Robert Scapens**

Abstract

Purpose – This paper analyses the implementation of a new accounting system in the accounting department of a large retail company. The paper seeks to understand and explain how management accounting change can be shaped by the identity and image of particular groups in an organisation.

Design/methodology/approach – This paper reports the findings of a longitudinal explanatory case study. An institutional framework was initially used to inform the research, but was subsequently extended using the concepts of identity and image.

Findings – By changing existing accounting systems, the accountants 'inside' the accounting department sought to challenge their current 'negative' identity and image. However, the case shows that the new accounting system was not well received by accountants 'outside' the accounting department. The case illustrates that the differing identity and image of the two groups of accountants were crucial factors underlying the different perceptions of the accounting change.

Originality/value – The conceptual framework developed in this paper highlights the role which identity and image can play in shaping processes of change, and it enriches our understanding of the reasons for change, stability and resistance to change.

Keywords – Accounting Change; Image; Identity; Institutional Theory

The role of identity and image in shaping management accounting change

1. Introduction

Through a study of the processes of management accounting change in a particular company, this study began with the broad aim of contributing to the growing number of studies which explore change (and stability) using an institutional lens (see Burns, 2000; Soin *et al*. 2002; Burns and Balvinsdottir, 2005; Nor-Aziah and Scapens, 2007; Siti-Nabiha and Scapens, 2005; Lukka, 2007; Yazdifar *et al*., 2008; van der Steen, 2009; Sharma *et al*., 2010; Quinn, 2011; Herbert and Seal, 2012; Goretzki *et al*., 2013; Quinn, 2014).

Initially, we used Burns and Scapens' (2000) institutional framework to study the accounting change in our company. Prior studies (e.g., see above) have used the framework to explain how management accounting change develops within an *institutional* context, comprising taken-for-granted ways of thinking and doing. Studies of change have shown how taken-for-granted assumptions can be successfully challenged (or not) over time in order for institutional change to take place. Burns and Scapens (2000) also show how different organisational sub-divisions (e.g, different occupational groups, such as accountants and engineers in *Omega plc*) can have different taken-for-granted assumptions, and how they can influence the change process. Similarly, the puzzle posed by our empirical data suggested that we needed to understand the apparent existence and influence of different taken-for-granted assumptions (or multiple institutions) in the different groups of accountants working in different parts of the same organisation.

The empirical data collection in this study began in the accounting department of a retail company, Reilys (not its real name for reasons of confidentiality). In this department, a group of accountants was responsible for the selection and implementation of new accounting information systems. Ultimately, they claimed to have been successful in providing better information and they believed that their system was positively received across the organisation. On closer examination we also observed that, despite being initially motivated by technical and economic concerns, the group of accountants implementing the new system seemed motivated to use it as an opportunity to improve their current status (which differed from their desired one) in the organisation.

However, when we spoke to another group of accountants working outside the main research site, we received a very different impression – this group did not perceive the change as either positive or successful. In their view, the new system did not provide what they required. Thus, we were seeing different perceptions of the same change process, possibly arising from (in institutional terms) different taken-for-granted assumptions. Explaining this empirical puzzle subsequently became the main focus of our study. First, we wanted to explain why accountants were motivated to develop the system as they attempted to do. And second, we wanted to explain why there were different perceptions of the change process. We argue that both of these issues (namely, motivation and differing perceptions) stem from differences in taken-for-granted assumptions. We also argue that the identity and image literature provides a useful way of conceptualising the differences in our case, and helps us to explain what we were observing.

Our findings, as reported in this paper, add to the growing research on accountants' identity and image (e.g. see Ahrens and Chapman, 2000; Balvinsdottir *et al*., 2009; Järvinen, 2009). Additionally, by showing how identity and image can be implicated in processes of organisational and management accounting change, we add to a small but growing number of studies that have addressed broadly similar issues (e.g. see Alvesson and Willmott, 2002; Empson, 2004; Ezzamel and Burns, 2005; Abrahamsson *et al*., 2011). Our study addresses the following two research questions: (1) Why and how can identity and image motivate change? (2) How do identity and image shape the way in which change is perceived and enacted?

In the next section we will develop a conceptual framework which we will use later to explain our case findings. Following this, we describe our research methods. We then use our conceptual framework to describe and analyse the accounting change in our case company: Reilys. The final section reflects on our interpretation of the case and discusses the theoretical implications for studying processes of management accounting change. We then go on to highlight limitations and suggest avenues for future research.

2. Theoretical background

Institutions are defined by Burns and Scapens (2000:8) as "shared taken-for-granted assumptions…". These taken-for-granted assumptions provide a shared way for actors to understand their world, and to define their membership of an organisation. However, it is

recognised that an organisation can have many institutions, including institutions not grounded in accounting, which can sometimes explain resistance to accounting change. For instance, Siti-Nabiha and Scapens (2005) describe how accounting change was resisted in a subsidiary due to its prevailing production-based institutions which conflicted with the cost reduction initiative of its parent company. The point we make here is that institutions, which define certain ways of thinking and doing, may not be shared by all organisational members; there can be important differences within and between groups. However, whereas previous studies have shown that different occupational groups can have different taken-for-granted assumptions, we argue that it is also possible for different taken-for-granted assumptions to exist within the same occupational group [1]. In our case analysis we will draw on the concepts of identity and image to explain such *within* group differences. In essence, the concepts of identity and image provide a mechanism for looking at how individuals and groups take things for granted. In this paper, we show that such within-group differences can underpin both the motivation to change in certain ways and the differing perceptions of change processes.

The specific conceptual themes and why they seem appropriate for understanding the Reilys' case will now be explored in more detail.

2.1.Identity and image defined

Identity and image have been extensively debated and researched in the organisation and management literatures. A comprehensive review of these literatures is beyond the scope of this paper, but for excellent reviews see Hatch and Schultz (2000) and Haslam *et al*. (2003). In this paper, we draw on Dutton and Dukerich (1991) to define the *identity* of a group as what its members believe its characteristics to be, and its *image* as what the group members believe those *outside* the group perceive its characteristics to be. In other words, identity describes how group members define themselves and image describes how group members believe outsiders define them. Gioia and Thomas (1996) refer to identity and image as 'taken-for-granted' ways of seeing. In addition, Dutton and Dukerich (1991) highlight that identity, through the use and evaluation of skills, can produce characteristic 'ways of doing things'. As with institutions and their taken-for-granted assumptions, identity and image are shaped by contextual factors. Also like institutions, identity and image are constructs in the minds of group members and cannot be directly observed empirically (see Gioia, 1998).

Image and identity are closely linked. Image is directly related to the level of collective self-esteem gained from membership of a particular group (i.e. its identity). And the identities of individuals are created and modified partly by how they believe outsiders view the group of which they are part (i.e. its image). Important to the current study is the link between identity and image, in particular the notions that image can become a destabilizing force for identity and that a change in image can bring about a change in identity (Dutton and Dukerich, 1991; Gioia and Thomas, 1996; Gioia, 1998; Gioia *et al*, 2000). In this sense, identity is fluid and inherently unstable (rather than enduring) and has the potential to be re-defined over time (see Goia and Thomas, 1996; Gioia *et al*., 2000; Empson, 2004; Abrahamsson *et al*., 2011). Importantly, identity and image can be used to analyse change at multiple levels (see Tajfel, 1978). In particular for this study, workgroups can be seen as subgroups *within* an organisation (Hogg and Terry, 2001). Some studies have used the concepts of identity and image to analyse how group members identify with their organisations (e.g. see Abrahamsson, *et al*. 2011). Others have studied how this identification relates to the group members' relationship with other workgroups in their own organisation or with similar workgroups in other organisations (see Riketta and Nienaber, 2007). In this paper we will use the concepts of identity and image to focus on why the members of a specific workgroup identify with that workgroup, rather than with other similar workgroups *within* the same organisation.

2.2.Motivation: discrepancy between current identity/image and desired future image

Contexts of change can provide opportunities for self-reflection which can cause groups to question the taken-for-granted assumptions related to their identity and image. Such questioning may lead groups to conclude that their current identity and/or image is positive or negative. Social identity theory has shown that there is a clear relationship between group identity and image, and the 'self-concepts' of the individual members of the group (i.e., their sense of who they are). Whereas *positive* group identity and image can strengthen individual self-concepts, as group members share the reflected glory (Dutton *et al*., 1994, also Dukerich *et al*., 2002), *negative* group identity and image can result in low self-concepts for the individual group members. Particularly relevant to this study is the idea that a perceived discrepancy between group members' current identity/image and how they would like to see themselves and be seen in the future (a *time-based discrepancy*) may explain why group members take particular actions (Corley and Gioia, 2004; Gioia *et al*., 2000; Abrahamsson *et al*., 2011). In taking such action, negative current identity could be improved by aspiring to a

desired future image. Groups aspiring to a desired future image have to project a vision of how they would like outsiders to perceive them in the future. In a change context, their initial identity and image, which are expressed in terms of 'this is who we think we are and how we are seen', become 'this is who we want to be and how we want to be seen *after* the change is accomplished' (Gioia and Thomas, 1996). Nevertheless, the ability of groups (such as the accountants in our study) to use a change initiative in this way depends on their ability to both project and gain acceptance of their desired future image.

2.3. Differing perceptions: identity, image and perceptual lenses

In social identity theory, groups are defined as distinct entities (see Hogg and Terry, 2000) and, as such, the identities and images of different groups can be quite *distinct*. In this study, identity and image provide a useful way of conceptualising the different institutions of different workgroups in the same occupation. Using the identity and image literature to conceptualise institutions, it is possible to show how different taken-for-granted assumptions can exist because each group possesses its own unique identities and images.

Although identity and image (when negative or inconsistent) can provide motivation for action, they can also provide members with a shared understanding and a common 'taken-for-granted' way of seeing and thinking. It has been shown that identity and image have the potential to direct and/or limit group members' interpretations of issues in ways which are consistent with their current identity and image (Dutton and Dukerich, 1991; Gioia and Thomas, 1996). This means that group members may be constrained to act only in ways that are consistent with their existing identity and image. In other words, identity and image provide perceptual lenses through which groups perceive, interpret and act upon issues arising in a change process. The notion of 'difference' between groups is crucial to our study, and we show that when identity and image are different this can imply different perceptual lenses and, by extension, different perceptions and interpretations of change. In addition, Gioia and Thomas (1996) show that under conditions of change, it is not only current identity/image, but also the desired future image, that frame interpretations.

As dynamic concepts, identity and image have the potential to both shape and to be shaped by processes of change. Identity and image can both promote *and* limit action at the same time – they can motivate accountants to challenge their current status, and at the same time they can

limit their ability to do so. This dialectic lies at the core of social identity theory (see Tajfel, 1978; Turner, 1975, 1982).

2.4. A conceptual framework

To summarise the theoretical ideas outlined above, the conceptual framework set out in Figure 1 illustrates the potential role of identity/image in motivating and shaping accounting change. The figure focuses on the identity and image of a specific group implementing a change initiative (e.g., a group of accountants in Reilys) and distinguishes that group from 'other groups' who, for instance, could be the 'customers' of the output of the change. As indicated by an arrow, a group's current identity/image is related to the identity/image of other groups. This is because, as argued above, identity is affected by how groups believe they are viewed by others. The differing perceptions of the different groups will be underpinned by differences in identity and image, and shaped by each group's working environment. These different working environments are likely to have evolved as a result of broader contextual factors both within and outside the organisation.

As illustrated in Figure 1, low self-concepts, negative attributes and discrepancy between a group's current and desired identity and image can underpin the group's motivation to seek some desired future image. Furthermore, change initiatives may open up opportunities for the group to seek a desired future image. Thus, even when a change initiative is not initiated by a desire to improve negative identity/image, it may still have the potential to do so. As shown by two-way arrows, the Figure indicates that *Interpretation and action* in relation to change initiatives can shape, and be shaped by, the *Identity/image of the group implementing the change*. As discussed above, this is because identity and image act as perceptual lenses which have the potential to influence actions. The Figure also indicates the two-way relationship between the *Desired future image* and the group's *Interpretation and action,* as how the group would like to be seen in the future also shapes, and is shaped by, how they interpret and behave in relation to the change initiative. Moreover, as identity and image can differ between groups, the *Other groups' identity and image* will (although quite separately) shape their interpretation and action in relation to the change. Yet, unlike the group implementing the change, this relationship is unidirectional as such (other) groups are not (at this point) seeking to change their identity/image. Ultimately, due to differences in their identity and image, the different groups can have quite different perceptions of the change initiative.

The conceptual framework in Figure 1 will be used to explain the change process in Reilys. However, first, we will describe the research methods used in the study.

Figure 1.

[Insert here]

3. Research method

3.1. Longitudinal explanatory case study

By initially selecting an institutional framework, we wanted to ensure that issues in the institutional environment, as well as their impact on processes of management accounting change, could be studied in detail. To do this we decided to study the implementation of a new accounting system over time by means of a longitudinal case study. Processual theorists (such as Pettigrew, 1990; and Dawson, 2003) argue that longitudinal case studies not only provide rich and detailed analyses of a phenomenon, they also facilitate the study of the context, processes and dynamics of change. In such (explanatory) case studies, theoretical concepts are used to explain the case. However, in conducting a case study it may sometimes be necessary to extend existing theories in order to provide a more complete explanation of the empirical data. In our study, the initial institutional framework was extended using the concepts of identity and image which allowed us to explain what we were observing in our case.

The organisation we studied is Reilys (not its real name, as indicated earlier), a leading UK-based department store retailer, which employs approximately 20,000 across the UK. Its store portfolio includes a number of international franchises and it competes with retailers in both the mixed goods and specialist sectors (footwear, clothing, beauty and homeware, amongst others). Fashion is a major part of its product mix, and a small number of ‘young fashion’ concessions allow it to compete in this market. It is also a leading retail channel for a number of large international cosmetics houses. Reilys operates in a dynamic and competitive market which means that it continually has to look for innovative ways of improving its competitive position. Currently, Reilys is a leading player with strong brand recognition throughout the UK.

3.2. Data sources

The main site for our research was Reilys' accounting department which is located in the South West of England (referred to hereafter as SW). Given that the objective of the study was to explore processes of change, this site was very suitable as accountants in SW were responsible for the selection and subsequent implementation of a new accounting system (CODA). To understand this accounting change from the perspective of the individuals involved, semi-structured face-to-face interviews were the main method of data collection. However, data from the interviews were supplemented by internal documents, along with publicly available data such as newspapers and web-based reports, as well as observations of training sessions on the use of the new system. The publicly available data were particularly useful for building a picture of the company's context and history. The case study follows the selection and initial implementation of the new CODA system at Reilys, starting in late-2000. Although it is recognised that processes of change have no 'end-point' as such, it was necessary due to time and financial constraints to have a cut-off point for the research – hence data collection ended in mid-2005.

In total, 33 interviews with 25 different people were conducted: see the Appendix for a list of the interviewees. As mentioned above, many of the interviewees were accountants based in SW who were directly involved in the project. However, in order to gain a fuller understanding of the context and the accounting system, the range of people interviewed was broadened to include people who held different positions and worked at various levels in the organisation: store managers, systems analysts, and accountants based in London. Systems analysts were interviewed as they could provide information about the technical implementation and store managers and accountants based in London were interviewed as they are 'customers' who receive output from the new CODA system.

As we were following the process of change, there were new events, interactions and changing perceptions which we had to identify, reflect upon and then discuss in subsequent interviews. So, prior interviews were reviewed in preparation for subsequent interviews. However, whenever possible, we tried to use similar questions in the interviews to confirm and reinforce responses obtained in the earlier interviews. Nevertheless, issues were allowed to emerge during the interviews and questions were (re)formulated as the research progressed.

Given that identity and image are abstract concepts which cannot be empirically observed we had to build our understanding of the identity and image of our research participants from the things which they said and did. Moreover, as we did not initially set out to explore identity and image we did not explicitly ask our interviewees to describe their identity and image. Rather in our case, we inferred identity and image from how our interviewees talked about what they did in Reilys, and how they described how others saw what they did. The type of language used was particularly important in inferring both negative identity/image and the discrepancy between current identity/image and desired future image. Issues of identity and image seemed particularly important in our case as the interviewees (particularly those in SW) talked about being seen in rather negative terms and wanted to use the new accounting system to improve their image within Reilys.

3.3. Data analysis

Due to the nature of qualitative research, the process of (re)listening to and transcribing the interviews overlapped with the data analysis. The semi-structured nature of the interviews enabled us to build on prior responses. As such, data collection and data analysis were complementary ongoing processes during which the issues that arose in previous interviews were checked and clarified, and potentially contradictory explanations were explored. In this way, the data collected was constantly compared and contrasted with the responses in later interviews.

As the data collection progressed, and the amount of data expanded considerably, a method of data reduction became essential. For this purpose, we used contact summary sheets (see Miles and Huberman, 1994:51) as a means of both managing the mounting volume of data and becoming familiar with emerging patterns and themes. In addition, interim case reports were produced to organise the findings to-date. These reports alerted us to puzzles and to further data that needed to be collected. The role of theory was crucial in interpreting and explaining the issues which emerged from the case study. For instance, although the SW accountants claimed that the system implementation had been successful, it emerged later that accountants based in London were dissatisfied with the new CODA system. Thus, different perceptions of the change process emerged from the interviews. Moreover, it seemed that accountants in SW were using the new accounting system to improve what they did and how they thought this was seen by others. Thus, even though identity and image was not explicitly mentioned by these accountants, we were able to infer from what they told us that these issues were

important in the change process. Consequently, we used the identity and image literature to build a theoretical framework to help us understand both the motivation of the SW accountants and the different perceptions of the change process. The next section will elaborate further on our use of this theoretical framework as we describe the case study.

4. Case study

A simplified structure of Reilys' head office functions is shown in Figure 2. The executive members of the Board of Directors and the other members of the senior management team are based in London, along with Reilys' main head office functions, which include finance, marketing, and buying and merchandising (B&M). As shown in Figure 2, the finance function is split between London and Reilys' accounting department in SW (SW denotes its location in South-West England). In the years prior to the introduction of the new accounting system, which is the focus of our case study, Reilys experienced major changes to its structure. In the late-1990s Reilys demerged from a larger group. Following the demerger the SW accounting department evolved, the number of accountants grew considerably as SW became Reilys' main centre for statutory reporting, and the retail cost team and some of the central cost team were relocated to SW. This relocation was due to economic pressures and subsequent cost cutting measures which favoured the cheaper SW location. Moreover, Reilys' new CEO, who was appointed in early-2000, established a corporate strategy which involved aggressively growing the business through a combination of store modernisations, new store openings and new business activities [2], while at the same time undertaking cost reduction programmes.

Figure 2.

[Insert here]

4.1.New accounting systems – response to out-dated systems

From late-2000, senior accountants in SW began the process of selecting, developing and implementing new accounting systems. In March 2001, accounting software provided by CODA was selected as the core accounting system [3]. The decision to implement a new accounting system was a response to the problems caused by out-dated and inflexible systems. There were technical concerns surrounding the inability of existing systems to handle the increasing demands for greater efficiency in the accounting function. Following the demerger, the finance function (in addition to being expected to reduce its own costs) had the responsibility of providing the information needed for cost reduction in the other

functions. Simultaneously, there was an ever-increasing need to report earlier, both externally to meet the requirements of shareholders [4] and internally to provide cost information for the efficient operation of Reilys.

As Reilys' business processes began to evolve, the existing inflexible accounting systems posed fundamental problems for the business [5]. There was a lack of flexibility in the way accounting information could be accessed as accounting systems were very fragmented, and consequently costly to run [6]. For instance, when the company began to trade with foreign suppliers, its core financial system was unable to process foreign invoices and payments, meaning that bespoke applications had to be developed using Microsoft Access and Excel. Furthermore, accounts receivable and procurement were processed using separate software packages and, as the legacy systems were primarily oriented toward management accounting, financial reporting became increasingly time consuming. The group adopted a phased approach to the implementation of the new accounting system, although it was expected that it would be fully implemented by 2005.

Prior accounting studies have shown that the introduction of new information technology can create an environment of reflection which can motivate other changes (e.g. Scapens and Jazayeri, 2003; Caglio, 2003). In the following sections we will see that the way in which the new accounting system was perceived, developed and implemented was shaped (in part at least) by the existing identity and image of SW accountants.

4.2. SW accountants – identity and image before 2005

Identity and image are shaped by broad contextual factors. The main contextual issue which appears to have influenced the identity and image of SW accountants was the structure of the finance function, which splits accounting activities between London and SW. The separation of accounting activities created disparate workgroups. In so doing, it also created an environment of '*us and them*'. In this context, separate identities and images were likely to develop. Although SW broadly see themselves as part of the finance function more generally, as they are part of a distinct group, particularly one that is geographically separate from the other group based in London, they have developed their own identity and image. As a result there are stark differences between the identity and image of SW accountants and the accountants working in London. These differences will become apparent later when the

perspectives of the London-based accountants are considered. First, the identity and image, as well as the desired future image, of the SW accountants are discussed.

Historically, SW operated primarily as an accounting support centre, but it is now also Reilys' main centre for statutory reporting. Whereas the London team deals with more forward-looking aspects of management accounting, such as planning and forecasting, the role of SW involves mainly backward-looking routines, such as monitoring the costs of running Reilys' head office functions (central costs) and its individual stores (retail costs), and the reporting of actuals against the commercial team's forecasts. As explained by the SW financial controller for reporting in 2002:

> The London Finance team is predominantly what is called the commercial team and they all sit on one floor... Within that commercial team, each person is allocated a series of divisions, so that someone is a systems person, someone is buying merchandising, someone looks after overheads, someone for HR and all those payroll things...they sit together...they share information and get more by sitting together, although they spend a lot of time in their division. And that's done from London because the divisions, whichever division that is, are in London. And the people out here do the actual support.

Further, the role of London-based accountants as more *commercial* is perceived more favourably than that of SW:

> They've tried to make those people more commercial accountants and that is far more proactive than a finance team; it's more of a sexy role. (Finance manager, group reporting, SW, 2002)

This comment highlights the issue of role and specifically points towards a comparison between the roles of London-based accountants and the SW group. The identity of SW can be inferred partly from how they perceive the activities that they conduct. In other words, who they believe they are is very much shaped by how they see what they *do*. Members of SW identify with their role as members of a group that acts as an accounting support centre for the rest of the 'business' and carries out routine activities associated with this function. A group's identity can be inferred from how they describe themselves and, in particular, the words they

use to define the character of their group (Dutton and Dukerich, 1991). In SW, their role as they perceive it led them to describe the activities of their group using words such as 'bean counters', 'penny pinchers' and 'policemen'. The quotes below illustrate the negative language used by accountants in SW to describe what they do:

> Finance is the policeman basically, and if they're cutting back on costs it must be finance's fault. It's not the company's fault or the board's fault, it's directed at finance. (Head of accounting services, SW, 2002)

> …and it always seems like finance are the people that are penny pinching and taking the money away. But it's not; we're just implementing the strategies of the board, what they want to do to achieve the profit numbers. (SW Finance manager – central costs, 2003)

> Rightly or wrongly with retail it's let's look at costs and let's try to get rid of as many as we possibly can...The finance function is probably seen still, because of the way we do work, as a sort of the negative policing function, the people that say no and try and take your budget away from you. Because that basically is what we're trying to do. (SW Finance manager – supply accounting, 2003)

In SW, negative identity was expressed through the individual accountant's use of negative language in relation to the roles which accountants perform within Reilys. Such negative language, with respect to the roles of management accountants, are widely reported in the accounting literature (Friedman and Lyne, 2001; Byrne and Pierce, 2007; Järvinen, 2009; Goretzki, *et al*. 2013). In theoretical terms, as individual self-concepts (such as those of accountants in SW) are derived, in part, from group membership, the process of identification with their group means that a perceived negative identity may result in lower self-esteem than a perceived positive identity (Dukerich *et al*., 2002). How the individual accountants in SW identify with their group is likely to be reinforced by their image. Individuals usually attach importance to the status of their group, and status is conferred on the group by others, through image (see Dukerich *et al.*, 2002). Hence, the well-being and behaviour of group members is influenced by their image as well as their identity. The quotes below illustrate how the SW accountants think others view what they do within Reilys; i.e., their image:

> It is the downside of having an out-of-town finance centre like ours. People in London see more of senior management and feel more part of it…and then they think, "Well all of those people in SW must be bean counters mustn't they?" (SW Finance manager – central costs, 2002)

> You've got to change the inherent culture of how people view finance in Reilys because the people that are the cost centre holders predominantly still see finance as the people that take their budget away from them. So therefore that's a negative view. (SW Finance manager, 2003)

Thus, accountants in SW believe that what they do is seen in negative terms by other groups. Two things can be said about this. First, identity is influenced and shaped by image (Dutton and Dukerich, 1991). Hence, the identity of SW has been shaped, not only by how they view their roles, but also by how they believe they are seen by other groups because of what they do. The SW accountants seem to see themselves through the eyes of others, and in this sense their image has shaped their identity (see Dutton and Dukerich, 1991). Second, identity and image can be portrayed as either positive or negative. For instance, in Dutton and Dukerich's (1991) study of the Port Authority of New York and New Jersey, members of the Port Authority portrayed their identity as *positive*, and characterised it by using terms such as 'ethical, scandal-free and altruistic' and the 'provider of superior service'. In contrast, the SW accountants described how others see their role (image) using the same negative language as they used to describe how they saw their role (identity). Hence, in the case of SW, both identity and image can be seen as negative.

4.3.Seeking a desired future image

As we saw earlier, the image of the SW accountants could be inferred from the language they used to describe how they believed others saw their role within Reilys. The need to implement new finance systems provided them with an opportunity to challenge those views of their role in a way which, in their eyes, would increase their value to Reilys. In theoretical terms, how the SW accountants would like to be seen as result of CODA's implementation is their desired future image (Gioia and Thomas, 1996; Brown, 2000; Gioia and Corley, 1998). They saw the implementation of CODA as a way of resolving the discrepancy between their current negative identity/image and their desired future image. Their desired future image was one in

which they would be seen by others as providing greater value to Reilys through the use of CODA. As the SW financial controller for reporting commented in 2004:

> Once you've got the system you can begin to see what else you can do…it's like a big Christmas present isn't it? You're really glad you've got it and you make the most of it. You see opportunities to do things better.

Within the SW accounting department there was a strong sense of ownership of the system, (i.e., CODA) as they had been given responsibility for its implementation. As a senior member of the project team commented in 2002: "I see it as very much finance people, making it work for finance". More generally within Reilys, CODA was viewed as an opportunity to deliver key benefits to the business, and it was being implemented to improve the value and effectiveness of the finance function *as a whole*. Nevertheless, as they had the responsibility to implement it, the SW accountants saw CODA as a way to make *themselves* fundamentally more valuable to the business, and to improve their image:

> The more [SW accountants] stay and develop more of the business and work on CODA together, there is greater trust from the management of the business that we can do better jobs, sexier jobs, in a way, more important jobs. (SW Financial controller – reporting, 2003)

> People who want to add value, who want to stretch their brains, are getting bogged down with mundane activities…there is absolutely no point in us being here. You know there are some things you have to do. You have to do your VAT return, you have to do your tax return, you to have to pay suppliers, but there is no point in the rest of us being here, if we're not actually providing *value* to the business. [Emphasis added] (SW Finance manager – central costs, 2003)

SW managers argued that CODA would allow them to improve the services they offer to their customers within Reilys' head office. By so doing, they had the potential to increase their value to the business. More specifically, according to accountants in SW, the implementation of CODA meant that added value could be achieved, and was already being achieved in several areas. [7] For instance, it was believed that by increasing transaction processing efficiency CODA would enable SW accountants to spend less time on mundane tasks and the

routine *reporting of numbers* (which was closely associated with their current identity/image) and to spend more time on interesting and value-adding activities such as *analysing the numbers*. As explained by an SW finance manager for central costs in 2003:

> We now spend more time looking at the numbers and understanding them, than we [used to] do actually working out how we're going to get them and put them into spreadsheets and pulling them all together. We're doing less of that and more analytical [work].

Although CODA enabled the internal cost teams to perform their roles more easily, there was a desire within Reilys to shift the accountability for costs from these teams to the cost centre holders themselves. It was anticipated that this could be achieved through the online access to CODA which was to be developed using CODA's E-Financials module:

> It's something we've been trying to get; a change in the culture really. For them to be responsible for their costs and accountable for their costs, because [currently] they see it as finance's responsibility. It's "well, they manage the costs we don't worry about that", but they're the ones who are authorising the expenditure and going out and spending the money (SW Finance manager – central costs, 2003)

A key role of the SW accountants was to provide reports to their customers (i.e., the cost centre holders in London). As the reporting system continued to be developed the management accounting information provided to other groups improved. This further increased SW accountants' perceptions of their value to Reilys:

> Off the back of there being new reports we spend more time with people saying: "this is the new pack you are getting that shows the information that you wanted, not just what we had in finance". So there's been more contact with people. People actually see us delivering a better product, because we've got a better tool to deliver it from. And that has made it easier to work with people…it will make us more valuable to the business. (SW Finance manager, 2004)

Focusing on a desired future image makes a change in identity possible, as it provides a goal for people to aim for (Goia and Thomas, 1996). Nevertheless, it also requires good communication in order to 'project' a vision of the desired future image. The SW accountants sought to promote CODA by communicating its benefits to their customers (other groups) across the business:

> We do more marketing of ourselves off the back of CODA, as we have got more to market to other parts of the business. We are saying to people, "We've got this new system, so we can produce a better set of management accounts". (SW Financial manager – reporting, 2004)

The benefits of CODA, which were being communicated to others within Reilys, reflected the SW accountants' goal of adding value to the business (i.e., their desired future image). It is evident from the above quotes that the accountants in SW believed that CODA would enable them to improve the service they offer to their customers within Reilys. With such an improvement in their value, there was the potential for both their identity and their image to change. First, they expected that the way others perceived their role would change as a result of them offering a better service. In this way, they could achieve their desired future image. Second, by achieving a better image, the perceived status of the group could be improved, thereby enhancing their self-esteem and their identity. In short, they could expect to feel better about themselves as a result of others perceiving an increase in their value. Hence, both their image and identity had the potential to change.

4.4.Differing perceptions of the change process

Next, we contrast SW accountants' perception of CODA's implementation and the perception of the accountants based in London.

4.4.1. Perceptions of SW accountants

By the summer of 2005 the core implementation of CODA was complete. Nevertheless certain services, such as on-line access to CODA, were still evolving and it was recognised that the project's development was an ongoing activity:

> This thing doesn't just stop and end, it will evolve. As people get used to the system and actually understand what it can do, they will be coming back and say: "Wouldn't it be nice if it could do this?" (SW CODA Project manager, 2004)

During the implementation of CODA, the SW accountants claimed that their development of the CODA systems had led to various improvements in the quality of the services they provided. These improvements included faster statutory reporting, increased efficiency of routine transaction processing, and enhanced availability and relevance of management accounting information. In particular, their ability to provide what they believed to be better management information increased their visibility outside SW and was of particular relevance for achieving their desired future image – i.e., to be more 'valuable' to Reilys:

> We could have better jobs in finance, because other people understand the numbers…we've got a tool we can use to help people…certainly, there are a lot of people asking us a lot of questions for support and other people who are saying "I've never asked before, but I've never understood it". (SW Financial controller – reporting, 2004)

In the many studies of accounting change the definition of success is far from clear (e.g. see Malmi, 1997). Nevertheless, CODA was undoubtedly viewed positively (i.e., as a success) by the accountants in SW. In theoretical terms, CODA was viewed as a success because it helped to resolve the perceived discrepancy between their current (negative) identity and image, and their desired future image (to be more valuable to Reilys). As far as the SW accountants were concerned, CODA provided them with the means to communicate, demonstrate and project their perception of 'value' to the business. In this sense, the SW accountants perceived CODA as *more* than a finance system; it was seen by them as a business system:

> Systems belong to the business, they don't belong to finance, they are not finance ledgers; it's a business system. (SW Financial controller – reporting, 2004)

> It's not a finance system; it's a business system. (SW Project manager, 2005)

The CODA system allowed the SW accountants to feel that they were adding value within Reilys, and this provided them with the potential to improve their self-esteem and identity.

However, there was evidence to suggest that the change in the SW accountants' identity was brought about primarily by the perceived change in their image. The SW accountants seemed to believe that others' perceptions of them (i.e. their image) had improved. In short, their desired future image had been achieved. As expressed by the finance manager for group reporting in 2005:

> It gives a better opinion…I think that people are more positive in general about us.

The enhancement of image can build self-esteem, and thereby improve identity (Gioia, 1998; Gioia and Thomas, 1996). By seeking a desired future image, negative group identity can become unstable and may consequently change. As a result of using CODA to improve how they carried out their role and, at the same time, to improve their 'perceived' value, the collective self-esteem of SW's accountants was enhanced. In 2005, this was explicitly expressed in a comment made by the SW financial controller for reporting:

> We feel better about ourselves certainly.

Through the use of CODA in their day-to-day activities and its ongoing implementation there was the potential for the roles of SW accountants to evolve further in the future, perhaps allowing them to completely shake off the negative 'bean-counter' label which was associated with their previous identity and image, and thereby to further improve their self-esteem.

4.4.2. Perceptions of other accountants

However, the London-based accountants expressed contrary views about the success of CODA. By late 2004, the CODA system was beginning to attract criticism as users (or customers as they were known), and particularly the London-based accountants [8], were beginning to question the way the system had been set up and how it was being operationalised by the SW accountants. Like SW accountants, the identity of London-based accountants was connected to how they saw their role within Reilys. A strong component of this was their ability to provide information which was considered valuable by others in the business. However, they were not satisfied with the information they could obtain from CODA. Importantly, they questioned the system's ability to provide the information which was required by Reilys' (new) owners [9] and, in particular, to support the company's future

viability. From the perspective of the London-based accountants, CODA had *not* been developed to meet the needs of users, other than the accountants in SW:

> CODA has been rolled out and they have done the core things which SW needed. But then in terms of the other users of CODA, [i.e.,] people who are not processing and not necessarily changing the numbers in CODA, we want to use it as a management information tool. But that sort of roll out has not really happened. Again, we should be heavy users of it, and we're struggling with it to get what we want. (London, Finance manager, 2004)

Accountants in London raised several specific criticisms about the new system. First, CODA's report writing functionality was poor, and so accountants in London continued to use other systems, such as Excel. This was a major reason cited for the reluctance of managers in London to use it. Second, the on-line access, which SW accountants promised other CODA users (such as cost-centre and divisional managers), had not been properly developed. Consequently, the accountants in London remained the gatekeepers of accounting information for other groups. In other words, CODA did not enable their role to evolve and this meant that they continued to be providers of information, rather than analysers of information. As a senior London finance manager explained:

> I'd like to pass that ability through to the customers [i.e., users within Reilys]. For example, the reporting team keep saying "we want access to CODA because then we can say let's go in and have a look and do some analysis". So the customers could just do it themselves and you don't need somebody in SW or London providing that and we could spend our time doing other things, which are more value-added.

Third, it was argued that, as CODA was designed to record *in detail* the costs of the individual head office functions, it did not meet the information needs of the London-based accountants, who wanted summarised cost data for reporting to higher levels. As a senior London finance manager explained:

> We want to look at things differently… It doesn't produce the reports that we need and that could be because of the detail we want to look at and the way we

> want to cut that data… When we report to the Board they are not interested in the cost centre level, they [only] want to see detail at the divisional level… So if I go in and I want to investigate some numbers in CODA it gives it to me at the minutia level when actually I'm not interested in that level.

It is possible to interpret these criticisms of CODA in light of the differences in the identity of the London-based accountants compared to the identity of the SW accountants. Accountants in SW used rather negative language when they talked about how they saw themselves. Furthermore, their identity was reflected in, and seemed to be partly shaped by, how they believed other groups within Reilys saw their role. For instance, they compared themselves unfavourably to the London-based accountants. In contrast, the London-based accountants talked about themselves in more positive terms. They referred to the character of their group as 'ambitious' and they saw their role as something that should be questioned and challenged, rather than just accepted. Moreover, by arguing that the SW accountants did not see *their* role in the same way, they compared themselves *favourably* to the accountants in SW:

> It's a very different culture. SW is very much like a sort of family, whereas up here it's a very young culture. People are ambitious. They want the information to do their job, and they want to do a good job. We have a very different way of looking at things; whereas SW is….slower paced…they potentially won't challenge what their role is about. In London, when somebody comes into a role, they are questioning and challenging it all the time. (London Finance manager, 2004)

As a result of their different identity the London-based accountants saw the implementation of CODA through a very different *perceptual lens.* They argued that CODA had not been developed to meet either their needs or the needs of the business more generally, and they claimed that there had been little change or improvement in Reilys' finance systems. As one London-based finance manager commented:

> If you question how it's set up, it's always; "Oh we can't do that, it's far too much work". So, there's a resistance to change how it's structured and to develop it any further**,** I feel. And that's probably the way it will stay for the next 15 years.

Overall, the perspective of the London-based accountants completely contradicted the SW accountants' version of events. These findings are discussed in more detail next.

5. Discussion and conclusions

In the introduction to this paper we set out two research questions which emerged from an empirical puzzle in our case study: (1) Why and how can identity and image motivate change? (2) How do identity and image shape the way in which change is perceived and enacted? In relation to the first question, our findings show that negative identity and image can result in low self-esteem. In our case study the introduction of the new accounting system was not itself triggered by identity discrepancies – it was due primarily to technical and efficiency concerns. Nevertheless, the SW accountants saw CODA as an opportunity to resolve the discrepancy between their current identity and image and their desired future image. In particular, we show that it was the negative identity and image of accountants in SW which motivated them to aspire to a desired future image and to implement CODA in ways which they believed would help them to achieve this desired future image. Ultimately, their interpretation of the change was framed by their existing identity and image. As the SW accountants believed that the implementation of CODA had led to an improvement in the way other groups in Reilys viewed them, their self-esteem was enhanced, as evidenced by the quote: *"we feel better about ourselves certainly"*.

Turning to the second research question, whilst SW accountants' negative identity/image motivated them to aspire to a desired future image, it also led them to see the accounting systems in a myopic way. Their rather narrow understanding of 'better' accounting systems was framed largely in terms of their current and desired identity/image. Having struggled for many years with outdated and inflexible systems, SW accountants saw their introduction of a new accounting system as an opportunity to improve what they do in order to make themselves 'feel better'. However, despite their attempts to develop the system more broadly, what SW accountants ultimately provided seemed consistent only with what was needed to fulfil their own roles. This was confirmed by the London-based accountants who claimed that the SW accountants had *not* succeeded in their attempt to be seen as *adding value* to the business, which was the essence of their desired future image.

Whilst differences in the identity and image of the two groups may explain their different perceptions of the change, they also bring to light two important points which may have longer term implications for their identity and image. Firstly, when considered in the light of comments from the London-based accountants, the achievement of SW accountants' desired future image (and consequently their improved identity) is unlikely to be sustainable. As CODA continues to be used the SW accountants are likely to receive negative feedback from the London-based accountants (and possibly from elsewhere) which may force them to reassess how successful they have been in achieving their desired future image. This could ultimately lead them to reconsider their aspirations and lead to a new desired future image. Secondly, above we suggested that the identity and image of the two groups had been shaped by the broader contextual factors which had resulted in them working quite separately. However, a further change in context, such as an organisational restructuring, might result in the two groups working more closely together. Such a contextual change may force both groups to re-examine their roles and their perceptions of each other. As a result, their identity and image may shift and become more closely aligned. On the other hand, in the absence of such change the differences in identity and image that we observed may well persist into the future.

5.1. Implications for management accounting change and the institutional framework

Accounting researchers have discussed various potential barriers to accounting change (e.g. see Scapens and Roberts, 1993; Cobb *et al*., 1995; Malmi, 1997; Granlund, 2001; Kasurinen, 2002). Our study emphasises the importance of exploring processes of accounting change at different organisational levels and, in particular, at different organisational locations. More specifically, it highlights that studies of accounting change should not ignore the identities and images of the various groups of actors involved in the change process. Furthermore, whether or not a change implementation is successful can often be questionable (e.g., see Malmi, 1997). Nevertheless, although we can question SW accountants' claim that the implementation of CODA was successful, particularly in the light of the views of the London accountants, SW's identity and image (as perceived by them) did improve. In this sense, it seems that myopia is no obstacle to improving identity and image. Thus, a first conclusion is that, although claims of 'successful' change may be questionable from an organisational perspective, there may still be an improvement in the group's identity and image, although this may not be sustainable in the longer term.

Our research has shown how new accounting systems can offer an opportunity for accountants to challenge (and try to change) their identity and image. Yet at the same time, the role of SW accountants in Reilys remained largely unchanged, as they continued to be the gatekeepers of routine accounting information. Thus, whilst our case illustrates that a *perceived* improvement, or change, in image can lead to a change in identity (see Gioia and Thomas, 1996; Gioia *et al*., 2000), we also observed that the roles of SW accountants seemed to remain relatively stable, despite the changes in their identity and image. Thus, as in other studies (e.g. see Siti-Nabiha and Scapens, 2005), we see that some things remain the same, while simultaneously other things change – i.e., stability and change occur at the same time. Burns and Balvinsdottir (2005) also considered roles and used Seo and Creed's (2002) notions of contradictions to explain changes in the *role* of accountants in a UK company. They showed that, in their case, changes in the roles of accountants were accompanied by a change in the accountants' perceptions of themselves, and also in the way others perceived them. Thus, *indirectly* they studied identity and image, although they did not refer to them as such. Our study complements and, at the same time, extends their work by explicitly conceptualising identity and image. In so doing, we shed light on the links between role and identity (see also Goretzki *et al*., 2013). Our case shows that role changes were sought as a way of improving status and projecting a desired future image. Yet, it seems that a change in identity and image may only require a change in the *perception* of role and status, rather than their realisation. Hence, a second conclusion is that role and identity are not necessarily tightly coupled as, in shaping identity and image, it is the perceived role (rather than the actual role) which seems to be important.

Different perceptions of change processes within the same organisation have been observed in other studies (e.g., see Malmi, 1997; Ezzamel and Burns, 2005). However, our case illustrates that different perceptions can occur even between groups in the *same* occupational function. This explicitly recognises that the label 'accountant' is not necessarily indicative of a common mindset or a specific set of tasks. The ways of working and the taken-for-granted assumptions of accountants in different parts/levels of an organisation, and/or in different locations, may be closer to their local managerial colleagues than to other accountants in the organisation. This can be understood by recognising that workgroups can be distinct entities, each with their own separate identity and image (see Hogg and Terry, 2000). In this sense, it is possible that different groups within the same function (or organisation) can have different perceptions of organisational and accounting change. Reilys' organisational context created

an environment in which distinctive identities and images were able to develop. The London-based accountants interpreted the implementation of CODA differently because they formed a different workgroup and worked separately from the accountants in SW – as a result their identity and image were different. Thus, the concepts of identity and image used in this paper can provide a more fluid conceptualisation for studying management accountants (and other organisational roles) than the concept of a *shared* professional and/or occupational identity of accountants (e.g. Beard, 1994; Fine, 1996; Covaleski *et al*., 1998; Ahrens and Chapman, 2000; Anderson-Gough *et al*., 2001; Richardson and Jones, 2007; Kitay and Wright, 2007; Järvinen, 2009; Goretzki *et al*., 2013; Hamilton, 2013). On this basis, a third conclusion is that, due to the nature and distinctiveness of identity and image, it is possible for groups to identify more strongly with their workgroups than with their occupational groups.

Our paper has used the concepts of identity and image to extend the explanations provided by Burns and Scapens' (2000) institutional framework, which was the theoretical starting point of our research. Firstly, other researchers have noted that sources of contradiction can be a key to understanding why and how actors come to be motivated to bring about change (Seo and Creed, 2002; Burns and Balvinsdottir, 2005; Burns and Nielson, 2006; Sharma *et al*., 2010; Englund and Gerdin, 2011). Our paper contributes to this area by showing how the motivations of actors to bring about change can be linked to their identity and image. The accountants in SW were motivated to seek to improve their existing (negative) identity and image. The discrepancy between their current identity/image and their desired future image could be regarded as a form of contradiction; a contradiction between, on the one hand, how they see themselves and how they believe others see them and, on the other hand, how they would like others to see them and consequently how they would like to see themselves in the future. Secondly, given that our case has shown that different workgroups can have different taken-for-granted assumptions of what management accounting is and what it can do in an organisation, we offer the possibility of using identity and image to conceptualise *multiple* sets of taken-for-granted assumptions within an organisation. In conceptualising multiple institutions in terms of identity and image, we provide a mechanism for understanding *how* things can become taken-for-granted. That is, things may become taken-for-granted differently by different workgroups as different sets of identities and images are formed over time as a consequence of broader contextual factors. The concepts of identity and image have enabled us to show that different taken-for-granted assumptions (i.e., multiple institutions) can exist and can provide the perceptual lenses which ultimately frame each group's

interpretations of processes of change. Thirdly, it has been noted by others that the structural power of institutions can limit the possibilities for institutional change – i.e. the paradox of embedded agency (Seo and Creed, 2002). Our findings show that while their identity and image motivated SW accountants to shape the accounting change, they also constrained their ability to achieve it. On this basis a fourth and final conclusion is that identity and image can both promote and constrain change. As our study highlights, the different identities and images of the various groups within an organisation can simultaneously provide a source of contradiction, stability and resistance to management accounting change.

In terms of future research we believe that the concepts of identity and image can be helpful in studying accounting change in other industries and in other countries. In this study the specific context will have shaped the identity and image of the accountants we studied. However, the identity and image of management accountants may be quite different in other countries, especially where there is no acknowledged management accounting profession (as there is in the UK). Nevertheless, management accountants working in such countries will have their own identity and image, which will be shaped by the context in which they work. Furthermore, discrepancies between their current identity and image and their desired future image may explain their motivation for seeking accounting change, while at the same time shaping the way in which they engage in the change process. Such studies could also be useful in discussing whether there is *something* which we can conceptualise as 'the role' of management accountants.

Appendix – List of Interviewees

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[1] On this basis, we were drawn towards the general identity/image literature, rather than the occupational identity literature or the sociology of professions literature (as used by Ezzamel and Burns) which both focus on the *shared* identity of professions such as accountants (e.g. Beard, 1994; Fine, 1996; Covaleski *et al*., 1998; Ahrens and Chapman, 2000; Anderson-Gough *et al*., 2001; Richardson and Jones, 2007; Kitay and Wright, 2007; Järvinen, 2009; Goretzki *et al*., 2013; Hamilton, 2013).
[2] For example, an e-commerce website, which had been launched in 1999, was to be extensively developed.
[3] CODA was selected for several reasons, including its technical functionalities, its web-based solutions, and its cost, which was lower than other comparable systems. Furthermore, it enabled Reilys to take advantage of up-to-date database technology, remove the existing multiple accounting systems, and replace them with a single unified system that could be integrated within Reilys existing systems infrastructure.
[4] For example, Reilys’ Finance Director introduced a timetable for statutory reporting within seven days.
[5] The problems were due, in part at least, to the legacy systems which Reilys had inherited following the demerger in the late-1990s. These legacy systems had been set up to support the running of the many much smaller units (the multiples), rather than Reilys’ large departmental stores, and this limited the ability of the finance function to produce detailed accounting information specifically designed for Reilys.
[6] The finance function was identified as an area in which cost savings could be made, particularly in transaction processing, and existing processes were seen as not adding value.
[7] It was intended that by the summer of 2005 the core functionality of CODA would be fully installed. The implementation of CODA was phased and this meant that its development, implementation and use were overlapping activities.
[8] At this time there were approximately 10 London-based accountants using CODA.
[9] Reilys had been taken over by venture capitalists in late 2003.