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Responsiveness to a new course and new performance controls: Insights from inside a recently conglomerated Chinese state-owned enterprise

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Abstract

Using an institutional theory lens, our study examines how variations in responsiveness to formal organisation-wide changes bring about diversity in the functioning of the same management control system in different units of an organisation. As we conducted the study inside a Chinese state-owned enterprise's headquarters and at three of its factories, we illustrate the use and relevance to the Chinese socialist market economy of a theoretical framework developed from research undertaken in organisations functioning as part of the Western socio-economic system of market capitalism. We focus on the role of responsiveness in distinguishing formal and informal change, the distinction in question giving rise to varieties in the kinds of coupling occurring simultaneously in the same organisation. We show that the functionings of coupling are dynamic and that assessing them is facilitated through comparison over time in one location and with concurrent circumstances in other locations. We suggest that some of the non-responsiveness/resistance relates to the socio-economic system in China being community-based economic, rather than neo-classical economic, and how this difference is manifested in the production sphere, and investigating this further would be valuable.

Keywords: Institutional theory; Formal and informal change; Responsiveness, resistance and coupling; Balanced scorecard; China; Economic and social enterprises.

1 Introduction

Responsiveness can be interpreted as the state or quality of (re)acting to some stimulus, influence, or other input, change, etc. It is used sparingly in the accounting literature, for example, in the terms customer and competitor responsiveness, responsiveness to economic events or business people, and corporate social responsiveness. We use it in the context of signals, information, questions and similar paraphernalia flowing within an organisation, particularly in conjunction with an official accounting system; we use it in the sense of employees or similar participants, and the interdependent subunits of their organisation, being responsive to these paraphernalia, and to the expectations, or framing, underpinning the system more generally. That is, participants put great store by the system while performing their daily activities situated in their work space and, for example, react promptly to having been informed about what is occurring; their reactions are instrumental, consistent with ways officially espoused as favourable or appropriate, notably when the occurrence diverges from what is supposed to be happening and the situation needs remedying, or when the situation presents an unanticipated opportunity for improving performance.

Our study is based on recognising that in practice the habitual responsiveness of participants and their organisational subunits in an organisational system, ranges from highly attuned to not merely unresponsive but actually discordant. This range is used in the literature to arrive at the notions of resistance and coupling, as follows. The degree of habitual responsiveness of participants correlates inversely with the resistance there is to the system; how this resistance varies is significant in determining the degree of coupling. The nature of resistance also varies; it can be as analogous to friction, toughness or drag as it is to intentional opposition, overt or covert (Burns and Scapens, 2000). The extent to which participants are habitually responsive to the paraphernalia associated with a system corresponds with whether the functioning of the system may be classed as coupled to their situated practice, as distinct from decoupled or non-coupled, and if so, to what extent (e.g., loosely, tightly) (Covalesski, Dirsmith & Michelman, 1993; Cruz, Major & Scapens, 2009; Orton & Weick, 1990).

To explain events in a Government of the People's Republic of China/state-owned brewing enterprise (hereafter "SOBE"), this qualitative field study applies the above ideas, which are often associated with taking an institutional approach (Arroyo, 2012). The events in question relate to the following: changing SOBE's strategic course from "growing large to become powerful" to "growing powerful to become large"; overcoming disjointure among geographically-dispersed sales divisions and factories, including by restructuring the way SOBE's sales and manufacturing are controlled; and turning its financial performance and share price around—between 1995 and 2001, its share price had halved, when Chinese shares generally increased by over 45% (Liu, 2005; Tao & Li, 2007). These particular events are of wider interest because they reflect occurrences in the many other state-owned enterprises that have been a part of China's reforms and growth (Ralston, Tong, Terpstra, Wang & Egri, 2006).

It was to study an official performance control system some five years after its formal implementation that the first author went inside SOBE; tying it in with the rest of the events has been a matter of taking the vital importance of context into account (cf. McSweeney). The system is called the *Balanced Scorecard Management System* (hereafter the "BSCMS") after the business solution on which it is founded (Kaplan & Norton, 1992, 1996, 2001). SOBE's President[1] was instrumental in choosing and implementing the BSCMS some three years after taking office. The fieldwork was conducted knowing that in SOBE's

approximately 50 breweries—which were referred to within SOBE as factories or factory divisions—the BSCMS was sometimes not even present, let alone that its functioning in among situated practices of the factories varied. Furthermore, little effort had been made to implement it in SOBE’s eight sales divisions.

In order to explain events and draw lessons from them, and so contribute to the literature, we made inquiries about what was happening and why, and analysed and interpreted these empirical materials. Our inquiries soon indicated variations in the responsiveness the BSCMS invoked, the attitudes it imbued and the prospects held for its future. In our analysis and interpretation, we distinguish between change that is formal and ceremonial, and change that is informal and tacit; we use concepts of responsiveness, coupling and resistance (Arroyo, 2012; Burns & Scapens, 2000; Cruz et al., 2009; Nor-Aziah & Scapens, 2007; Orton & Weick, 1990; Pache & Santos, 2012; Ribeiro & Scapens, 2006; Siti-Nabiha & Scapens, 2005)

We appreciate that institutional theory has already been applied in studies of accounting in China (e.g., Firth, 1996; Liu, Liu, Shishime, Yu, Bi & Fujitsuka, 2010; O'Connor, Chow & Wu, 2004). However, many of these applications are to data from questionnaire surveys and focus on institutional isomorphism (DiMaggio & Powell, 1983); that is, the theory is used to explain the presence of management accounting innovations across a host of Chinese companies as mimicry and conformance to external expectations. Our application differs, first, by being related to fieldwork; and, second, by seeking to explain events that, on the face of it, brought about change to how a horizontally divisionalised organisation was controlled, and to how people’s performance inside it were framed and measured. However, we acknowledge that Li and Tang’s (2009) work incorporates ideas around resistance; Chiwamit, Modell and Yang (2014) study institutionalisation of economic value added using fieldwork in China and Thailand; and Yang and Modell (2015) allude to institutional ideas, among others, in considering how a shift to a shareholder-focused frame influenced changes to management control practices.

We anticipated that our applying institutional theory could present cultural challenges, consistent with Western, Eurocentric theoretical frameworks not being adequate for interpreting empirical materials from China (Scapens & Meng, 1993; Shenkar & von Glinow, 1994). SOBE is a significant player in the Chinese socio-economic system; this system still differs markedly from the Western system with which it now competes. China has socialist rather than capitalist markets. Rationality in China is community-based economic, rather than neo-classical economic. Social and political issues feature greatly in price setting, rather than it being left to the invisible hand of the market. Enterprises and workers can expect social support, rather than be faced with liquidation or poverty (Chiwamit et al., 2014; Scapens and Meng, 1993). Conversely, we anticipated that the challenges of taking an institutional approach could present intriguing opportunities: how were the ideas underpinning the BSCMS being received inside the factories, especially in light of somewhat neo-liberal assertions about state-owned enterprises in China needing to reduce the ineffectiveness of existing management control, address environmental uncertainty and complexity, change their internal culture, improve their efficiency and profitability, and shed social burdens (Lee, 2001; O'Connor et al., 2004; Tang, Gao & Du, 2006).

The rest of the article is in four sections. In Section 2 (hereafter S2, etc.) we review the literature on which our study is grounded and articulate issues our research addresses. S3 elaborates matters of method. In S4, we summarise our empirical analysis and provide our interpretation. We relate conclusions and suggest further areas for research in S5.

2 Literature Review

This review is intended to rehearse various ideas that we use in S4 to analyse and interpret our empirical materials. The review comprises three subsections dealing with institutionalised practices among participants in an organisational setting; responsiveness and resistance of such participants to formal changes to management accounting, and coupling of the functioning of a management accounting system; and responsiveness to balanced scorecards as a technology.

2.1 Institutionalised Practices

In theorising the process of management accounting change, Burns and Scapens (2000) treat management accounting as primarily a set of rules and routines to instil coherence and continuity among the participants making up an organisation—rules expressing how participants should do things, and routines being how these things are actually done during daily operations. The individual and collective circumstances of organisational participants working daily within a combination of routines and rules brings about a mass of so-called institutionalised practices, that is, practices that are reproduced continuously in the work space, and so are prolonged. In some cases, the collected practices may be unquestioned, taken-for-granted or unappreciated by those practising them; or they may be appreciated and accepted as ways to think and to reflect (Ribeiro and Scapens, 2006), akin to what have been referred to variously as schema, logics and frames, with such descriptors as interpretive, representational, cognitive, representational and institutional (see Dillard, Rigsby & Goodman, 2004; Lounsbury, 2008; Yang & Modell, 2015).

These circumstances of practices being embedded are often discerned in the context of making a formal change, such as the introduction of a new technical, procedural or functional system; the circumstances are seen as presenting obstacles to implementation, or otherwise making social modification and change difficult, if not seemingly impossible (e.g., Lukka, 2007; Greiling, 2010; Malmi, 1997). The corollary is that change is only meaningful when different practices arise alongside the formal change, as a consequence of it, or in reaction to it; and these practices are reproduced, become prolonged and represent social adaptation (Ribeiro & Scapens, 2006). It is vital to stress that the change comprises the practices that actually arise, intended and otherwise, and so very likely differs from what the people in high positions of formal authority (hereafter “managers”) in the change arena espoused; these espousals would very likely feature in the fanfare and rhetoric accompanying a system’s formal adoption, adaptation and launch in that arena. This actual change thus incorporates informal, tacit change.

Another way in which it has been claimed that formal change and actual change differ is in regards to time elapsing between them. During this time, the change takes place; that is, circumstances change from those extant when the formal change was decided on and implemented to those when the actual change is complete. This is reflected in the *process* interpretation of change, as conceptualised for management accounting by Burns and Scapens (2000). According to their theory, by the time a change is institutionalised as the actual change to have occurred, the espoused formal change will have gone through modifying processes of encoding, enacting, reproduction and institutionalisation. How long this takes, and how much modification occurs, will reflect the responsiveness and resistance to the formal change, as elaborated next (see also Arroyo, 2011; Barley & Tolbert, 1997; Dillard et al., 2004; Seo & Creed, 2002; Sharma & Lawrence, 2008).

2.2 *Coupling, Resistance and Responsiveness*

We related in S1 that the habitual responsiveness of persons to a system in which they participate formally is often wide ranging. In relation to a new system, or some other official and formal change, one would expect that the managers responsible probably desire that the formal change should be accepted quickly and without rancour by participants: that is, if the managers in question appreciate a distinction between formal and informal change, then their desire is for the two to occur in harmony, with a minimal lag in between, unless they are conscientiously relying on participants for testing the wisdom of the formal change

Significant numbers of researchers have been attracted to study domains where change was not harmonious. They have perceived these domains to be arenas of change, action and counteraction, and struggle. In seeking explanations of differences between the aims and outcomes formally espoused, or officially recorded, and the emergent situated practices, they have applied notions of compromise, competing logics, and couplings of various types (Orton & Weick, 1990; Pache & Santos, 2012). In analysing these types further, they have induced, among other things, variants of the concept of resistance and have synthesised their various ideas into a carpet bag of institutional approaches (e.g., see Covaleski et al., 1993; Cooper & Hopper, 2006; Cruz et al., 2009; Nor-Aziah & Scapens, 2007; Ribeiro & Scapens, 2006; Siti-Nabiha & Scapens, 2005).

2.2.1 *Types of Coupling*

Variants of coupling in the literature include tight (including close) coupling, loose (including selective) coupling, decoupling[2] and noncoupling. However, few researchers seem to mention all these in the same study, let alone apply them. Modell (2009) reviews them definitionally and how various studies have applied them, but as Yazdifar, Zaman, Tsamenyi and Askarany (2008) note and Arroyo's (2011) review indicates, only Orton and Weick (1990) seem to have tried to analyse them. For this, they use the notions of distinctiveness and responsiveness. A system's distinctiveness is epitomised by input processes and outputs that people distinguish and see as interconnected, and they ordinarily refer to it by a name (e.g. the BSCMS). Responsiveness refers to the extent that participants in the system relate to it in the ways we set out in S1.

Combining these two ideas and using them as dimensions, Orton and Weick (1990) distinguish *when* four variants (and two sub-variants) of coupling arise, as we illustrate in Figure 1. Tight coupling refers to *when* the responsiveness of participants is highly attuned; daily situated practice deviates so little from behaviours or rules and values expected, imposed or directed by senior managers that the actual behaviours and the system they are part of are indistinguishable. In contrast, loose coupling and decoupling describes *when* participants are less responsiveness, unresponsive or even discordant; the system is distinguishable from the daily situated practice of which it is part (Cruz et al., 2009; Nor-Aziah & Scapens, 2007). The difference between loose coupling and decoupling lies in the extent to which actual behaviours and values vary from those directed or ruled. Decoupling describes when responsiveness of participants to the system is more ceremonial, ritualistic, symbolic or covertly hostile than it is when coupling is loose; decoupling includes when performance indicators or measurement practices are separate from official organisational goals (Covaleski et al., 1993; Modell, 2009; Ribeiro & Scapens, 2006; Siti-Nabiha & Scapens, 2005).

We stress the adverb *when* in deference to Orton and Weick's (1990) argument that dialectical interpretations of types of coupling are better expressed in terms of when they are occurring during the functioning of a system, rather than stating how coupled a system

maintain operations while appearing to conform to the requirements of the new system by such intermittent responsiveness (see Modell, 2006), hence loose coupling occurring during at least the early stages of even “successful” changes. This is consistent with Lukka (2007) suggesting that loose coupling or decoupling may prevent or ameliorate an ill-advised change, one that if coupling were tight, and so responsiveness unremitting, failure or counterproductive circumstances would be brought about. Concomitantly, loose coupling or decoupling might help avoid loss of face among managers who turn out to have made mistakes or lacked the will, resources or authority to see through their change (see also Collier, 2001; Cruz et al., 2009; Nor-Aziah & Scapens, 2007; Sharma & Lawrence, 2008; Siti-Nabiha & Scapens, 2005). Similarly, in considering circumstances when loose coupling (and indeed decoupling) may be justifiable or desirable, Orton and Weick (1990) associate it (them) with when ambiguity, discretion, fragmentation, modularity and requisite variety are desirable (c.f., Modell, 2009).

2.2.2 *Types of Resistance*

Explanations of the functioning of a system can incorporate variations in the extent to which change is accepted, and in the effectiveness of resistance and of reactions to resistance. The extent of resistance helps to explain the different types of coupling; and, as resistance to the functioning of a system changes, so the coupling, being dynamic, can change. However, the notion of resistance is neither uncontested nor straightforward.

In S1, in claiming that responsiveness ranges from highly attuned to not merely unresponsive but actually discordant, we allude to the possibility of resistance incorporating the following dynamics: distributions of power and struggles for power; levels of trust among the parties involved in or affected by change; differences in the nature of the culture within an organisation, across an institutional field of organisations, or across an economy or state; and other dynamics (Covaleski et al., 1993; Cruz et al., 2009; Macinati, 2010; Malmi, 1997; Modell, 2009; Moilanen, 2012; Nor-Aziah & Scapens, 2007; Ribeiro & Scapens, 2006; Seo & Creed, 2002). These matters figure in the following analysis of four types of resistance, three that Burns and Scapens (2000) identify and which are applied in other studies, including in an Asian domain (see Siti-Nabiha & Scapens, 2005), and a fourth, which we base on Li and Tang (2009), O'Connor, Deng and Luo (2006), and Scapens and Meng (1993). We have coined names for each of these for use in the rest of the article.

Participant knowledge deficiency arises when organisational participants are unable to use systems new to them, without at least some delay, because they lack the understanding, knowledge or experience necessary to respond to, otherwise work with, or use the system to the best advantage (Burns & Scapens, 2000). Indeed, given this ignorance or inexperience, a new system may appear to conflict with daily operations (see also Seo and Creed, 2002). Some of this resistance can stem from those championing change not understanding the situation in which they want their intended formal arrangements to apply and being mistaken about how relevant the new arrangements are to that situation. Besides, what can seem rational at one level may be detrimental at another (Bryman, 1984). For example, Othman, Domil, Senik, Abdullah and Hamzah (2006) attribute problems in implementing balanced scorecard technology in a Malaysian company to a mix of adverse circumstances arising in the organisation, including shortcomings in how those responsible managed its implementation (see also Johanson, Skoog, Backlund & Almqvist, 2006). Mostly, this first type of resistance is a mix of socio-technical drag, inadequacies of learning opportunities, and time and other resource shortages.

Representational logic faithfulness arises when organisational participants adhere to a psychological-cultural allegiance to extant situated practices and representational logics (or organisational culture) (Burns & Scapens, 2000; Macinati, 2010; Malmi, 1997; Pache & Santos, 2012). Commonly, this type of resistance stems from incongruity in the logics of the parties. If they are in a hierarchical relationship, the parties in the seemingly lower position feel that there is a functional, technical or similar imperative to persist with their own representational logic (e.g., of production quality and safety). In attempting to withstand pressure to comply with the higher party's representational logic (e.g., of efficiency and profit), the lower party tries to convey the impression of certain systems and methods being in use, and thereby maintain legitimacy and fend off outside interference (Ansari & Euske, 1987; Siti-Nabiha & Scapens, 2005). Given the respect with which hierarchy is regarded in Chinese culture and politically (Shenkar & von Glinow, 1994), and how unacceptable it is to undermine face and reputation or criticise leaders, these actions on the part of lower level employees seem all the more likely in awkward situations arising from the (inadequate) functioning of performance systems (see Li & Tang 2009). Mostly, this second type of resistance is a mix of value differences, incompatibility of beliefs, social intransigence and concern about blame.

Conflicting interests opposition arises when organisational participants experience conflicts of interest and lack of trust (Burns & Scapens, 2000, as extended by Seo & Creed, 2002). As Nor-Aziah and Scapens (2007) exemplify, it is not confined to worker-boss conflict. They report a conflict between operations managers and accountants: these managers desired the public services their divisions provided should be improved, which was in conflict with the financial reform change that the accountants were carrying out in order to bring about greater financial efficiency. The managers were concerned particularly about the new accounting arrangements being mechanistic and imposing hierarchical accountability, and shifting power relations away from them to the accountants. The conflict worsened as mistrust grew and was reinforced by mutual non-cooperation. Mostly, this third type of resistance is a mix of institutional contradiction and tension, and political obstruction.

Socio-economic legacy resistance arises when socio-economic and cultural spheres, and ideological divides, are crossed. Although the studies cited above include some situated outside the Anglo-American cultural sphere, they seem to understate the possibility of this fourth type (cf. Li & Tang, 2009; Yang & Modell, 2015). As alluded to in S1, we were interested in how differences between Chinese and Western socio-economic systems play a part in the process of coupling a technology of Western origin and framed from a Western socio-economic system ideology. While relating that responsibility centres had been common in China for four decades, Scapens and Meng (1993) point out that these have been oriented to production targets and cost reductions, and need to be seen in the context of maintaining social stability and providing social welfare (see also Shenkar & von Glinow, 1994). Scapens and Meng also relate that broader social benefits and costs were of higher priority to senior managers than the economic and financial management of the individual enterprise; this was notwithstanding that internal management control was hierarchical, autocratic and direct-personal, rather than quantitative and indirect, and it involved seniority, loyalty, trust and honour. In denigrating these conditions as government involvement and interference, O'Connor et al. (2006) argue that collectively they form an institutional factor that hampers the change process, so alluding to this factor being a fourth type of resistance. In positing rationales for ideas like the BSCMS being adopted, Sturdy (2004) suggests geographic and economic boundaries can act as a barrier.

Articulating these four types of resistance separately is useful theoretically; however, we doubt that it is exhaustive. In any case, resistance observed in the field is usually a mixture of some or all of them, and the mixture is dynamic. For example, Ribeiro and Scapens (2006) relate how a middle-level manager was able to withstand changes that were not in his positional or personal interests (i.e., a matter of *conflicting interests opposition*) when higher-level managers lacked sufficient resources that otherwise were under their control (i.e., a source of *participant knowledge deficiency*). Thus, in inquiring into the extent of resistance, and using this to explain the type of coupling applying at particular times and how that coupling is changing, it will be useful to consider the joint and several influences of each type of resistance.

2.3 Resistance and Responsiveness to Balanced Scorecard Technology

The balanced scorecard technology on which the BSCMS is based has itself been shown to have various limitations. These limitations are worthy of separate review as potential sources of resistance in SOBE (cf. Othman et al., 2006). The various ways this resistance is manifested can be classified using the four types of resistance enumerated in S2.2.2 and are a mixture of these types. We use two limitations to demonstrate this.

First, balanced scorecards have been criticised for excluding suppliers, employees, environmental groups, community groups and other stakeholders, and the enrichment of evaluation they would bring; this exclusion could influence the success or failure of an organisation (Bourne, 2002; Brignall, 2002; Marr & Adams, 2004). Notwithstanding Kaplan and Norton's (1996) counter-arguments that employees are a critical part of the learning and growth perspective, and suppliers are part of the internal process perspective, we regarded this as a source of *conflicting interests opposition*, at least. Furthermore, Kaplan and Norton maintain that the balanced scorecard prototype (see Figure 2) should be adapted to suit particular situations, including varying the number of perspectives and their coverage (Kaplan & Norton, 2001; Butler, Letza & Neale, 1997; Debusk, Brown & Killough, 2003), and presumably the language in which these are expressed. Even so, the time and struggle this takes seem to fit with both *participant knowledge deficiency* and *representational logic faithfulness*; and with *socio-economic legacy resistance*, if the adaptation is across socioeconomic boundaries.

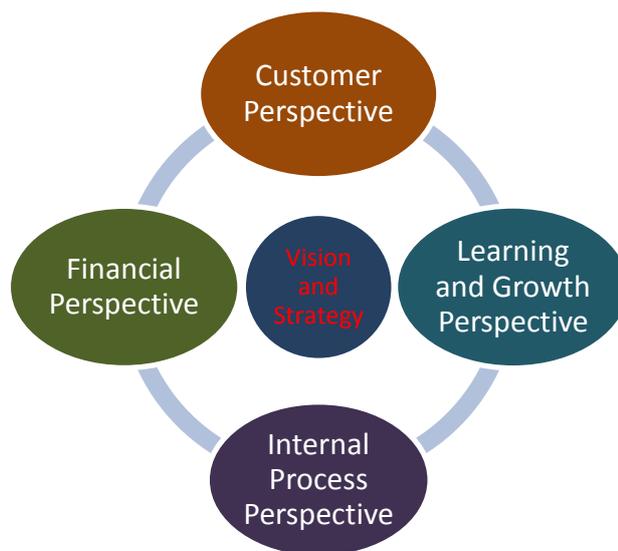


Figure 2 Kaplan and Norton's balanced scorecard prototype for translating vision and strategy (adapted from Kaplan and Norton, 1996)

Second, regarding adverse organisational circumstances, Nørreklit (2000, 2003) argues that balanced scorecards tend to be implemented in hierarchical ways from the top downwards. Usually, these circumstances result in employees at lower organisational levels being confined to reacting to the strategies made by managers at higher levels: the employers in question are not involved in initiating such actions themselves, thus impairing the effectiveness of scorecards in implementing strategies. Othman et al. (2006) relate these circumstances to the following situations: the organisation is conceived as primarily mechanical, rather than social; employee participation is not valued; information systems are wanting; and the organisational climate is not conducive to receiving and acting on new knowledge, to evaluating performance or to taking actions to improve performance. Here then is the potential for *conflicting interests opposition* at least, as well as for *representational logic faithfulness*. Furthermore, *participant knowledge deficiency* comes into this, given the “solution” proposed by Othman et al. They infer that for it to be effective, consultants, managers and employees need to see, adopt and subsequently understand the implementation of balanced scorecards as a social, non-linear or recursive change to arrangements of management processes (see also Barley & Tolbert, 1997; Johanson et al., 2006; Olve, Roy & Wetter, 1997; Qu & Cooper, 2011).

To summarise, this review is relevant to our study in the following respects. First, it presents organisational change as being of a social nature, occurring among the many participants in or interacting with an organisation; each participant or group of participants has knowledge, skills, logics, emotions, incentives, values and beliefs that vary. Second, it prompts consideration of research method, particularly the need to go inside the organisation to hear from and observe participants in order to understand their social world better. Third, it elaborates concepts that are relevant and important for organising the empirical materials, and so for analysing responsiveness during the events we focused on amidst much else occurring in SOBE, not least the producing and selling of its brewed products, and for interpreting the analysis and enhancing theory.

3 Study Domain and Method

In common with many field studies, we studied the SOBE domain because we could gain access to it (cf. O'Connor et al., 2004). Even so, the domain is a theoretically valid one, and the informants who participated constitute a theoretically valid sample (Eisenhardt & Graebner, 2007; Patton, 2002). That is, SOBE and its President's deployment of balanced scorecard technology are particularly suitable for illuminating and extending our knowledge of change, the use of institutional approaches, and the concepts of responsiveness, resistance and coupling. Besides, going inside an organisation is, we believe, the best way to explore the social world, by taking an interpretative approach (Burrell & Morgan, 1979). It was vital that the first author's mother tongue is Chinese and that she had lived in China.

SOBE resembles many other state-owned enterprises that have emerged in various industries in China as Maoism has given way to Dengism, particularly after the “openness” policy instituted in 1978. Other researchers report that these state-owned enterprises are characterised by new management, increased production autonomy, higher productivity, higher profit retention rates and other performance incentives, and foreign involvement through, for example, joint venture arrangements, but not without differences from how these might be understood or framed elsewhere (Chiwamit et al., 2014; Chow, Duh & Xiao, 2007; Scapens & Meng, 1993; Shenkar & von Glinow, 1994; Yang & Modell, 2015). In any case, these reforms and the enterprises they have made possible have contributed significantly to rapid growth of the Chinese economy (Ralston et al., 2006).

The reforms and growth have been accompanied by change to the philosophy, roles and forms of accounting (Ezzamel, Xiao & Pan, 2007; Skousen & Yang, 1988), which is why this article is relevant to this journal. Nevertheless, accounting research in the context of these reforms is still intermittent. It relies largely on inquiring about practices from a distance across several organisations and studying external factors influencing their change (Chiwamit et al., 2014; Chow et al., 2007; Firth, 1996; Liu et al., 2010; O'Connor et al., 2004; Sulaiman, Ahmad & Alwi, 2004; Tang et al., 2006). Some of this research has covered countries neighbouring China as well.

Our study contrasts with most of the extant studies set in China and referred to above or in S1 and S2; ours is a study of practices at close quarters and in one organisation, albeit that the organisation is large and geographically widespread, and its divisions are disjunct through having arisen from recent mergers and acquisitions of previously separate organisations, as elaborated in S4.1. Indeed, although the first author started her non-participant observation at SOBE's Headquarters in Qingdao, she then went to three factories, No. 1 Factory, No. 2 Factory and No. 4 Factory. During this fieldwork, the first author observed, photographed and noted activities, conversed with production line employees, interviewed managers, and examined performance reports and other documents. All conversations, discussions and interviews were in Chinese; as were the more than 60 related documents she gathered during the fieldwork. Of particular significance was her access to the human resource departments at the four locations: their staff were primarily responsible for administering the BSCMS at their sites, rather than the staff of the accounting and finance departments[3]. Moreover, although she could not access sales divisions for this study, some of the interviewees discussed them with her.

The empirical materials have been analysed and interpreted around themes and concepts drawn from the literature. As is evident in the next section, the materials have gone through several iterations of this inductive process. During the first few, we chose to think laterally, to read relevance into as many of the empirical materials as possible, and to search the literature widely. In the last few, we sought to condense the story and synthesise the interpretation (Bryman & Bell, 2007; Patton, 2002), and then to reduce the report within the bounds of a publishable manuscript. Thus, the next section contains only an abridged version of our analysis but nevertheless a faithful one.

4 Analysis and Interpretation

This section comprises five subsections. In them, we analyse the context of SOBE (S4.1), the formal implementation of the BSCMS (S4.2), how the changeover to the BSCMS went down (S4.3) and the responsiveness and types of coupling that had emerged when we conducted the study (S4.4); we then provide our interpretation of these analyses (S4.5). To explain the occurrences surrounding the BSCMS's implementation we use a *process* interpretation of change, as outlined in S2.1. This enables us to clarify the otherwise muddled circumstances of how the BSCMS was initiated, elaborated and implemented, and of how participants in the various parts of SOBE responded. We do this from the point of view of the President and those around him at Headquarters, who probably had a better view of context than anyone and who initiated the formal change involving the BSCMS enthusiastically.

4.1 SOBE in Context

Subscribing to the principle that validity of questions about change, evidence related to change and analysis of change all depend on context (McSweeney, 2009), we set out in this section various matters relevant to studying responsiveness to signals, information,

questions and similar paraphernalia flowing in conjunction with the BSCMS within SOBE. As foreshadowed in S1, SOBE's President chose the BSCMS as part of his aim to change SOBE's strategic course, overcome organisational, managerial and operational disjointure, and turn financial performance and share price around. The SOBE he inherited, and was formally in control of from its Headquarters, comprised some 50 factories and eight sales divisions. Most of these organisational units became part of SOBE during the term of office of the previous President (1996-2001). Adhering to political and macroeconomic policies and expectations of the Government of China (Scapens & Meng, 1993), he implemented a strategy his successor later characterised as "growing large to become powerful"; it had involved the acquisition of extant local government enterprises all over China.

These enterprises were mostly small-scale producers, had a tradition of localised brewing and differed in such matters as history, location, size and age. Under Maoism they would have been considered units for implementing central plans; they would have had very little autonomy, including in choosing managers, and production levels would have been of paramount importance at the enterprise level and at lower levels of responsibility as far down as individuals (Ezzamel et al., 2007; Liu, 1995; Scapens & Meng, 1993). Recent reassessments under Dengism characterised these enterprises as badly managed, having poor equipment, mostly made up of aging workers with inadequate skills and motivation, and unprofitable (cf. Lee, 2001). SOBE was able to acquire them from local governments that were keen to divest their interests in the industry because of financial pressures.

The challenge for SOBE's senior managers at Headquarters was to overcome the organisational, managerial and operational disjointure mentioned above or, to put it another way, bring about horizontal integration of the enterprises now under its control (cf. Shenkar & von Glinow, 1994). One thing in their favour was that the brewing industry had been experiencing enormous growth in demand since about 1980—by 2002, China had become the world's biggest beer producing country in volume terms—and this was continuing. Furthermore, except at the small, top end of the market, various foreign companies in the industry had not made much impression—they did not know local tastes and their products were too expensive—and they too were divesting their interests or looking for local joint venture partners (Liu, 2005; Tao & Li, 2007).

Indeed, shortly after the President took office, SOBE formed an alliance with a foreign brewing company; this alliance was part of the President's new strategic approach and designed to provide SOBE with capital, technology and corporate governance expertise. Within a year or two, the President also implemented the BSCMS and restructured the set up at Headquarters. Under the latter, Headquarters comprised a Marketing Centre, to which the sales divisions reported; a Manufacturing Centre, to which factories reported; and both these Centres reported to the Investment Centre. SOBE's financial performance improved subsequently and was still on an upward trend when our study was conducted. Indeed, SOBE still produced China's most famous beer, and had increased its market share and extended its exports to over 60 countries. However, it had been overtaken by at least one other brewing company in the production volume league, as merger, acquisition and market concentration proceeded in the industry alongside continuing sales growth (Datamonitor, 2010).

We could not separate the contribution to SOBE's improved performance made by the BSCMS from those of other internal changes and external factors—perhaps they were inseparable. In any case, our aim was not that; our interest was in the BSCMS in SOBE as an example of change to management accounting in organisations facing financial, organisational and managerial difficulties (cf. Burns & Scapens, 2000; Kasurinen, 2002;

Lukka, 2007; Quattrone & Hopper, 2001; Ribeiro & Scapens, 2006; Schwarze, Wuellenweber & Hackethal, 2007; Siti-Nabiha & Scapens, 2005). Even so, recognising that the process of change is easier if all involved can see that benefits are materialising, we reiterate Othman et al. (2006) in suggesting research is needed to provide a method to clarify cause-effect relationships within strategies that managers implement with the aid of a balanced scorecard.

4.2 Implementing the BSCMS

From our observations, our discussions with informants and the documents we read, we learnt that high-level authority and endorsement, outside expertise and in-house knowledge were combined in the launch of the BSCMS, as is typical of formal change. Having read and heard about the balanced scorecard approach, SOBE's still relatively new President envisaged it as suitable for improving coordination and integration across SOBE. The balanced scorecard was also useful to the President as a management innovation. There were pressures from foreign investors and the Government of China in the broader institutional field of state-owned enterprises; these external parties were keen to see advanced Western management tools in evidence[4], associating their presence with these enterprises being competitive, dealing with the complex dynamic environment and changing their cultures (cf. Ansari and Euske, 1987; Sturdy, 2004). Management innovations were also expected of state-owned enterprise managers on an upward career trajectory (Chiwamit et al., 2014). Thus, there were various rationales at work in adopting the BSCMS (cf. Sturdy, 2004).

The President conveyed enthusiasm to his team of senior managers for a balanced scorecard approach and the proposal for what became the BSCMS project; he led them through a period of research and preparation, literally having them study books by Kaplan and Norton. With his team seemingly on-side, a firm of consultants was engaged, in similar fashion to elsewhere (e.g., Anderson & Lanen, 1999; Qu & Cooper, 2011; Ribeiro & Scapens, 2006; Siti-Nabiha & Scapens, 2005). In turn, the consultants enrolled staff of the Strategic Investment Department of SOBE's Headquarters into the process, and this group shared responsibility for implementing the project.

The project implementation group drew up an implementation schedule, as reproduced in Figure 3. The schedule captures their intentions and aspirations for the 24 months that lay ahead; it also intimates that they envisaged the change as linear over nine stages, technical and centred on documents, rather than social, non-linear and dispersed among processes undertaken in scattered locations in diverse ways (see S2.3). They provided for SOBE's overarching strategy to be translated into objectives for factories and sales divisions; each of these organisational units would be given targets, expressed in a common way, and their performances would then be measured and managed, using the targets.

The project implementation group staged promotional, informational and training events about the BSCMS for selected staff. These events were intended to mark the start of an intense period of creating, developing and rolling out the BSCMS ceremonially, officially and operationally over the following 24 months. Formal training materials, manuals and related documents were provided; they included a bundle of strategy map and balanced scorecard templates designed for use by the factories and sales divisions, their departments and their individual employees. The BSCMS began to figure in various formal and social communications between managers and employees.

4.3 The BSCMS Implementation in Retrospect

Despite the above and subsequent efforts, we learnt from our observations, discussions with informants and official documents that, some five years beyond the last date included in the original schedule in Figure 3, the BSCMS had reached less than half the factories and none of the sales divisions. Moreover, as scheduled, the original consultants were long gone. Even so, the BSCMS was still part of official thinking; steps to enact and extend it were still in progress. However, the version being advanced was significantly modified from the original. Noteworthy also is that when we apprised the original consultants of our study, they expressed surprise because other similar clients had abandoned their attempts.

On the question of why the BSCMS had continued as long and was still being extended in coverage at the time of our study, several informants remarked on the President, Vice President and other senior managers being relentless in their support for the BSCMS and other aspects of their strategy. This may not be too surprising because, as reported in S4.1, profits were rising and market share was increasing in step with their aspirations.

On the question of how and why the differences had occurred between actual events and the timelines and content of the schedule in Figure 3, several informants pointed out that as the Strategic Investment Department, then Headquarters generally, and then some factories were involved, concerns of employees and other obstacles arose, even in some areas of Headquarters, let alone the factories. This accords with theoretical expectations that responsiveness to and resistance of the BSCMS would be shaped by existing situated practices (see S2.2.1). Among the factories in which attempts had been made to implement the BSCMS, these practices varied for reasons alluded to in S4.1; this applied at the three we visited, which were a mix of original and newly acquired. Indeed, seemingly similar factories, departments and participants exhibited significant diversity or fragmentation in behaviour.

To overcome these obstacles, great efforts were made. These included simplifying balanced scorecard templates:

The initial design of the BSC by [the consultants] was more from a macro-outlook. It was not good enough for the practical implementation in the future. We had to find a way to connect it with the day-to-day operations of the company. Thus, we added some elements to make sure its consistency with the company's daily operation. . . Some complex forms or procedures suggested by [the consultants] were removed or simplified based on the internal structure of the organization. (Informant who was in the project implementation group)

Resembling the recursive processes referred to by Burns and Scapens (2000) as encoding and enacting, these efforts involved fusing new measures with measures that were already in use and understood. This reduced resistance and increased responsiveness in some departments at Headquarters and, eventually, at some factories. Even so, as attempts proceeded to enrol more factories and have the BSCMS functioning at departmental and individual employee levels, each attempt and each stage in the schedule proved more complex than envisaged, and absorbed more time and resources than anticipated. Thus, the stages in the schedule were increasingly deferred. These events and their consequences resonate with the significance of informal change being at a tacit level:

Bottom-up change (initiated by organisational members who use management accounting from one day to the next) is more likely to have an impact at a tacit level and to shape informal as well as formal management accounting change processes. (Burns and Scapens, 2000, p. 19)

Project stage		Content	Time
Stages with the help of consultants	Stage 1	Develop strategy map and balanced scorecard of the organisation	Month 1
	Stage 2	Develop strategy maps and balanced scorecards for one selected department and four selected factories	Month 2
	Stage 3	Develop Five Function departmental balanced scorecards of Headquarters	Month 3
	Stage 4	Establish the BSCMS	Month 4
Self-development stages	Stage 5	Trial run	Months 5 to 8
	Stage 6	Run the BSCMS in all other Headquarters functional departments, 8 sales divisions, 50 factories	Months 9 to 22
	Stage 7	Establish the performance management BSCMS	Months 13 and 14
	Stage 8	Conduct balanced scorecard reporting meetings	Month 14
	Stage 9	Develop the balanced scorecard at individual level and Knowledge Management Planning based on the balanced scorecard objectives	Months 14 to 25

Figure 3 Nine Stages of the BSCMS Development at SOBE

(Source: Internal material from SOBE, translated by the first author from Chinese into English)

From inquiries into the matters analysed above, we found that each factory brought with it variety in functions, actions, knowledge, understandings, rationalities, logics, intents, results and consequences. The process used in each new implementation effort also varied; the several reasons for such variation included the allowances made for the experience of previous efforts and for circumstances anticipated at the location of the implementation, and differences among the compositions of the groups of people and the quantities of resources involved in each implementation. The responsiveness and resistance experienced at each location led to further modifications in how the BSCMS was operated and in the practices it functioned alongside.

As more factories were enrolled in BSCMS implementation, the following matters are noteworthy. Participants' conduct in the name of the BSCMS grew more diverse and fragmented. The emergent situated practice differed increasingly from those originally espoused by senior managers and the contents of the formal training materials, manuals standard templates and specimens referred in S4.2. From a unitary, Headquarters viewpoint, variety in emerging situated practices around the BSCMS was amplified, although the variety was different from the disjointure that had prompted the BSCMS's adoption and may have been less difficult to cope with.

4.4 Responsiveness, Resistance and Coupling

Without ignoring that at our four locations within SOBE there was much variation in how distinct the BSCMS was, and in how responsive participants were to it, we considered the overall functioning of the BSCMS at each location and compared them, again with reference our observations, discussions with informants and official documents. Our overall assessment of the type of coupling occurring at each when we visited are summarised on Figure 4. In S4.4.1, S4.4.2, S4.4.3 and S4.4.4, we explain these assessments in turn and elaborate on the dynamics of them coming about.

4.4.1 Close Coupling at Headquarters

The staff at SOBE's Headquarters were organised as nine departments. The extent of their responsiveness both as departments and as individuals to the paraphernalia associated with the BSCMS when we visited led us to characterise its functioning there technically and socially as *closely coupled*. Thus, of our four locations, Headquarters was the closest to being tightly coupled, as indicated on Figure 4.

Regarding how we arrived at this assessment, we learnt from our empirical materials that virtually all staff, including lower level staff, were participating instrumentally in procedures for formulating, using and responding to departmental and individual balanced scorecards, and engaging in new, strategy-based thinking. As one informant indicated:

We have become used to the routines and communication procedures that are built on the BSC basis. The way of making strategies has changed. Instead of writing so many things, we now first identify the targets. Then activities to achieve these targets will be identified. By doing so, not only can we get a better understanding of the strategy, but also build a deeper knowledge of how to improve performance, and relate it to the company strategy.

The Headquarters' balanced scorecards were largely faithful to the prototype shown in Figure 2. Even so, in modifying the BSCMS templates, so-called primary measures and secondary measures were distinguished; senior managers tended to focus on the primary measures and their staff used the secondary measures more, particularly in completing their daily operations. These occurrences seem to be an example of loose coupling persisting in

institutionalised arrangements and demands from the President for technical standards and performance improvement—and so lagged behind the formal change. But, gradually, control elements of the BSCMS were modified (e.g., the distinction mentioned above of primary and secondary measures) to become better aligned with most participants' day-to-day work activities and imperatives. Thus, the BSCMS became more coherent and compatible with daily operations, situated practices, logics and interests of the staff of most departments. The extent of resistance reduced and of responsiveness increased.

The occurrence of coupling at particular times at Headquarters may be attributed as much to the BSCMS itself changing and adapting during some institutionalisation process, as it may be to participants adapting their behaviours attitudes, practices and responsiveness because of the formal change to the BSCMS. The exceptions show the benefits of loose coupling, or even decoupling, to accommodate diversity of logics among senior managers and staff of departments. If they were not accommodated, it would be detrimental to the functioning of particular parts and processes and the organisation as a whole. The exceptions also remind us that the earlier loose coupling was important to allow time for simplifications to be undertaken to balanced scorecard templates, and for modifications to be made to how balanced scorecards were compiled and used. This loose coupling enabled staff to maintain operations while appearing to be responsive quickly to balanced scorecard change requirements.

4.4.2 *Loose Coupling at No. 4 Factory*

No. 4 Factory comprised departments dealing with production, who were supported by departments dealing with administration; the latter included a human resources department, which had within its remit the administration of the BSCMS at the factory. Compared with the close coupling we assessed at Headquarters (see S4.4.1), we would characterise the functioning of the BSCMS at No. 4 Factory as loose, as indicated on Figure 4.

Regarding how we arrived at this assessment, our empirical materials showed that the BSCMS and scorecards were in evidence at the levels of the factory, its departments and, in most areas, their individuals. The employees were quite responsive to the BSCMS both as departments and as individuals, but more so in administration areas than in hands-on production areas. More significant was that in production areas, the internal process perspective of scorecards was highly elaborated, in contrast to the other three perspectives shown in Figure 2, unlike at Headquarters or, to a lesser extent, in administration areas in the factory; indeed, it seemed that these other perspectives were being compiled only to comply with directives from senior managers. Also compared to Headquarters, there was a greater incidence of departments and individuals not reviewing their scorecards regularly or of not using them to help in their ordinary work. Again in production areas especially, there was contradiction between how No. 4 Factory employees thought work had to be conducted and the demands in connection with the BSCMS being made from Headquarters.

A further source of contradiction stemmed from *goal responsibility contracts* being a feature of the relationships between Headquarters, the Manufacturing Centre and No. 4 Factory, as well as the other factories. Reminiscent of contracts between the Government of China and presidents of enterprises under the contract responsibility system (see Liu, 1995), these contracts listed critical objectives of the factory and specified targets for each objective. No. 4 Factory and departmental directors regarded accomplishing these targets as uppermost in importance, and so gave them priority over objectives and the like included in balanced scorecards developed as part of the BSCMS. Loose coupling of the functioning of the BSCMS was accommodating incoherence between the day-to-day work activities and

imperatives within production departments and the somewhat dichotomous performance control being inflicted on these departments by different people at Headquarters.

Regarding the dynamics of how loose coupling at No. 4 Factory had come about, the levels of contradiction between formal rules declared as part of the BSCMS, and extant allegiances and ways of thinking and behaving were a far more significant source of conflict and resistance there, and in factories generally, than they were at Headquarters. Most of this arose from the paramouncy of production (see S2.2.2 and S4.1), as reflected in the *Module-Related System*, which the BSCMS was intended to supersede but had really never gone away. The name of this older system stemmed from its focus on responsibility for different kinds of production-related performance modules (e.g., quality; purchasing; cost, human resources; and environment, health and security), all of which related to the internal process perspective of the balanced scorecard prototype. One informant explained how this older system was accommodated at No. 4 Factory, as follows:

Some critical measures used in the previous [Module-Related] system were also retained to minimise the impact caused by using the new system. Moreover, some complex forms or procedures suggested by [the consultants] were removed or simplified based on the internal structure of the organisation.

After responsibility for factories was vested in the Manufacturing Centre, the resistance arising from these circumstances prompted renewed efforts to implement the BSCMS in No. 4 Factory, as well as other selected factories. These efforts required additional encoding and enacting of the BSCMS, and it was during this work that factory managers and workers had shown more responsiveness to the BSCMS. However, as well as this resulting a greater lag between formal change being signalled and informal change being implemented, the changes that arose deviated more from the formal change envisaged and sought, according to the original BSCMS implementation documents.

4.4.3 *Loose Coupling at No 2 Factory*

Compared with the loose coupling we assessed at No. 4 Factory (see 4.4.2), we would characterise the functioning of the BSCMS at No. 2 Factory as even looser. We represent this in the *Loosely coupled system* space in Figure 4 by positioning No. 2 Factory to the upper left of the space, whereas No. 4 Factory is to the lower centre of the space. The functioning of the BSCMS at No. 2 Factory appeared less responsiveness than at No. 4 Factory, and correspondingly resistance to the BSCMS at No. 2 Factory seemed more pronounced than at No.4 Factory. Use of the BSCMS at No. 2 Factory was no further than departmental level at most, and in some cases not even that. The only exception was its Human Resources Department, where it had reached the individual level, probably because of its BSCMS administrative remit.

Compared with No. 4 Factory, production-related performance modules were at least as relevant to how employees in most departments at No. 2 Factory thought of and went about their activities, and how they themselves tracked performance. For example, the balanced scorecard of the Production Department consisted almost entirely of internal process perspective items. These were classified into five categories: production, consumption, environment, security and general management; in turn, the work under each category was translated into a few measures.

Regarding the dynamics of how loose coupling at No. 2 Factory had come about, these two quotes are useful:

The factory is an operational unit in the organisation. We should follow orders instead of questioning the measures or strategy. . . We are trying to stay in step with international industry leaders. As a result, we have to passively accept some measures. (1)

Although [the BSCMS] is the leading performance measurement system in the factory, we have found it is barely related to any of our daily activities. (2)

Quote (1) is from an informant responsible for administering the BSCMS close to the production line; it reflects his opinion of what should happen, thus implying what was happening, that is, questioning and active resistance. Much of this resistance stemmed from participants' perceived lack of relevance of the BSCMS, as reflected in Quote (2), which is from a finance department informant. Thus, the quotes reflect overall greater resistance to establishing the BSCMS in this and other factories compared to Headquarters, as alluded to already in S4.4.2; but they also indicate opinions being divided in No. 2 Factory about resisting or responding, more so than in No. 4 Factory we feel. This difference reflected No. 2 Factory having been enrolled into the BSCMS implementation process a little later than No. 4 Factory, and that continuation of this process was more in evidence than at No. 4 Factory.

As to where this process was going when we visited, referring to what had already been implemented in his own department, an informant in the Human Resources Department was optimistic about other departments soon following, including wrestling with the issue of whether the BSCMS should be extended to the individual level. In contrast, other informants at No. 2 Factory were expecting that past ways of doing things, and the Module-Related System associated with them (see S4.4.2), would likely prevail for some time to come. However, a third way forward seemed to be emerging; given further efforts among those involved in implementation of the BSCMS across SOBE, there was a very real prospect of the re-encoding and re-enactment of a revised BSCMS for factories so that more of the Module-Related System was incorporated officially, akin to the emergent practices mentioned above and in S4.4.2. We believe that this was likely to bring about increased responsiveness to the BSCMS at No. 2 Factory and for it to become coupled less loosely.

4.4.4 Decoupling at No. 1 Factory

Compared with the loose coupling we assessed at No. 4 Factory (see S4.4.2) and No. 2 Factory (see S4.4.3), we would characterise the functioning of the BSCMS at No. 1 Factory as decoupled, as indicated on Figure 4. A factory-level balanced scorecard existed for No. 1 Factory but it was compiled only to be seen as complying with instructions relayed down from Headquarters. In practice, responsiveness was absent; at factory level, there were no follow-up procedures to review the scorecard and use it to control the factory; inside the factory, there was some awareness of the factory scorecard existing but little or no attention was paid to it. Instead, based on what informants could tell us about the BSCMS and related matters, the allegiance of most factory managers and employees was to "take things as they are" and "how things are done" in that particular factory and so stick to their longstanding ways of doing things. Thus, despite three years' worth of attempts to implement the BSCMS at factory level, to say that the BSCMS was used No. 1 Factory would be hyperbole.

Regarding the dynamics of coupling at No. 1 Factory, the new Director of the Human Resources Department, who was recently arrived from No. 2 Factory, put a positive spin on the position we observed there:

We are still using the principles of the BSC. The only difference is that we do not group the measures into the four perspectives. We concentrate more on the central tasks. We start with the company strategy, and translate to measures that relate to our routines.

One of this new director's main assignments was to develop the BSCMS, and he did seem to expect that No. 1 Factory would follow a similar trajectory to No. 2 Factory, in line with expectations communicated to him from Headquarters. However, given various differences between the two factories, we deemed this as unlikely to happen quickly. Among these differences were that employees at No. 1 Factory were older and more set in their ways than those at No. 2 Factory; they seemed to have far less incentive to alter their allegiances or make other changes than at No. 2 Factory. Besides, some saw the BSCMS as an attempt to introduce systematic performance measurement, about which they were unfamiliar, uncomfortable and suspicious.

For their part, people responsible for implementing the BSCMS at No. 1 Factory so far had not performed any follow-up procedures; No. 1 Factory employees had been permitted to respond to the BSCMS in a merely perfunctory manner. This previous lack of follow-up was likely to have repercussions for renewed attempts to implement the BSCMS.

4.5 Interpretation

In S4.1 to S4.4, we analyse the implementation of the BSCMS at SOBE, the broader context of, and for, that implementation, and assess the functioning of the BSCMS in terms of the type of coupling at each of location when we visited them. In this section, we attempt to synthesise these analyses and put our interpretation on them, referring to literature we reviewed in S2 for ideas, insights and issues. Our intention is to exemplify and elaborate some of these ideas, etc. and put forward new ones. Matters covered include the contrast between, and relatedness of, formal change and informal change; how resistance and types of resistance, and coupling and types of coupling figure in distinguishing and relating these forms of change; and how responsiveness to change can vary spatially and temporally within a single organisation.

Evident in SOBE, in our view, is a contrast between formal and informal change to organisational practices (see S2.1). The introduction of the BSCMS was a formal change, entailing much research and preparation work, and enthusiasm, motivation and determination of senior managers. In addition, professional consultants were hired to help design and implement the BSCMS in the initial months. Thus, the formal change was a “conscious design” by managers to introduce new rules or actions both at organisation and factory levels. Balanced scorecard templates were designed, developed and legislated for in new and revised rules of formal procedure (cf. Qu & Cooper, 2011). The implementation itself resembled a cascade, within and among groups at Headquarters, and then emanating from there to groups at factories (cf. Johanson et al., 2006).

Informal change—change that is tacit and re-shapes existing practices—started to take place simultaneously or slightly in arrears of the formal change; it brought about a hybrid of what the architects and implementers of the formal change intended and did not intend. This was evident from very early on, as balanced scorecard templates at Headquarters were simplified in some respects or modified to incorporate concerns with which employees were dealing with ordinarily, as reflected in secondary measures, and so moving away from the consultants' version and even more so from Kaplan and Norton's (1992) prototype. At factories, implementation was delayed or deferred, templates were modified more significantly to incorporate production-performance principles of the Module-Related System, and the intended practices were not proceeded with, at least instrumentally if not

symbolically. However, through these shaping influences, the BSCMS was rendered more compatible with existing situated practices both at Headquarters and some factories.

This compatibility is elaborated in S4.4 as part of assessing how the BSCMS was functioning in our four locations and explaining how that functioning had come about. At Headquarters, where SOBE's most senior managers and the project implementation team were based, the expectations, efforts and presence of these persons, and the multi-perspective nature of work carried out there, seem to have resulted in resistances being low and responsiveness being high. However, it had still been necessary for staff responsible for implementation of the formal change to take steps to accommodate the contradictions between technical demands of the BSCMS and existing practices, thus increasing how responsive departments and individuals became and how closely coupled the BSCMS functioned as part of work practices. In contrast, levels of resistance to change in factories were higher and more prolonged, and levels of responsiveness were lower; not only that but also these levels varied from one factory to another.

These variations at factories are attributable to their circumstances differing in several respects; for example, the age of employees and length of time in their jobs, their attitudes to work and to changes, their shared values and habits and how these came about, their ideological and psychological allegiances, and what they were familiar and comfortable with and trusted; and the distance from Headquarters, shortcomings in attempts to implement the BSCMS and the relevance of the BSCMS to production work. On the last point, we found employees generally to be loyal to SOBE's purpose of brewing and distributing products and trusting of its leaders; many seemed genuinely convinced that the changes around the BSCMS would be detrimental to the smooth functioning of operations, as facilitated by established situated practice. Their resistance was more than pursuit of personal vested interests, without concern for broader consequences.

On resistance more generally, the characteristics of the resistance present in particular places at any moment comprised some mix and match of the four resistance types reviewed in S2.2.2. We can, however, exemplify each type, and so confirm what we said in the reviewing them and provide insights.

Resistance of the *participant knowledge deficiency* type was evident at the very beginning of the formal change to choose and implement the BSCMS. It arose among those who were expected to work with the BSCMS from issues around templates, perspectives and measures, and top-down translating processes. Furthermore, the training these persons were given took a surface learning approach, rather than a deep learning approach, and did not penetrate far among staff. Thus, even some informants in Headquarters' departments recalled that their pre-usage knowledge of balanced scorecards had been gained only through introductory talks given by their departmental directors. This was despite staff in the Strategic Investment Department having what we believe was a genuine conviction that different kinds of training had been conducted from top to bottom through the organisational hierarchy stretching from Headquarters to factories. In addition, this type of resistance arose because the consultants lacked knowledge about SOBE, and it and the Strategic Investment Department lacked knowledge about implementing change, ranging from how to get employees and managers to make mundane alterations to their behaviours to how to get them to think laterally, let alone strategically (cf. Johanson et al., 2006). Their espousals and expectations about what would be achieved and how quickly turned out to be wildly optimistic. They seem to have ignored "change in ways of thinking [as] ... the essence of informal change" (Burns & Scapens, 2000, p. 18). Nor did they consider

carefully existing institutions (Scapens, 2006), or provide for “the questioning of existing institutions” (Siti-Nabiha & Scapens, 2005, p. 64).

Regarding *conflicting interests opposition*, our characterisation of the functioning of the BSCMS at No. 4 Factory and No. 2 Factory as loosely coupled was informed by our comparative observations at No. 1 Factory. The BSCMS had had more appeal to the workforces at No. 4 Factory and No. 2 Factory than at No. 1 Factory, probably because they were younger and their factories were newer. However, *conflicting interests opposition* had arisen because of greater perception among these workforces that the BSCMS threatened their personal interests, by measuring their value as performers. Meanwhile, of uppermost importance to factory and departmental directors was the accomplishment of targets specified in their factory’s goal responsibility contract with Headquarters. They were faced with resistance from individuals (and sometimes departments) over compiling balanced scorecards and using them instrumentally, and feared this resistance might interfere with accomplishing the aforementioned targets (e.g., by causing discontent and distracting employees from their main tasks). Thus, these managers refrained from making enactment of and responsiveness to the BSCMS a big issue with their employees, and so balanced scorecards, particularly at the individual level, were mostly of symbolic significance only.

In any case, exemplifying *representational logic faithfulness*, the instrumental relevance of the Module-Related System was re-gaining formal recognition at the time of the fieldwork. Responsiveness to it was facilitated by the representational logic of production quality and safety and a psychological-cultural allegiance to it. The Manufacturing Centre was planning for all factories to carry out performance management using the BSCMS but with many elements of the Module-Related System encoded within it. Many participants, especially production employees, perceived the modules as relating more closely to the main responsibilities and functions of factories. The combined system was expected to make it easier for the factories to translate between strategies and the measures by which their performance would be assessed. Furthermore, incorporating modules into balanced scorecards, rather than the BSCMS being replaced by the Module-Related System, avoided those who had championed the BSCMS losing any face (cf. Li & Tang, 2009).

Regarding resistance to change and its outcomes being good or bad for SOBE, resistance and the forms of coupling it brought about might be interpreted as defeat for managers, an impediment to improving strategic management and a barrier to improved financial results. However, it is arguable that the outcomes in question were better for everyone and everything. For example, *participant knowledge deficiency* led to improvements in the BSCMS technically and socially. *Representational logic faithfulness* was leading to clarity in organisational logic, and generating thought and reflection. *Conflicting interests opposition* was protecting and enhancing participants personally and the values and commitment going into their work; after all, SOBE had social responsibilities as well as neo-classical economic ones. *Socio-economic legacy resistance* was not letting anyone forget about these social responsibilities in the socialist market economy, especially as a sense of sharing in development was important, as SOBE and the economy were developing rapidly under Dengism.

Concomitantly, the loose coupling way of functioning of the BSCMS at No. 4 Factory and No. 2 Factory accommodated diversity of and competition among logics. It enabled factory managers and workers to maintain operations not only while change was enacted and reproduced, but also while they appeared to be conforming to requirements entailed in the BSCMS. These findings correspond to ones reported by Burns and Scapens (2000), Lukka (2007), and Nor-Aziah and Scapens (2007). In our view, if this diversity had not been

accommodated, it would have been detrimental to the way departments and individuals functioned (Modell, 2009).

5 Conclusion

We set out to explain events within SOBE, and thereby contribute to the literature associated with institutional theory and the concepts of responsiveness, resistance and coupling. We demonstrate the value of collecting empirical materials from inside the organisation, and using them to provide analysis and interpretation that are insightful, both retrospectively and formatively. We also demonstrate the use of the institutional framework approach as a basis for ordered study of what would otherwise be muddled circumstances, using concepts of change types (i.e., formal and informal), the occurrence of coupling, and the behaviours of responsiveness and resistance.

Our interpretation of how responsiveness to the functioning of the BSCMS came to vary across SOBE is based on historical development of the four locations; this development gave rise to the persons they comprised when the BSCMS was implemented in SOBE, what these persons did functionally and socially, and how they were organised into departments. In resembling a cascade, the implementations from Headquarters across to factories varied in many aspects, spatially and temporally, notably in scheduling, in resources that were allocated from Headquarters, in effort and commitment sites where the implementations were carried out, and in experience of those charged with implementations (cf. Johanson et al., 2006). Besides, the senior managers who initiated the project in the first place, although continuing to make their faith in it known, had other concerns as well, all connected with the higher-level matters that motivated their choice of the BSCMS, that is share price, financial performance, organisational integration and organisational and managerial images. The responsiveness and resistance each implementation invoked also differed, and so brought about more differences of process, social action and consequences. This interpretation contributes to the literature by illuminating the complexity, unboundedness and dynamism arising as part of the process of management accounting change across a large, widely dispersed and longstanding organisation. This includes that the complexity, unboundedness and dynamism is reflective and constitutive of the contexts in which the change arises, or is caused or crafted.

In performing the analysis and interpretation, we make a contribution by adding to work on the distinction among tight coupling, loose coupling and decoupling by Orton and Weick (1990); and to work on responsiveness and resistance by Burns and Scapens (2000) and many others (e.g., Li & Tang, 2009; O'Connor et al., 2006, Scapens & Meng, 1993; Pache & Santos, 2012; Seo & Creed, 2002; Siti-Nabiha & Scapens, 2005). We show the value in expressing types of coupling in terms of when they are occurring during the functioning of a system, and in appreciating their dynamism, as well as how they can vary spatially. We also show that the functionings of coupling are dynamic and that assessing them is facilitated through comparison over time in one location and with concurrent circumstances in other locations.

We endorse the contributions of many others before us who have put forward a similar process interpretation approach as relevant and illuminating for ordered studies of change in various organisational circumstances in different countries. We offer the terms *participant knowledge deficiency*, *representational logic faithfulness* and *conflicting interests opposition* to refer to resistance types articulated by Burns and Scapens (2000). We also contribute *socio-economic legacy resistance* as a fourth type; this type of resistance is likely to be found where boundaries are crossed not only from one economic culture to another, as in the case of China generally, but also from one socio-economic sector of an economy to

another (e.g., see Macinati, 2010; Moilanen. 2012). We offer the insight that, spatially and temporally, the formal BSCMS implementation was facilitated, enhanced and otherwise favourably affected by responsiveness, and impeded, impaired and otherwise adversely affected by resistance; our contribution is that this would apply in many other study locations.

Regarding further research, our focus is on internal institutions. However, as existing literature referred to in the introduction exemplifies, external pressures on institutions are also very important in explaining the process of management accounting change in China and elsewhere. Future research might combine internal and external institutions, and so provide a wholistic view, and a better understanding of responsiveness and management accounting change. Further elaboration of the issues comprising each of the four types of so-called resistance should also prove useful not only among participants in organisations but also to those concerned with economic structure, culture and ideology.

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Notes

1 The Chinese title 总裁 is usually translated as President, but also Chairman, Executive Director and Chief Executive Officer are used.

2 Decoupling is used in the sense of making a coupling where previously there was none, rather than in the sense of uncoupling things that were coupled.

3 We are unclear of the reasons for this but suspect it has something to do with the BSCMS not being seen as accounting, including by the accountants working in SOBE. Some were trained in methods and techniques originating in the Mao era, and others in the period immediately afterwards. During these years, coverage of management accounting was scant (Chow et al., 2007; Scapens & Meng, 1993).

4 According to Chow et al. (2007), the balanced scorecard features among management accounting techniques that Chinese businesses of various types adopted, although the adoption rate was lower than many techniques of longer standing. This lower rate probably reflects the balanced scorecard dating from only 1992. Indeed, it was 1996 before it became associated with aligning an organisation's strategic planning, strategy implementation and performance measurement (Greatbanks & Tapp, 2007; Inamdar & Kaplan, 2002; Kaplan & Norton, 1996, 2001; Othman et al., 2006).