Change agents' enactment of management control systems: Shaping strategic change in a telecommunications organisation

Umesh Sharma*
School of Accounting, Finance and Economics
Waikato Management School
University of Waikato
PB3105
Hamilton 3240
New Zealand
e-mail: ups@waikato.ac.nz

Alan Lowe
RMIT,
Australia.

*Corresponding author

Acknowledgement:

Earlier versions of the paper have been presented at the third Global Accounting and Organisational Change conference in Malaysia, the Auckland Region Accounting Conference, Accounting and Finance Association of Australian and New Zealand annual conference, and the school seminar series at the University of Waikato, Fiji National University and at Macquarie University. The authors are thankful to the participants and anonymous reviewers of the conferences for their constructive feedback on the paper. The authors would like to thank James Guthrie, Chris Patel, Sven Modell, Roger Burritt, Roger Willett, Martin Messner, Zahirul Hoque, Anil Narayan, Lee Parker, Jane Baxter, Sumit Lodhia, John Dumay and Charl De Villiers for helpful comments on earlier versions of the paper.

Change agents' enactment of management control systems: Shaping strategic change in a telecommunications organisation

Abstract

Purpose: This paper uses a perspective informed by practice theory to examine the influence of change agents in enacting management control systems (MCS) in the process of shaping strategy.

Design/Methodology/Approach: Our research uses a case study approach to examine the implementation of a business strategy in the utility sector. We seek a better understanding of practice theory and its role in influencing institutional change and stability.

Findings: Our case study findings show that the change agents enacted MCS practices that aided the metamorphosis of a once state-owned company into a for-profit enterprise. Our findings show how the organisation transformed from a long-established preoccupation with technical systems and engineering and shifted to a focus on customer satisfaction and shareholder interests.

Research Limitations/Implication: In terms of policy implications, bureaucrats need to appreciate that inculcating business norms is not an easy path and can be met with resistance, which creates delays in strategy implementation. The current study, while reporting some of the influences of tribal loyalty, was nevertheless limited by not having the time and space to examine in-depth the intersections of MCS and strategy within a strongly tribal context. This can be an avenue for future research.

Practice Implications: Our study helps to understand embedded actors in the implementation of strategy by refocusing research on the actions and interactions of strategy implementation practitioners.

Originality/value: We contribute to the literature by seeking to use practice theory and offer a valuable understanding, from the actor level, of how practices are created and enacted. Often accounting studies have paid less attention to the change agents in the process of shaping business-oriented strategic activity. This study enabled us to gain a better understanding of the action and practice behaviour around the strategy-MCS nexus.

Keywords: Practice theory, management control systems, business strategy, strategy implementation, agency.

Change agents' enactment of management control systems: Shaping strategic change in a telecommunications organisation

1. Introduction

The relationship between strategy and management control systems (MCS) has been the subject of considerable research interest (Chenhall and Moers, 2015; Lapsley and Rekers, 2017; Lord, 1996; Lawrence and Sharma, 2002; Ma and Tayles, 2009; Langfield-Smith, 2008; Carter and Whittle, 2018; Ferry et al., 2019; Cuganesan et al., 2012; Ferry and Ahrens, 2017; Cheng et al., 2018; Englund and Gerdin, 2018; Kober et al., 2007; Tucker and Parker, 2015). However, the literature has paid less attention to how MCS shapes strategy (Skaerbaek and Tryggestad, 2010). The literature on the relation of MCS and strategy has also been relatively silent on the crucial, yet under emphasised, role of these interactions from a practice perspective.

The present study contributes to the literature by using Schatzki's practice theory to develop an understanding, at the actor level, of how new practices are created and enacted. The three components of practice organisation (practical understanding, rules and teleoaffective structures[1]) are adopted as theoretical guides to address our research data. We also emphasise a teleoaffective structure of practice theory that has featured less in the prior literature (see Ahrens and Ferry, 2018). We recognise that complex cultural divisions and loyalties at our research site are also likely to impinge upon and delay the change processes desired by management. For this reason, the local context seems to play a stronger role in the crafting of practice variation, in the case we observed.

In management accounting we take part of our motivation from Chua (2007, p. 493) who calls for a rediscovery of accounting and strategy as "contingent, lived verbs rather than abstract nouns." She focuses on strategy-accounting talk, which traces how MCS is woven into strategic considerations as well as how MCS techniques, such as budgets and balanced scorecards, are mobilised when crafting strategy (2007, p. 492).

[1] Practical understanding refers to certain abilities related to actions of practice. Practical understanding executes the action that practical intelligibility singles out. Rules constitute formulation, including everything from statues laws to rules of thumb pertinent to the practice. Teleoaffective structures are sets of ends, projects, uses (of things) and even emotions that are acceptable or prescribed for participants in the practice.

Strategic objectives may be mobilised in part through MCS practices to make sense of and help manage the business process. How this happens, and to what extent MCS practices are implicated in such processes of strategy are the focus of the paper. Our analysis refrains from seeing strategy as a black box and attempts to illuminate its adaptation to and fluidity in the context of local conditions and concerns (see also Bhimani and Langfield-Smith, 2007; Chenhall and Moers, 2015; Quattrone and Hopper, 2001; Lawrence et al., 2010; Nath and Sharma, 2014; Modell and Yang, 2018). We contribute to the MCS literature by using Schatzki's practice theory which is well known, to understand at the actor level how new practices are created and enacted. Our research is inspired by such contributions and our aim is to provide answers to questions about how MCS practices and tools shape business norms and related strategic activity. The research question being asked is: How do change agents enact MCS practices in the process of shaping business-oriented strategic activity?

By using practice theory (Schatzki, 1996, 2002, 2005, 2006, 2010), we examine activity patterns across organisational participants. Our research illustrates that the MCS and strategy nexus shows how endogenous institutional change can be effected by embedded agents.

In Section 2, we outline the prior literature on linkages between MCS and strategy, which is followed by the theoretical perspective adopted in the study. We discuss how concepts from practice theory can shed light on the practices of managers in the creation and implementation of intended strategy and associated MCS. The case company is then described, followed by the research method. In the next section, we present the empirical evidence on the enactment of the business strategy and MCS within Moli (our case study organisation).[2] We end with discussion and our conclusions.

2. MCS and Strategy

The strategy literature (Jarzabkowski and Spee, 2009) is overwhelmingly concerned with the multiple practices through which intended strategy is enacted. An important element of the concern with practice involves attention to how formal MCS practices distribute shared meanings or mediate between diverse interests and interpretations of strategic activity

[2] Used as a pseudonym

(Jarzabkowski, 2003; Bedford et al., 2016; Tillema and Van der Steen, 2015; Ahrens and Ferry, 2018).

The link between MCS and strategy has been on the accounting research agenda since Anthony's (1965) pioneering work. Skaerbaek and Tryggestad (2010) suggest that the most enduring strand in the literature has been an emphasis on the role of MCS as a means to assist, or at least not detract from, strategy. Wilson (1997) argues that the role of MCS is to serve the needs of strategic management. Hiebl (2018), Ferry and Ahrens (2017), Thambar et al., (2019), Sharma and Hoque (2001) and Thomas (2016) have emphasised the complex dynamic roles of MCS, as they become a means to learn about possible alternatives and hence facilitate the effective implementation of strategic change. Despite the focus on the learning aspect of strategic change, this research strand tends to assume that MCS are subordinate to strategy, assisting in the implementation of strategies already decided (Skaerbaek and Tryggestad, 2010; Chenhall and Moers, 2015; Mio et al., 2015; Tucker and Parker, 2015; Aliabadi et al., 2021). While the strategy-MCS relationship is often claimed to be unidirectional (Chenhall, 2003; Chapman, 1997), the relationship can also be recursive, as demonstrated by Kober et al., (2007).

Several authors have established that the link between MCS and strategy has not been well understood (Ahrens and Chapman, 2005; Briers and Chua, 2001; Christensen and Kent, 2016; Sandhu et al., 2008). Chua (2007) questions whether strategy is an activity reserved for senior management and calls for further investigation of strategists and strategy formulation at lower levels. Skaerbaek and Tryggestad (2010) and Kober et al. (2007) note that MCS might take a proactive role in influencing strategy. Hopwood (1987) suggests that MCS implemented for a specific reason could signal new potential and pave the way to the development of new directions. To date, few studies have demonstrated insights into the interrelationship between MCS and strategy. Kober et al. (2007) recognised that the association between MCS and strategy could be more than a simple uni-directional relationship and suggest that there may be a two-way relationship between MCS and strategy. That is, MCS both impacts on and is affected by strategy (Skaerbaek and Tryggestad, 2010).

While accounting and control systems may be aligned with strategy (Langfield-Smith, 1997), there is little empirical evidence that sheds light on the integration of MCS practices with strategy implementation (Fullerton et al., 2013). The studies of Dent (1991) and Kober et al. (2007) focused on the MCS-strategy relationship, but they have limitations, as they do not view intended strategy as something that people do. With the use of Schatzki's practice theory, we gain an understanding, at the actor level, of how new practices are created and enacted. This gives an insight into understanding how the strategy-MCS relationship is enacted. According to Lowe and Jones (2004) and Nama and Lowe (2014), strategy can be seen to be shaped as disagreements are resolved and knowledge comes to be held commonly among organisational members. Our argument, then, is that MCS practices can assume an active role in implementing a firm's commercial-business strategy.

To date, few studies have shown insights into the interrelationship between MCS and strategy exercised by organisational actors. The practice perspective helps to bring individuals into play, which reproduces the dualism of individual (agency) and institution (structure). The research question that the study aims to answer is: How do change agents enact MCS practices in the process of supporting business-oriented strategic activity? The next section examines the theoretical concepts from practice theory, which has been adopted for this case study.

3. Theoretical Framework

3.1 Practice Theory

Practice theory, as used in this study, considers the extent to which sites are perceived as homologous (Baxter and Chua, 2008).[3] Practice scholars see practice as subsuming activity (Engeström, 1999; Lounsbury and Crumley, 2007; Nama and Lowe, 2014). Ahrens and Chapman (2007) use practice theory in considering the role of management accounting in the constitution of organisations. They build on Schatzki (2000, 2002, 2005, 2006) for their particular version of practice theory.

According to Schatzki (2002, 2005, 2006), social practices are organised by human activities. Schatzki (2005, 2006) gives examples, such as those inculcating political, cookery, educational, management and shop-floor practices. Jarzabkowski (2005) views activity as the

[3] Homologous refers to a degree of permeability between fields or sites. For example, capital accumulated in one field or site can be transferred to and exercised in another field or site. While it is acknowledged that there is permeability present across various sites or fields, there is also a sense in which we need to reflect on the extent and the ways in which such permeability may function (Baxter and Chua, 2008).

actions of and interactions between actors as they perform their daily routines, while practices refer to activity patterns across actors that are infused with shared meanings and provide tools for ordering social life and activity.

Lounsbury and Crumley (2007) suggest that activity involves acts that are generally devoid of deeper social meaning or reflection, such as pounding a nail with a hammer, while practice, such as professional carpentry, provides order and meaning to a set of otherwise banal activities. Practices refer to shared routines of behaviour, including traditions, norms and procedures for thinking, acting and using "things" (Whittington, 2006, p. 619). Defined this way, practice is seen as a kind of institutionally-taken-for-granted set of rules and routines (Lounsbury and Crumley, 2007; Lounsbury, 2008; Seal, 2010). According to Jarzabkowski (2004, p.531), the term practice implies "repetitive performance in order to become 'practiced'".

The notion of practice can be used in the more specific sense of an "array of activity" (Schatzki, 2001, 2006, 2010) or a "routinised type of behaviour" (Rekwitz, 2002, p.249), which is constituted and kept together by several elements such as human bodies, things, rules, knowledge or emotions. Schatzki (2002, p.87) notes "a practice is [a] temporally evolving open-minded set of doings and sayings linked by practical understanding, rules and teleoaffective structures … the organisation of a practice describes the practice's frontiers: a doing or saying belongs to a given practice if it expresses components of that practice's organisation." It is in this sense that the three elements can be seen to underpin activities that make up certain practices.

Schatzki's approach to practice comes close to the well-known theoretical concepts of Giddens' structuration theory (1979, 1984; see Jorgensen and Messner, 2010). Whereas Giddens distinguishes between different types of rules and resources as the defining elements of practice, Schatzki (2002) proposes three concepts that hold sayings and doings together to form practices: (1) practical understandings, (2) rules and (3) teleoaffective structures. Together, they form what Schatzki describes as the organisation of practice. Practices past and present are structured by the same three elements. These terms are explained by Schatzki (2002).

1. Practical understanding: this refers to certain abilities related to actions of practice. For example, "knowing how to X, knowing how to identify X-ings, and knowing how to prompt as well as respond to X-ings" (Schatzki, 2002, p.77). Practical understanding executes the actions that practical intelligibility singles out. In Schatzki's account, practical understanding resembles "habitus" in Bourdieu's account. However, according to Bourdieu (1998), habitus always determines what people do. Schatzki maintains that practical understanding never completely determines action.
2. Rules: these constitute formulation, including everything from statute laws to rules of thumb pertinent to the practice. They are "explicit formulations, principles, percepts and instructions that enjoin, direct, or remonstrate people to perform specific actions" (Schatzki, 2002, p.79). Rules are interjected typically by those with authority, to enforce them, either to bring about new activities or regulate existing ones. They enjoy normative force and can influence future courses of action.
3. Teleoaffective structure: these are sets of ends, projects, uses (of things) and even emotions that are acceptable or prescribed for participants in the practice. It is about being goal-oriented where the goal is driven by normative views. Participants in a practice typically carry out end-project-task combinations that are contained in the practice's teleoaffective structure. According to Schatzki (2002, p.80) "teleoaffective structures are recurring and evolving effects of what actors do together with what determines this. They themselves, however, do not govern activity. Activity is governed by practical intelligibility."

The three components of practice organisation listed above are adopted as theoretical guides to address our research data. We also emphasise a teleoaffective structure of practice theory that has featured less in prior literature (see Ahrens and Ferry, 2018). For example, in this study the key actors sought to change the objective of welfare practice with a 'business or market logic' by being shareholder focused. The affective dimension of teleoaffective structure is underscored by the fear that was expressed by some participants around the business strategy, especially in relation to tribal affiliations.

The social practices found in organisations are varied and can include strategy practices, production practices, marketing practices and the practices of having lunches, meeting with others, taking a break, or checking emails (see Schatzki, 2005, 2006, 2010). This is manifested in a growing interest in practice theory approaches in the field of management and organisation studies (Ahrens and Chapman, 2007; Caldwell, 2012). According to Schatzki (2005, p.471), "the site of the social is composed of nexuses of practices and material arrangements." Social life inherently follows as part of such nexuses. He explains material arrangements as set-ups of entities (human beings, artefacts, other organisms and things) and practices as organised, open-ended spatial-temporal nexuses of human activities, examples of which are educational, management and shop-floor practices. He explains that human coexistence "transpires as and amid an elaborate, constantly evolving nexus of arranged things and organised activities" (Schatzki, 2002, p. xi). Schatzki elaborates each of the entities in these material arrangements. In brief, people are human beings to whom "actions and mental conditions as well as self-consciousness, gender and identity are ascribed," artefacts are "products of human action," living organisms are "life forms other than humans," and things are "non-living entities whose being is not the result of human activity" (Schatzki, 2002, p.22). Practices are understood as "embedded materially mediated arrays of human activity centrally organised around shared practical understanding" (Schatzki, 2001, p.2).

4. Case Setting and Research Design

4.1 Background to the Case Company

Moli was of interest to the researchers, as it was the first public sector enterprise in a South Pacific Island nation to be fully privatised and listed on the domestic stock exchange through its parent company Dominion Limited.[4] Moli's network consists of 55 telephone exchanges throughout the nation, connecting more than 101,000 customers. The company has 800 employees with a turnover of $90,000,000 (USA $54m). Dominion Limited has the largest market capitalisation, which accounts for 40% of the total market capitalisation of the stock exchange. Accounting and organisational changes were introduced and provided the focus for our study. The organisation chart of Moli is presented in Figure 1.

<Insert Figure 1 about here>

The South Pacific Island government began to dismantle state-owned enterprises in the late 1980s and corporatised many public enterprises, including Moli. Moli was corporatised in 1989 and privatised in 2002.

[4] Used as a pseudonym

In 2002, the government floated its stock in Dominion Limited to the general public. The general public owns almost 7.2% of shares in Dominion Limited, while the government holds 34.6% of the shares. The superannuation fund has a shareholding of 58.2%. Dominion Limited owns all shares in Moli Company. Moli describes its vision as "Moli, bringing the best of telecommunications to the Pacific" (Moli website, 2011). The stated mission of the company is to:

- Provide telecommunication products and services that our customers value.
- Strive for excellence in everything we do.
- Develop a capable workforce by rewarding superior performance.
- Grow shareholder value.

(Moli website, 2011).

The next section outlines the research design for the study.

4.2 <u>Data Collection</u>

According to Schatzki (2005), in understanding a site, it is critical to identify the actions that compose it and the practice arrangements that the identified actions form a part of. Schatzki (2005) notes that these tasks can be accomplished through interaction with organisational participants, observing what they do and learning about their practices.

The field research at Moli extended over a 9-year period. During this time, observations were carried out and informal interactions with employees took place, in addition to formal interviews. Eight meetings were also observed in 2016. These included three total quality management meetings, two budget meetings and three finance meetings. See Table 1 for a list of interviewees.

<Insert Table 1 about here>

Our research study collected data from four sources: publicly available information, including Moli's annual reports for the last 25 years; media and government reports; internal proprietary documentation, including board papers; and semi-structured interviews. See Table 2 for internal documentation.

<Insert Table 2 here>

Observations were also made of eight meetings at Moli. See Table 3 for observations at meetings.

<Insert Table 3 here>

The interviews were carried out between 2008 and 2016 and the 25 years of annual reports provided an extended longitudinal case study. Historical information on Moli was also obtained by visiting the National Archives. Moli's annual reports were used to provide an understanding of the history of the organisation and to facilitate the interviews. See Table 4 for historical documents.

<Insert Table 4 here>

The researchers were also given access to proprietary internal documentation such as Moli's Strategic Business Plan, and performance evaluation templates. Media reports were obtained from the National Archives. As the interviewees were mainly recalling past events, we used multiple data sources, including secondary sources, to supplement or confirm interview data so that forgetfulness bias was minimised as much as possible. Compared to a single source of data, these multiple data sources helped provide a more comprehensive and valid portrayal of the phenomenon (Parker and Northcott, 2016; Modell, 2005; Perera *et al.*, 2003). Multiple sources also furnished the breadth of information needed to develop a relatively holistic picture of MCS as organisational practices (Jarzabkowski, 2003).

The interviews were carried out between 2008 and 2016. Forty-five semi-structured interviews were conducted at Moli. Twenty-five staff were interviewed at head office in the capital city and its branches in other urban centres. Interviews ranged from four to six in each year from 2008 to 2016. Some interviewees, such as the quality manager, strategic manager, public relations officer and accountants were visited more than once to clarify information and review our picture of the change process. Most interviews were recorded and were subsequently transcribed. The interviews were further supplemented with several observations and meetings of MCS practices in the organisation.

While the data triangulation approach adopted was useful in enabling us to capture a contextual understanding of the social phenomena under study, it also created challenges in terms of analysing and making sense of empirical evidence collected from various sources. Our various modes of analysis were overlapping and iterative (Ahrens and Chapman, 2007). Interview transcripts and field notes were organised chronologically, and common issues in the accounts were analysed to understand areas of agreement and disagreement between organisational actors and groups. The data representing the themes were subsequently clustered by theme, with subsequent analysis enabling some of the themes to be combined. The themes that emerged were: the long struggle towards a strategy of commercial ethos; key MCS practices by change agents and organisational actors; and the challenges and gradual institutionalisation of MCS and commercial business strategy by organisational change agents.

Documentary evidence collected was subsequently matched to the prior themes (Tsamenyi et al., 2006; Golden-Biddle and Locke, 1997; Sharma *et al.*, 2010, 2014). The themes were woven into different theoretical narratives around MCS and business strategy to think through why changes emerged and how processes evolved. We focused on statements about processes, rules (long-term focused business plans), past practical understandings of providing telecommunication services, communicating information, following quality management, preparing budgets and focusing on non-financial business metrics and teleoaffective structures. It turned out that the elements of practice encompassing practical understanding, rules and teleoaffective structures were important markers of the cultural specificity of MCS changes at the site and its business strategy. We focused on statements about rules, long-established MCS practices, their affective dispositions and enacting business strategy. Our account shows how the statements in interviews were practice memory in the sense that they were features of practices that pervaded the field of Moli's MCS practices and commercial-business strategy.

The following sections seek to show how this context pervaded the practice of Moli, and its efforts in reshaping MCS change in order to facilitate a business strategy. As the contribution of this paper revolves around the significance of organisation practice (Schatzki, 2006) we focus the presentation of our field material on examples of how Moli's MCS changes tended to reshape the business strategy of government while resonating with rules, practical understandings and teleoaffective structure.

The chronological order of events is described in Table 5. The events will be discussed in the findings section.

<Insert Table 5 here>

5. Case Findings: The role of change agents' interactions with MCS in "effecting" strategic change

This section presents the findings, in three subsections. The intent is to show how organisational participants used MCS practices in the enactment of business strategic activities. Subsection 5.1 examines the long struggle towards a more commercial ethos, in terms of teleoaffective structures (1975-2001). Subsection 5.2 examines the early stages of privatisation with key MCS practices by change agents and organisational actors (2002-2011). Subsection 5.3 examines the later stages of privatisation which entails the challenges and gradual institutionalisation of MCS and commercial business strategy by organisational change agents (2012-2021).

5.1 The long struggle towards a strategy of commercial ethos: Changes in teleoaffective structures (1975- 2001)

During the period when Moli was government owned, teleoaffective structures and practices were replete with allegiances to engineering.[5] Operational aspects of the company were at the centre of management concerns and activity, such as planning operational aspects of the telecommunications network: evaluating communications technology; laying cables; and connecting subscribers.

The teleoaffective structure of the former engineering regime had been to spread communication technology to more and more remote and thus costly areas in the name of public service. An engineer commented:

> In those old days as a government department, our emphasis was on social welfare. We needed to connect telephones for people whatever it costs. We never thought of money in our decision.

The entity was then governed by various government legislations, which allowed Moli to run as a public sector organisation with the provision of postal and telecommunication services on a social welfare basis.

[5] Prior to 1989, Moli was run as a government department. It was in 1989 that Moli corporatized with 100% shareholding held by the government. Moli was privatised in 2002.

It was corporatised in 1989. The Post and Telecommunication Decree 1989 was introduced by Parliament. The Post and Telecommunication Decree 1989 allowed Moli to be run as a commercial business with 100% holding by the government. However, because of resistance to commercial business routines, it took longer than usual and in 2002 it was announced that the company would be privatised (Interview with Strategic Planning Manager). Tribal loyalty inhibited the change process. A former government permanent secretary, who became the managing director of the company upon corporatisation, was told by international consultants (change agents) employed by the company's board that he (the managing director) would not be able to lead the company to commercialisation (Moli Board Paper, 1992). The international consultants understood little about the local culture (The Review, 1993). A manager commented:

> The concerned managing director was from a large tribe which had a lot of political influence. The province had chiefly tribal leaders who were also politicians in 1990s. He was well respected because of his connections to the larger province.

Subsequently, the Managing Director was removed by the board following the recommendation of consultants. However, the minister in charge of telecommunications and the managing director were from the same tribe (The Review, 1993). The minister told the Prime Minister that if the managing director was not reinstated, the minister's larger province would withdraw support for the Prime Minister's party. The Prime Minister became anxious about this as his party was new and he acceded to the minister's demand. The minister, in turn, sacked the board, comprising respected business people, and reinstated the previous managing director who was from the same tribe. Another manager commented:

> Sometimes we also see in the tearoom and [more formal] meetings people of the same tribe sitting together and chatting to each other. They are very supportive of each other in meetings and can show favouritism towards their tribal colleagues. I guess it is an informal way of doing things here.

Thus, tribal loyalty and rivalry here inhibited the change process. According to interviewees' recollections, it was not until 2000 when the tension subsided that the company was privatised. It took many years for the understanding to penetrate the whole organisation in terms of practices and activities. This was due to fluidity in terms of the context of local conditions and concerns. The tribal resistance attribute makes the site different from other studies on privatisation.

The site of the study in a South Pacific Island nation is rooted in the notion of tribes, under which the intertwined institutional orders of the state, the organisations and the people have historically developed and operated. The influence of tribe constrained institutional change for a long time and is an important dynamic of stability and change within the organisation. The western institutional orders of operating on a commercial business ethos triggered adverse reactions from embedded agents who wanted to preserve an extant institution predicated on a social welfare orientation.

5.2 Early stage of privatisation with key MCS practices by change agents and organisational actors (2002-2011)

It took almost ten years (1990- 2000) before MCS created fundamental change in the behavioural practices of actors (Interview with General Manager Finance and Accounts). This was due, at least in part, to the tribalism context mentioned previously. The Managing Director from a larger tribal province used his power to stall the change process. The MCS practices were instrumental in increasing tensions shaped by tribal loyalty and rivalry at the site. However, with wider education and following the Managing Director's departure, critical changes in behaviour and practices began to take hold.

After privatisation in 2002, there was a need for a new teleology of practices and a new ontology for Moli. Expansion of services was still a goal, but the emphasis on expansion was no longer on focusing on sparsely populated areas but on further expansion into dense, urban and business areas. Business plans became paramount and were used to embed and routinise work by senior managers (Interview with Strategic Planning Manager). The responsibilities related to the business routines were allocated to embedded actors.

One of the new accountants stated:

> Growth rate is paramount. We have to increase telephone penetration rates per one hundred population [from 12] to at least 20 in five years' time.

The transition to business norms took a long time, with wider education by powerful actors such as CEOs and senior managers (General Manager Telecom Networks, General Manager Customer Services, General Manager Personnel and Corporate Resources and General

Manager Finance and Accounts), who were the primary change agents, before the embedded actors could come on board on the path to institutional change. The Chief Executive Officer (CEO) and the four general managers (see Figure 1) were the members of the organisation who showed reflexive agency, and shaped changes to a business strategy. The demography of the organisation changed. Instead of more engineers, accountants and managers with business expertise were hired from the private sector, to the point where they outnumbered engineers (Interview with Manager). The justification for expansion of services tended to be financially rather than socially oriented. Planning and coordination became a central aspect of Moli's management's intended strategic activities (Interview with the General Manager Finance and Accounts). According to the General Manager Finance and Accounts, participative budgets were introduced. Most section heads were involved in setting their section budgets in consultation with the CEO, which was an intended strategy. Interactive budget meetings were held. Consolidated budgets were prepared after negotiation with section heads at management meetings. Each division had the services of a management accountant, reporting on budgeting and planning to the Finance Division (Interview with Accountant 2). There was a greater involvement of people at all levels of the organisation as evidenced from the following statements:

> "Management have now started to listen to the people."
>
> "Management interacts with grassroots people in the organisation in relation to strategy."

Apart from involvement of people at all levels of the organisation, the finance team also embarked on a journey of numerical inscription to promote change. The net present value of capital projects was computed. Practices were now accounting ones, not engineering (Interview with Accountant 1). For example, providing broadband access to outer islands with resorts required Moli's financial team members to work out net present values. For this, "Aprisa Microwave Radio" technology had proved to be a cost effective and reliable solution with positive net present value. Accounting techniques such as net present value practices were to benefit the company in terms of wealth creation. New customers were not to be beneficiaries of a public service but sources of revenue and profit (Interview with Manager).

The shift towards accounting and economic logic in decision-making is evidenced by the introduction of net present value and economic value added (EVA), which became important for Moli's management. A Finance Manager does this calculation, which has to accompany requests for most capital. A senior accountant commented, pointing to the Finance Manager:

> "This is the man who is specialised in EVA and also does discounted cash flows for the company. All our major projects need to be EVA positive and generate positive net cash flows to go ahead. The Finance Manager and his team are quite active in advising other managers on that."

An EVA and net present value (NPV) calculations had to accompany any request for capital and be forecasted for the company over the five-year period in Moli's business plan (Interview with Accountant 3). The first business plan (2002-2006) was developed with the assistance of overseas consultants at the invitation of Moli's CEO. A management steering committee, whose members acted as change agents within Moli, helped to extend the business plan across the key business areas[6]. The plan focused on the aims of meeting customers' expectations and cost reduction. Moli's strategic Business Plan (2002-2006) noted that all capital projects were EVA positive, and that revenue and profitability growth were EVA accretive.

In order to secure the desired change in interpretations of activity, the top team had to work to gain acceptance of market operations and notions of shareholder wealth maximisation (Interview with CEO). The strategy over time had to be communicated through business plans and constructed through MCS practices.

MCS techniques were employed by accountants and managers to provide "rules" that linked the doings and sayings of MCS practice and to encourage changes in attitude toward strategic activities; a more commercially focused attitude. Senior staff were pivotal in the establishment of commercial targets in the first 5-year business plan, as evidenced by an operations manager:

> We have a business plan which company accountants were helpful in putting in place. The plan details everything we need to achieve to meet our objectives. We have specific profit targets on the plan which we are striving towards. The targets include connection of lines, service restoration, revenue level, expected profits and so on.

The senior managers and accountants were instrumental in promoting the importance of being shareholder-focused to embedded agents (Interview with CEO). The overall vision remains an integral part of each business plan: "We are committed to … being the best in service, providing

[6] The management steering committee composed of CEO, four general managers and other managers (see Figure 1 for the organisation chart of Moli).

quality communications and making it easier for people to keep in touch and provide a better return on shareholders' funds" (Moli Strategic Business Plan, 2007–2011, p. 3). The vision statement was interpreted by the management team as requiring a differentiation strategy. Moli proceeded to offer a range of mobile phone products and offered promotions on these products to retain and expand the customer base. These strategies were described in detail in the business plan.

The CEO was the primary instigator of MCS, which entailed total quality management (TQM) and the balanced scorecard (BSC), after attending some courses both locally and overseas. TQM and BSC came into practice from 2002. These tools gradually came to play a role that also shaped the intended strategy. The CEO commented:

> We had to build on total quality management practices to improve our services. In order to make sure this works well, we also needed performance measures of BSC. Through BSC, we measure output and the pay and job advancement is based on BSC scores. This has been well communicated to the employees and they very well understand the consequence of not working up to par.

According to the Quality Manager, TQM practices helped to mediate tribal loyalty/rivalry. TQM was predicated on teamwork in which organisational participants shared their perspectives on problem solving. Satisfying the expectations of stakeholders such as customers and shareholders was regarded as pivotal for Moli's business units. Our informants began to note a more engaged attitude among senior engineering managers toward the end of the period of the 2007–2011 Strategic Plan. According to the CEO, some senior managers including engineers felt there was a need for more forward-looking measures and a better alignment between performance management systems and strategy. These activities can be seen as efforts to effect "what actors do together" by constructing "recurring and evolving" systems of performance measurement and strategic practices. The BSC measures had to be aligned with the company's business plan and TQM. A manager maintained:

> …if we don't align our staff to our company's strategy or goals, and if we are not measuring them, we won't be fulfilling those goals.

The interviewees endorsed the commitment of management as change agents to TQM practices that began to alter work practices and practical understandings. An operations worker commented:

> The involvement of the management was there, and workers gave the thrust into embarking into TQM. It was workers' representatives too. But when the workers were taught the gospel of TQM, then they were better able to understand. Workers were able to make decisions and were given empowerment and this motivated them to work harder.

The Quality Manager noted that operational workers were involved in quality action teams. These teams eventually worked so well together that they created an atmosphere of reflexive agency that facilitated them in resolving quality problems. The shared solutions to the problem were eventually implemented by other quality action teams who were also change agents.

As an example of TQM practice, an operations worker mentioned that there was a quality action team on billing in 2002. “We had billing errors in the past,” claimed the interviewee. The errors meant a loss of revenue for Moli. When a new phone was installed, customers were able to use the phone before Moli’s system had actually registered its existence. That is, in the past, there was a gap between connection and Moli’s system. The problem was tackled by a quality action team and it was decided to have a system in place whereby the new phone connection is tested and registered in the system before the customer can gain access to the phone. A strategy to deal with the problem was thus developed by the quality action team (change agents), being an example of intended strategy. An operational-level strategy was developed to move some of Moli’s operations people towards commercial business goals. TQM techniques gradually helped to facilitate the sharing of practices and creation of shared ways of working and attitudes within the organisation. Workers became emotionally attached to TQM practices.

The CEO, supported by other four general managers (see Figure 1) convened a meeting in 2002 with managers to float the idea of implementing the BSC, in order to shape Moli’s strategy for commercial business routines. Overall, the managers were receptive to the idea of implementation, with some expressing genuine interest in it. Others were motivated to join the project because of an awareness of senior management’s intention of linking BSC practice to an incentive scheme. The BSC meeting was used to communicate the importance of BSC and how the transition to BSC would be achieved. A General Manager Personnel and Corporate Resources commented:

> The last thing we want of our guys … is to come to work and get fortnightly wages and not know how to contribute to the company’s strategy … the BSC will help us manage that. I want to make sure BSC is linked to their pay and business strategy.

Various teams were established to ensure BSC performance indicators were aligned with the business plan (a ‘rule’ for the organisation). This was an example of intended strategy. A manager stated:

> BSC performance management system outlines what we're expected to do and what we're actually doing. Each business unit has its own measures. There are key areas one is measured on. The divisions are given their own targets – monthly targets – and then finally, of course, it comes to daily performance.

Another manager stated:

> Generally, if we do not measure the performance of employees, then we simply cannot manage them. A BSC-like performance measurement system is used as a discipline exercise for employees.

The performance measurement system (PMS) created a platform that began to support shared values across the majority of the management team. An interviewee stated that some of the common accountability areas in which people are evaluated are profitability and staff development. Staff development encompasses expected versus actual performance in terms of training undertaken. From the customer perspective, the key accountability factor was defined as the quality of service in terms of line repairs, which, for residential customers, are as follows:

- 80% of customer line repairs to be completed within 24 hours after the receipt of a complaint;
- 95% of customer line repairs are to be completed within two working days after the receipt of a complaint;
- 100% of residential customers' line repairs are to be completed within five working days after the receipt of a complaint.

For corporate customers, 80% of the line repairs were to be done within two hours of receiving complaints. According to an engineer, once a complaint (fault in line) was received, it was logged in the Computerised Integrated Customer Management System and had to be cleared within a specified time limit. An array of performance metrics was trialled in attempts to construct and embed a commercialised vision. The key performance indicators (KPIs) were linked to the BSC. A manager stated:

> People were trying their best to achieve KPIs. Tribal thinking was reduced. Company gave some incentive if they meet KPIs.

Management control practices here mediated the tribal loyalty/rivalry at the site.

All the employees had job descriptions that required them to participate in the setting of and adherence to key performance indicators (KPIs) (Interview with Manager). The KPIs and other targets were agreed in discussion with their immediate supervisors. According to a manager, the BSC performance measurement system took a year of education and training involving consultant and management promoting the changes to implement.

Employees had some flexibility to choose and change their KPIs around professional development needs, including reliability of customer services, punctuality, customer complaints, and in-house and external training needs. Initially, the workers were not required to set explicit targets but rather to focus on broader goal-setting. A manager commented:

> I think it is a struggle to set KPIs. I was sometimes not so eager to set clear targets. Most managers find difficulty in setting KPIs and they cannot identify good KPIs. But they tried and began to manage to do so. It was a good challenge for them.

There were differences between managers. Some senior managers could set quantitative measures but others could not (Interview with CEO). Performance measures were trialled over time; sporadic and varied attempts were undertaken to produce robust measures. According to a manager, the participants struggled with refinement of performance metrics. Some became uncertain when required to set KPIs for themselves as they struggled to refine and replace qualitative KPIs. The CEO and the General Manager Personnel and Corporate Resources, as change agents, were instrumental in helping managers by sharing the long-range framework with them. According to a manager, formal BSC performance and reward systems provided information around individuals' performance to be assessed in terms of meeting planned outcomes and to act as a basis for flexible reassessment of those plans. Such actions provided avenues through which strategy was implemented.

According to the General Manager Finance and Accounts, BSC measures set by the CEO and management team used a wide array of performance indicators covering quality, human resources, operational and financial matters to promote change. Employees were assessed by their superiors on a quarterly basis on indicators such as customer service focus, business/financial focus, professional attributes/interpersonal relationships, managing change, and job expertise, and were assessed out of a total of 100%. Those getting 70% and above were entitled to a quarterly bonus. Interviewees claimed:

> These performance indicators were developed to make Moli employees more customer-focused and quality driven.

> The performance indicators were seen as a means of motivating staff. The agreement with workers was there in terms of setting objectives. The union was also consulted in

the process of target setting and they wanted the percentage to be around 70% rather than 80-90%, which the management was advocating.

According to the Strategic Planning Manager, the BSC practices proved to be powerful metrics in changing the attitudes of both employees and managers towards business goals. The BSC practice involved an open system where the targets were agreed with supervisors and then signed off. The effort to incorporate BSC opened up a new discourse on balanced measurement and reconnected the staff to the performance measurement agenda. BSC measures also helped to reduce the tensions created by tribal loyalty and rivalry in the change process. The employees worked diligently to achieve KPIs (Interview with a Manager).

Apart from the performance indicators, the financial ratios of liquidity, profitability and financial structure ratios became important for Moli's heads of business units in strategy formulation and implementation (Interview with Accountant 2). Moli's balance sheet showed strengthening results over the years, partly due to MCS practices. Return on assets from archival documents, for example, averaged 12% from 2002 to 2010, while return on shareholders' funds improved from 17.5% in 2000 to 39% in 2011 (Moli annual report, 2002-2011).

The different MCS practices (BSC, budgeting, quality management, net present value methods) introduced by the change agents created activity patterns across a large number of actors, who further infused shared meanings and provided tools for ordering business activity. The MCS served a role in promoting a profit motive and concern for customer satisfaction. The next section examines the later stages of privatisation.

5.3 Later stages of privatisation: Challenges and gradual institutionalisation of MCS and commercial business strategy (2012- 2021)

The key goals for Moli's most recent 5-year plan were:

1. Achieve revenue and profit targets in terms of return on investment of 12.5%;
2. Add at least 8,000 lines per year and increase telephone penetration to about 35 per 100 population;

3. Reliably deliver quality service on time, in full, every time; and
4. Be easy to do business with.

(Moli Strategic Business Plan, 2018–2022, p. 10).

The four key goals illuminated the new norms of customer focus and created profit-related attitudes as the CEO, General Managers including Engineers and accountants as change agents were signalling to other embedded actors that a profit-oriented institution was what was desired (Interview with General Manager Finance and Accounts).

The business plans were extensive documents, intended to inform management of the expected targets. A steering committee operated as a vehicle for change breaking the plans down in order to be able to communicate them throughout the organisation (Interview with Strategic Planning Manager). This process included operational staff, in an attempt to ensure the plans became an integral element of business practices. Business plan pamphlets were distributed to staff while seminars were held to spread corporate awareness and develop new knowledge around the latest plan. These plans were designed to promote new ways of strategic thinking and to help dismantle ingrained taken-for-granted public service assumptions. An operations worker commented:

> With the implementation of the business plan, some of us now aim to complete work even if it is after 5:00 p.m. This was not the case when we were with the government; we might leave it for the next working day. But now completion of work has become important practice for us.

A strategic manager claimed that "the business plan drove everything at Moli." According to a manager, business processes were aligned to the business plan. The business plan was a new activity that embodied the intended new ethos of the business, which helped to construct the intended strategy.

Accountants played a pivotal role as change agents at Moli after privatisation, in part, by adopting accounting rules and contemporary techniques (Interview with CEO). According to the General Manager Finance and Accounts, accounting terms like "net present value", "EVA", "return on investment" and "shareholder values" became important at Moli for strategic implementation. Through EVA, NPV and return on investment (ROI) accounting calculations, the accountants, general managers and managers (see Figure 1) raised and promoted changed logic in running Moli as a business. The accounting techniques were applied by the accountants as change agents and represented a change in internal accounting operations geared towards maximisation of shareholder value (Interview with Accountant 1). A Finance Manager recollected:

> We use a combination of measures such as net present value, return on investment, EVA to evaluate capital projects. Now we need to justify expenditure and tell management what is a sound investment proposal.

The company also had to follow external rules. These rules embraced restrictions imposed by national legislation or international institutions. Examples of such rules, which Moli has to adhere to, include the Companies Act and IFRSs.

Newer practices included balanced scorecards, performance measures and quality management. Participative budgeting and other accounting inscriptions such as net present values were longer-established and accepted by employees (Interview with General Manager Finance and Accounts). According to a manager, performance measurement practices, however, were seen by some participants as an ineffective and unfair system for measuring contribution to the organisation.

A few interviewees were uncertain about PMS and felt that heads of business units as change agents gave them unfair subjective weightings in their performance reviews. A manager stated:

> Sometimes people might say how come Timoci got the bonus when I didn't. Obviously I worked much harder than Timoci. Such things do happen.

The local culture is such that people are quite inquisitive about each other's pay and confidentiality is often compromised in the process. Some employees recalled that sometimes favouritism is shown by superiors to subordinates predicated on local tribal loyalty. The tribes play a dominant role in this society. A member of operations staff stated:

> If your line manager is from the same tribe, then some favouritism will be there for you.

Feelings of obligation shape the behaviour of tribal leaders. They learn that favouritism is not bad after all but it is just being kind and loyal to one's tribe. For example, people from the same tribe were given higher outcomes in KPIs by the superiors (Interview with a Manager). These effects created disparate treatments of employees by superiors. This disparate treatment emanated from the subjective assessment process in the PMS practices used by the change agents where scores were assigned based, in part, on the superiors' judgement. The total score attained needed to be 70 to qualify for any quarterly bonus (Interview with Manager). The forces of tribal affiliation were found to be closely intertwined and not only influenced people's embeddedness in extant institutions, but also enabled them to act upon emerging opportunities for institutional change.

Resistance also centred on norms and values, such as the need to accommodate communal norms including tribal loyalties and rivalries. As the case study is based in a South Pacific island setting, kinship relationships take precedence. A manager commented:

> Loyalty towards one's tribal members is common here. People are favoured if they are from the same tribe. Tribal rivalry is also common. People might say they did not get the bonus because they are not from the same tribe as the line manager.

Loyalty produced an effective hierarchical organisational form and promoted acceptance of seniority, rules and routines. Rivalry, based on tribal affiliation, sometimes provoked resistance that was expressed within individual work groups. Local conditions created different concerns that permeated the site.

According to the Strategic Planning Manager, such feelings of favouritism do not necessarily negate the practice of strategy implementation. They are aspects of the practice. However, through change agents' MCS practices such as BSC, these tribal differences were gradually dissipated as shared meanings and understandings of strategy and control systems were built up through exposure to the MCS and frequent reinforcement of patterns of work practices around these systems. Thus, despite some resistance, practices around strategy and the BSC were broadly accepted and shared by organisational participants (Interview with CEO). These practices shaped the new intended strategy for Moli.

As part of a move towards the implementation of BSC performance management, Moli's heads of business units established in-house and external training programmes for all employees. These included commercial awareness courses. The following interview quotes are illustrative:

> We develop our staff. We send them for training and further studies at the university, polytechnic and other tertiary training institutes.

> We gave our people a lot of in-house training including customer service training which is conducted by external consultants. This makes employees more responsible in the manner they deal with customers. We also depend a lot on information systems that provide reports so that we can give quick answers to our customers.

According to a manager, while there was resistance due to tribal affiliation, the BSC and its practices were broadly accepted within the organisation. A manager at a regional office noted the emphasis the organisation placed on individual performance:

> BSC practice is measured on individual accountability. Individual workers are allocated marks out of 100 by their respective supervisors. Some of the key performance measures at the regional centres are: punctuality, maintaining error-free work, and disputes in terms of customer complaints.

Through BSC, the focus was on output in terms of achievement of KPIs in the four perspectives of BSC (Interview with General Manager Finance and Accounts). According to a manager, employees often worked beyond normal working hours to ensure the assigned work was completed.

One of the managers, interviewed during the lunch hour, commented about his employees to the researcher:

> Some of my employees as you walked in here; you would have seen that they are still working at lunch time. That's the change, the biggest change we have seen in our people. I don't care if you want to have two hours off to pay your bills and all that but end of the day I want the report whatever I wanted from them. How one utilises the time, it is upon them. But there is a strict target on your head. Everything is based on targets here. Everybody has been set against BSC like KPIs. Before there were no BSCs. We have set BSC targets, we give them a time frame, and you must finish that kind of job. I need those reports because I have to make decisions based on their answers.

Accepted work practices became increasingly result-oriented and were aimed at the accomplishment of business strategy (Interview with Strategic Planning Manager). The use of new BSC practices allowed employees to be rewarded with bonuses if they exceeded scores of 70% in their quarterly BSC report. These included achievement of MCS targets such as TQM objectives and being business-oriented. Business unit orientations towards profitability and customer satisfaction became widely accepted as strategic objectives (Interview with General Manager Personnel and Corporate Resources). According to a human resource manager, there were a number of rewards in the company. Aside from the quarterly performance bonuses, other allowances related to travel and temporary relocation were offered to all employees on an annual basis. MCS practices were committed to by employees throughout the organisation (Interview with General Manager Finance and Accounts). The next section brings the narrative together in relation to the theoretical framework.

6. Discussion

We add to the literature by highlighting the influence of change agents (CEO, four general managers and accountants) in enacting MCS (TQM, BSC, budgeting, NPV and business planning) in the process of shaping strategy. This acculturation of business metrics enabled an understanding of the enactment of strategy-MCS relationship to be gained. Our study also illuminates how tribal loyalty and rivalry can inhibit the change process. It was not until 2000 when the tribal tensions subsided that the company was privatised. MCS practices provided shared understanding of what was possible in terms of activity.

The enactment of MCS by the change agents shaped strategic agenda predicated on a business orientation. A practice perspective provides a way of understanding the diverse activities of change agents involved in enacting MCS to accomplish business strategies in relation to each other as an array of activities. Participative budgets were common. Most section heads were involved in setting their section budgets in consultation with the CEO. Interactive budget meetings were held. Consolidated budgets were prepared after negotiation with section heads at these meetings. Through such analysis we can see how business goals are shaped through regular MCS activity at the same time that MCS activities are shaped by strategy. The shift towards accounting and economic logic in decision making is evidenced by the introduction of NPV and EVA which became important for Moli's management. The CEO and the senior management team aimed to facilitate the achievement of corporate objectives through the construction of an array of commercial business activity through MCS that resonated with shareholder interests. They were supported in this task through workshops held both locally and overseas. Such workshops were held around both TQM and on the BSC. Various managers constructed MCS activities widely across the organisation. The functionality of MCS practices was paramount for the CEO and senior management in shaping the strategy of Moli. The CEO and the senior management acted as change agents, enabling both stability and change at the site (Lounsbury, 2008; Gawer and Phillips, 2013).

This paper extends the literature by studying the implementation of strategy and MCS interactions in the context in which they operate (Chua, 2007). We contribute to this literature as well as providing further analysis of the “practice turn” in accounting (Ahrens and Chapman, 2007; Chua, 2007; Nama and Lowe, 2014). Management control as a practice unfolds its potential through the ways in which organisational members draw on it as a shared resource (Ahrens and Chapman, 2007). Management control is predicated in the power of the CEO and senior managers to set agendas, the MCS through which they seek to structure organisational practices, and the responses of organisational members. MCS is thus distributed over people practices and contexts. For example, an array of performance metrics was used during concerted attempts to construct and embed a commercial vision for the organisation. These array of performance measures covered quality, human resources, operational and financial matters to promote change.

In examining Moli’s MCS from a practice perspective, we sought to explain the relationship between what the MCS practices promise to do and to contrast this with what they seem to achieve (Bedford *et al.*, 2016; Chenhall and Moers, 2015; Thambar et al., 2019; Thomas, 2016; Ahrens, 2018; Ahrens and Ferry, 2018, Aliabadi et al., 2021). The MCS practices involved in the BSC, for example, were reported by some participants as an imperfect and unfair system for measuring contribution to the organisation, but this did not seem to negate the widespread acceptance of BSC practices at Moli. Tribal affiliations also played a role in the change process of public sector norms and influencing changes towards business norms. Sometimes favouritism was shown by superiors to subordinates predicated on local tribal loyalty. Feelings of obligation shape the behaviour of tribal leaders. They learn that favouritism is not bad after all but it is just being kind and loyal to one’s tribe.

As suggested by the practice literature, agency is an essential element of change in our case setting. The CEO, senior management and accountants acted as change agents at the site, triggering embedded agents to adapt business strategies. The business plan helped to shape business strategy. The different MCS practices (BSC, budgeting, quality management, net present value methods) introduced by change agents created activity patterns across a large number of actors, who further infused shared meanings and provided tools for ordering business activities. Schatzki (2002, p.87) summarises practice theory as follows: “a practice is a temporally evolving, open-ended set of doings and sayings linked by practical understanding, rules, and teleoaffective structure.” Moli’s actors’ practical understanding eventually exhibited a strong acceptance of shareholder expectations, customer service requirements and preferences. Rules were used by accountants and senior and middle managers to link the doings and sayings of MCS activities in relation to business strategy practice. The business plan was developed as a new activity that embodied the intended new ethos of the business and helped to create a sense of a business strategy within the organisation. Other rules such as those provided in the total quality management manual also had impact and were largely followed by organisational participants.

MCS were adopted as an integral part of a management strategy to reinforce the emphasis on profitability and improved customer services. Apart from BSC and TQM, other accounting approaches such as participative budgeting and net present values were longer-established and accepted by employees. The nature of the strategy (creating a wealth-producing entity based on business norms) in the telecommunications organisation suggests that MCS are relatively influential in such an environment. Through EVA, NPV and ROI accounting calculations, the accountants and managers raised and promoted changed logic in running Moli as a business. However, there may be some debate concerning the relatively "situated" nature of the MCS at Moli, which may be less apparent in other organisations. MCS practices can be actively involved in implementing a strategy of adaptation (in this case normative attempts to create a profit-conscious, wealth-producing entity).

7. Conclusion

MCS practices were shown above to be effective in shaping and facilitating the implementation of a business strategy. We argue that the active role of MCS (BSC, TQM, budgets and conventional investment appraisal), alongside an influential strategy emphasis, became key constituents in guiding strategy-setting and successful implementation at Moli. Dent (1991) and Kober et al. (2007) both focus on the MCS-strategy relationship, but have limitations as they do not view intended strategy as something that a broad array of people in organisations create and sustain. We contribute to the MCS literature with the use of the lens of Schatzki's practice theory to understand, at the actor level, how new practices are created and enacted.

The literature has paid less attention to how MCS shapes strategy (Skaerbaek and Tryggestad, 2010). This study shows that MCS practices can assume an active role in implementing a firm's business strategy. Our study also contributes to the literature by showing that the tribal loyalty and rivalry at the site could create internal tensions and inhibit and delay the change process.

We also emphasise a teleoaffective structure of practice theory that has featured less in the prior literature. The tribal loyalty symbolises affection for ones' tribal members and tribal rivalry is a source of enmity between members from different tribes. This represents as teleoaffective structure within the practice of the organisation and practice theory. According to our informants, MCS helped in mediating the tension created by tribal loyalty and rivalry in the process of change. The engineers also had a supportive attitude to change in the teleoaffective structure at Moli. They provided support for the generalised idea of the profit motive. The local knowledge seems to play a stronger role in the crafting of practices, in our case of the implementation of a business strategy, than in the already existing commercial setting of Ahrens and Chapman's (2007) restaurant chain. The change agents in this study included the Chief Executive Officer and key members of the senior management of the company. Practice theory sheds light on the interplay between agents and structure.

To achieve theoretical generalisations, we sought to produce contextualised accounts of organisational and accounting practices with a view to deepening our understanding of the organisational actors we studied (Parker and Northcott, 2016). Our findings have practice implications. Different management staff and employees initially held significantly different interpretations of the MCS in place. We interpret this to mean that there are various translations of MCS in any environment (Quattrone and Hopper, 2001), which means multiple possibilities for informing the processes of strategy implementation. Our findings indicate that in relation to our research site, these differences gradually dissipated as shared meanings and understandings of strategy and control systems were built up through exposure to the MCS and frequent reinforcement of patterns of work practices around these systems.

Like Whittington (2004) and Chua (2007), we explored the role of MCS as people acquired skills as strategists. Our analysis refrained from seeing strategy as a black box and contributed by demonstrating its adaptation to and fluidity in the context of local conditions and concerns. While our paper has brought to the fore some of the complexities and nuances in the relationship between MCS and strategy, there is clearly scope for more research in this area. Like Ahrens and Chapman (2007) and Nama and Lowe (2014), the contribution of practice theory to our study lies in providing a language for talking about an array of activities that, in our context, shaped privatisation strategy.

In terms of policy implications, bureaucrats need to appreciate that business norms can create resistance within complex institutional settings, which can create delays and frustrations in achieving the desired ends. These delays and difficulties may be exacerbated in settings that exhibit strong tribal affiliations.

In terms of practice implications, the study provides practitioners with an understanding of how MCS technologies function in framing strategy. Sandhu et al. (2008) note that MCS practices do not exist as independent and external objects waiting to be implemented; rather, they have to be translated locally. Practitioners or consultants who become involved in implementation also need to be aware of the cultural attributes of the host society in order to implement MCS practice changes. A lack of such sensitivity may create resistance to organisational change practices, such as those involved in MCS implementation.

Future research could usefully expand on practice theory, in other case studies and settings, while exploring further how MCS practices frame strategy. The present study, while reporting some of the influences of tribal loyalty, was nevertheless limited by not being able to examine in depth the intersections of MCS and strategy in a strongly tribal context. The study of MCS and strategy in a strongly tribal society could also be an avenue for future research. The study demonstrated some attributes of tribal loyalty and rivalry, which could be explored in more detail through further studies. We believe that further field studies need to be undertaken using ideas from practice theory to provide new insights into how practices evolve over time in these settings.

References

Ahrens, T. (2018). Management controls that anchor other organisational practices. *Contemporary Accounting Research, 35*(1), 58-86.

Ahrens, T. and Chapman, C. (2005), “Management control systems and the crafting of strategy: A practice-based view”, In C. S. Chapman (Ed.), *Controlling Strategy, Management Accounting and Performance Measurement* (pp. 106-124). Oxford: Oxford University Press.

Ahrens, T. and Chapman, C. (2007), “Management accounting as practice”, *Accounting, Organisations and Society.* Vol.32, pp.1- 27.

Ahrens, T. and Ferry, L. (2018). Institutional entrepreneurship, practice memory and cultural memory: Choice and creativity in the pursuit of endogenous change of local authority budgeting. *Management Accounting Research, 38*, 12-21.

Aliabadi, F.J., Farooq, M.B., Sharma, U. and Mihret, D.G. (2021). Institutional work and the interplay of stability and change in public budgeting reform: The case of public universities in Iran, *Accounting, Auditing & Accountability Journal,* Vol.34 No.4, pp.786-818.

Anthony, R. N. (1965), *Planning and Control Systems: A Framework for Analysis*. Boston, MA: Harvard University.

Baxter, J., and Chua, W. F. (2008), “Be(com)ing the chief financial officer of an organisation: Experimenting with Bourdieu's practice theory”, *Management Accounting Research,* Vol.19, pp.212-230.

Bedford, D.S., Malmi, T .and Sandelin, M. (2016), “Management control effectiveness and strategy: An empirical analysis of packages and systems”, *Accounting, Organisations and Society,* Vol.51, pp.12-28.

Bhimani, A. and Langfield-Smith, K. (2007), “Structure, formality and the importance of financial and non-financial information in strategy development and implementation”, *Management Accounting Research,* Vol.18, pp.3-31.

Bourdieu, P. (1998), *Practical Reason*. Cambridge: Polity Press.

Briers, M. and Chua, W. F. (2001), “The role of actor- networks and boundary objects in management accounting change: A field study of the implementation of activity-based costing”, *Accounting, Organisations and Society,* Vol.26, pp.237-270.

Caldwell, R. (2012), “Reclaiming agency, recovering change? An exploration of the practice theory of Theodore Schatzki”, *Journal for the Theory of Social Behaviour,* Vol.42 No.3, pp.283-303.

Carter, C. and Whittle, A. (2018), “Making strategy critical?”, *Critical Perspectives on Accounting,* Vol.53 (June), pp.1-15.

Chapman, C.S. (1997). Reflections on a contingent view of accounting, *Accounting, Organisations and Society,* vol.22 (2), pp.189-205.

Cheng, M.C., Humphreys, K.A, and Zhang, Y.Y. (2018). The interplay between strategic risk profiles and presentation format on managers’ strategic judgements using the balanced scorecard. *Accounting, Organisations and Society,* vol.70, pp.92-105.

Chenhall, R.H. (2003). Management control system design within its organisational context: Findings from contingency-based research and directions for the future. *Accounting, Organisations and Society,* vol.28, pp.127-168.

Chenhall, R.H, and Moers, F. (2015), “The role of innovation in the evolution of management accounting and its integration into management control”, *Accounting, Organisations and Society,* vol.47, pp.1-13.

Christensen, J. and Kent, P. (2016), “The decision to outsource risk management services”, *Accounting and Finance,* Vol.56 No.4, pp.985-1015.
Chua, W. F. (2007), “Accounting, measuring, reporting and strategising- re-using verbs: A review essay”, *Accounting, Organisations and Society.* Vol.32 No.4/5, pp.487-494.
Cuganesan, S., Dunford, R. and Palmer, I. (2012), “Strategic management accounting and strategy practices within a public sector agency”, *Management Accounting Research.* Vol.23, pp.245- 260.
Dent, J. (1991), “Accounting and organisational cultures: A field study of the emergence of a new organisational reality”, *Accounting, Organisations and Society,* Vol.16 No.8, pp.705- 732.
EngeströmEngeström, Y. (1999), “Activity theory and individual and social transformation”, In Y. EngeströmEngeström, R. Miettinen and R. L. Punamaki (Eds.), *Perspectives on Activity Theory,* Cambridge: Cambridge University Press.
Englund, H. and Gerdin, J. (2018). Management accounting and the paradox of embedded agency: A framework for analysing sources of structural change. *Management Accounting Research*, *38*, 1-11.
Ferry, L. and Ahrens, T. (2017). Using management control to understand public sector corporate governance changes: Localism, public interests and enabling control in an English local authority. *Journal of Accounting and Organisational Change,* 13 (4), pp.548-567.
Ferry, L., Ahrens, T., & Khalifa, R. (2019). Public value, institutional logics and practice variation during austerity localism at New Castle City Council. *Public Management Review*, *21*(1), 96-115.
Fullerton, R. R., Kennedy, F. A. and Widener, S. K. (2013), “Management accounting and control practices in a lean manufacturing environment”, *Accounting, Organisations and Society,* Vol.38, pp.50-71.
Gawer, A. and Phillips, N. (2013), “Institutional works as logics shift: The case of Intel’s transformation to platform leader”, *Organization Studies,* Vol 34 No. 8, pp.1035-1071.
Giddens, A. (1979). *Central Problems in Social Theory Action, Structure and contradictions in Social Analysis,* University of California Press, California.
Giddens, A. (1984) *The Constitution of Society,* University of California Press, California.
Golden-Biddle, K. and Locke, K.D. (1997). *Composing Qualitative Research.* Sage Publications. Thousand Oaks, London.
Henri,J-F. (2006). Management control systems and strategy: A resource based perspective, *Accounting, Organisations and Society,* Vol 31 No.6, pp.529-558.
Hiebl, R. W. (2018). Management accounting as a political resource for enabling embedded agency. *Management Accounting Research*, *38*, 22-38.
Hopwood, A.G. (1987). The archaeology of accounting systems, *Accounting, Organizations and Society,* Vol.12, pp.207-234.
Jarzabkowski, P. (2003), “Strategic practices: An activity theory perspective on continuity and change”, *Journal of Management Studies.* Vol.40 No.1, pp.23- 55.
Jarzabkowski, P. (2004), “Strategy as practice: Recursiveness, adaptation and practice-in-use”, *Organisation Studies.* Vol.25 No.4, pp.529-560.
Jarzabkowski, P. (2005), *Strategy as Practice: An Activity Based Approach,* London: Sage.
Jarzabkowski, P. and Spee, A. P. (2009), “Strategy-as-practice: A review and future directions for the field”, *International Journal of Management Reviews,* Vol.11, pp.69-95.

Jorgensen, B. and Messner, M. (2010), "Accounting and strategising: A case study from new product development", *Accounting, Organisations and Society.* Vol.35 No.2, pp.184-204.
Kober, R., Ng, J. and Paul, B. J. (2007), "The interrelationship between management control mechanisms and strategy", *Management Accounting Research,* Vol.18, pp.425-452.
Langfield-Smith, K. (1997), "Management control systems and strategy: A critical review", *Accounting, Organisations and Society,* Vol.22, pp.207-232.
Langfield-Smith, K. (2008), "Strategic management accounting: How far have we come in 25 years?" *Accounting, Auditing & Accountability Journal.* Vol.21 No.2, pp.204- 228.
Lapsley, I. and Rekers, J.V. (2017). The relevance of strategic management accounting to popular culture: The world of West End Musicals. *Management Accounting Research,* vol.35, pp.47-55.
Lawrence, S., Low, M. and Sharma, U. (2010). "Prem Sikka and the media: Using the media to hold accountants to account," *Qualitative Research in Accounting and Management,* vol.7 No.3, pp.249-269.
Lawrence, S. and Sharma, U. (2002), "Commodification of education and academic labour: Using balanced scorecard in a university setting", *Critical Perspectives on Accounting,* Vol.13 (5/6), pp.661-677.
Lord, B. R. (1996), "Strategic management accounting: The Emperor's new clothes", *Management Accounting Research,* Vol.7, pp.347- 366.
Lounsbury, M. (2008), "Institutional rationality and practice variation: New directions in the institutional analysis of practice", *Accounting, Organisations and Society,* Vol.33, pp.349-361.
Lounsbury, M. and Crumley, E. T. (2007), "New practice creation: An institutional perspective on innovations", *Organisation Studies,* Vol.28, pp.993-1012.
Lowe, A. and Jones, A. (2004), "Emergent strategy and the measurement of performance: The formulation of performance indicators at the microlevel", *Organisation Studies,* vol.25, pp.1313- 1337.
Ma, Y. and Tayles, M. (2009), "On the emergence of strategic management accounting: An institutional perspective", *Accounting and Business Research,* Vol.39 No.5, pp.473-495.

Marginson, D.E.W. (2002). Management control systems and their effects on strategy formation at middle-management levels: Evidence from a UK organisation. *Strategic Management Journal,* Vol.23 No.11, pp.1019-1031.
Mio, C., Venturelli, A. and Leopizzi, R. (2015), "Management by objectives and corporate social responsibility disclosure First results from Italy", *Accounting, Auditing and Accountability Journal,* Vol.28 No.3, pp.325-364.
Modell, S. (2005), "Triangulation between case study and survey methods in management accounting research: An assessment of validity implications", *Management Accounting Research,* Vol.16, pp.231-254.
Modell, S. and Yang, C. (2018). "Financialisation as a strategic action field: An historical informed field study of governance reforms in Chinese state-owned enterprises. *Critical Perspectives on Accounting,* July, pp.41-59.
Moli Board Paper (1992).
Moli's financial prospects and capital works programme (1985).
Moli Annual report for the year ended 31 March 1991-2015.
Moli Limited Strategic Business Plan (2002 - 2006). (2002)
Moli Limited Strategic Business Plan (2007 - 2011), (2007).

Moli Limited Strategic Business Plan (2012 – 2017), (2012)
Moli Limited Strategic Business Plan (2018 – 2022), (2018)
Moli website, (2011).
Nama, Y. and Lowe, A. (2014), "The 'situated functionality' of accounting in private equity practices: a social 'site' analysis", *Management Accounting Research,* Vol.*25*, pp.284-303.
Nath, N., and Sharma, U. (2014). Performance management systems in the public housing sector: dissemination to diffusion. *Australian Accounting Review, 24*(1), 2-20.
Parker, L.D. and Northcott, D. (2016), "Qualitative generalising in accounting research: concepts and strategies", *Accounting, Auditing & Accountability Journal,* Vol.29 (6), pp.1100-1131.
Perera, S., McKinnon, J. L. and Harrison, G. L. (2003), "Diffusion of transfer pricing innovation in the context of commercialisation- A longitudinal case study of a government trading enterprise", *Management Accounting Research,* Vol.14, pp.140-164.
Quattrone, P. and Hopper, T. (2001). "What does organisational change mean? Speculations on a taken for granted category", *Management Accounting Research,* Vol.12 (4), pp.403-435.
Reckwitz, A. (2002), "Toward a theory of social practices: A development in cultural theorising", *European Journal of Social Theory,* Vol.5 No.2, pp.243- 263.
Sandhu, R., Baxter, J. and Emsley, D. (2008), "The balanced scorecard and its possibilities: The initial experiences of a Singaporean firm", *Australian Accounting Review.* Vol.18 No.4, pp.16 -24.
Schatzki, T. R. (1996), *Social Practices: A Wittgensteinian Approach to Human Activity and the Social,* New York: Cambridge University Press.
Schatzki, T. (2000), "The social being of nature", *Inquiry,* Vol.43, pp.21-38.
Schatzki, T. R. (2001), "On sociocultural evolution by social selection", *Journal for the Theory of Social Behaviour,* Vol.31 No.4, pp.341-364.
Schatzki, T. R. (2002), *The site of the Social: A Philosophical Account of the Constitution of Social Life and Change,* University Park, PA: Pennsylvania University Press.
Schatzki, T. R. (2005), "The sites of organizations", *Organisation Studies.* Vol.26 No.3, pp.465- 484.
Schatzki, T. R. (2006). On organisations as they happen. *Organization Studies, 27*(12), 1863-1873.
Schatzki, T. R. (2010). *The Timespace of Human Activity: On Performance, Society and History as Indeterminate Teleological Events.* United Kingdom: Lexington Books.
Seal, W. (2010), "Managerial discourse and the link between theory and practice: From ROI to value-based management", *Management Accounting Research,* .Vol.21, pp.95-109.
Sharma, U. and Hoque, Z. (2001), "Implementing the balanced scorecard in government: The housing authority of Fiji", *Journal of Cost Management,* Vol.15 No.4, pp.37- 41.
Sharma, U., Lawrence, S. and Lowe, A. (2010), "Institutional contradiction and management control innovation: A field study of total quality management practices in a privatised telecommunication company", *Management Accounting Research.* Vol.21 No.4, pp.251-264.
Sharma, U., Lawrence, S. and Lowe, A. (2014). Accountants as institutional entrepreneurs: Changing routines in a telecommunications company, *Qualitative Research in Accounting & Management*, Vol.11 No.3, pp.190-214.
Skaerbaek, P. and Tryggestad, K. (2010), "The role of accounting devices in performing corporate strategy", *Accounting, Organisations and Society,* Vol.*35*, pp.108-124.

Thambar, P.J., Brown, D.A. and Sivabalan, P. (2019). Managing systemic uncertainty: The role of industry-level management controls and hybrids. *Accounting, Organizations and Society*, vol.77, pp.1-20.
The Review (1993). Trouble shooting for FPTL: The telcom company's new chief executive advocates a market-sensitive approach to service (February/ March), pp.45-47.
Thomas, T.F. (2016), "Motivating revisions of management accounting systems: An examination of organisational goals and accounting feedback", *Accounting, Organisation and Society,* Vol.53, pp.1-16.
Tillema, S. and Van der Steen, M. (2015), "Co-existing concepts of management control: The containment of tensions due to the implementation of lean production", *Management Accounting Research,* Vol.27, pp.67-83.
Tsamenyi, M., Cullen, J. and Gonz'alez, J. M. (2006), "Changes in accounting and financial information system in a Spanish electricity company: A new institutional theory analysis", *Management Accounting Research,* Vol.17, pp.409-432.
Tucker, B.P. and Parker, L.D. (2015), "Business as usual? An institutional view of the relationship between management control systems and strategy", *Financial Accountability & Management,* Vol.31 No.2, pp.113-149.
Whittington, R. (2004), "Strategy after modernism: Recovering practice", *European Management Review,* Vol.1, pp.62-68.
Whittington, R. (2006), "Completing the practice turn in strategy research", *Organisation Studies.* Vol.27 No.5, pp.613-634.
Wilson, R. M. S. (1997), *Strategic Cost Management*, Darmouth: Ashgate

Figure 1: Organisation Chart of Moli

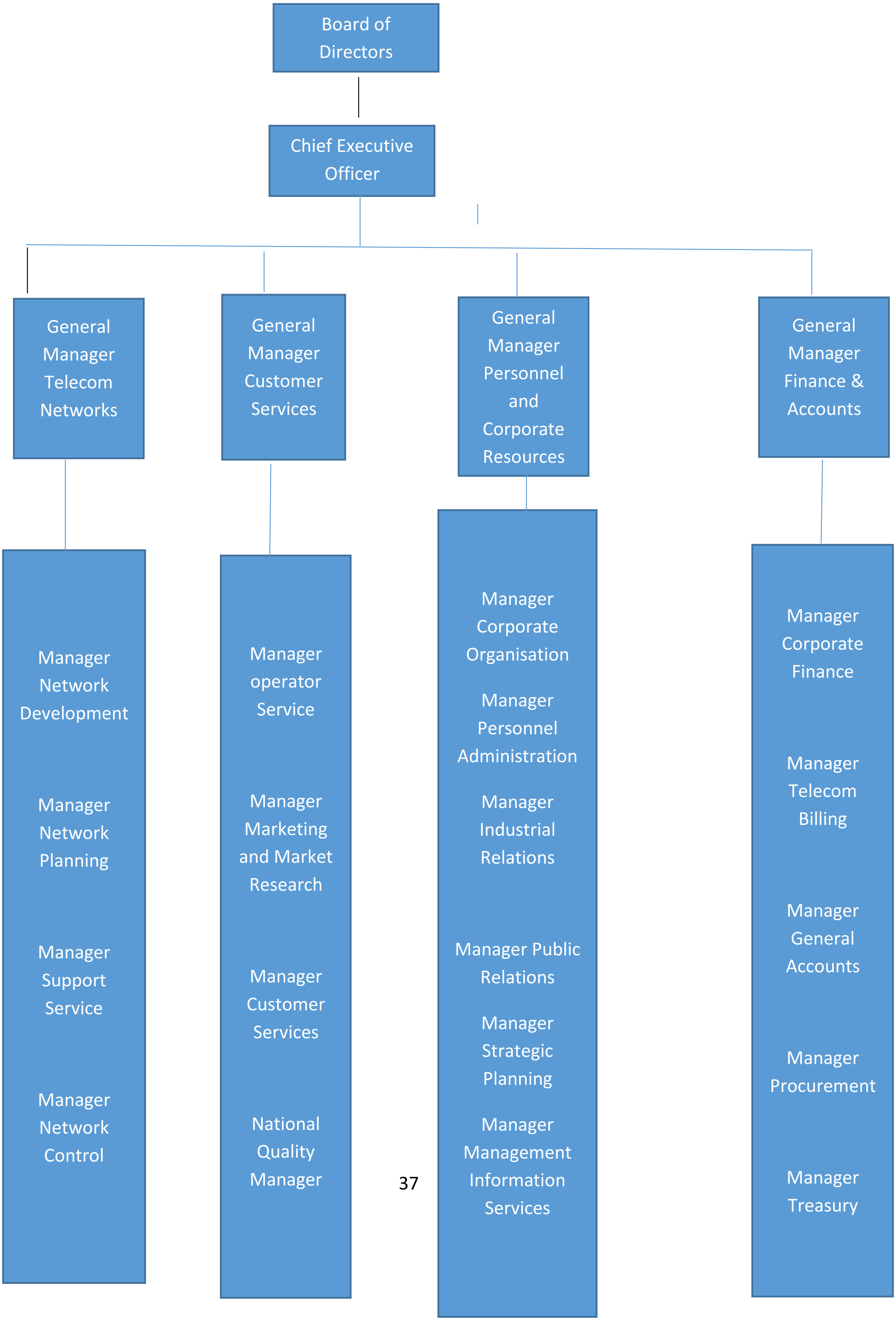

Table 1 List of Interviewees

Interviewees	Number of Interviews	Dates of interview	Duration of Interviews
1. Chief Executive	1	1/2/12	60 minutes
2. Public Relations Officer	4	15/2/08 25/3/08 1/02/09 2/03/11	60 minutes 80 minutes 80 minutes 80 minutes
3. National quality Manager	3	14/02/08 13/08/12 14/06/16	80 minutes 60 minutes 75 minutes
4. Accountant 1	2	13/02/09 13/06/16	85 minutes 90 minutes
5. Accountant 2	3	12/02/16 1/02/10 2/03/11	85 minutes 90 minutes 85 minutes
6. Accountant 3	2	15/02/09 18/08/10	90 minutes 90 minutes
7. Accountant 4	3	15/04/08 16/05/09 10/02/15	80 minutes 85 minutes 80 minutes
8. General Manager Finance & Accounts	1	14/02/11	80 minutes
9. Strategic Planning Manager	6	1/02/12 15/02/08 13/02/15 14/02/16 1/02/11 2/03/13	80 minutes 85 minutes 80 minutes 90 minutes 85 minutes 90 minutes
10.Manager, Customer relations	1	13/02/09	80 minutes

11. Customer Service Officer	1	12/02/10	85 minutes
12. General Manager Telecom Networks	1	10/02/11	80 minutes
13. Regional Manager	1	14/03/12	85 minutes
14. Quality Manager	4	13/03/12 12/03/12 14/02/14 10/03/13	80 minutes 90 minutes 80 minutes 90 minutes
15 Technicians	1	15/04/13	90 minutes
16. Manager Corporate Finance	1	15/02/15	80 minutes
17. Regional Manager	1	13/04/16	90 minutes
18. Regional Manager	1	12/02/14	80 minutes
19. Operations Staff	1	12/03/15	80 minutes
20. Engineer	1	13/03/15	85 minutes
21. Manager, Personnel Administration	1	13/04/15	80 minutes
22. Senior Accountant	2	12/04/14 13/03/14	85 minutes 80 minutes
23. Union Secretary	1	12/02/13	80 minutes
24. Company Secretary	1	13/02/13	85 minutes.
25. Board member	1	12/03/10	90 minutes

Table 2 Internal Documentation

Moli Board Meeting Minutes
5 June 2014 6:00pm
4 September 2014 6:05pm
5 February 2015 6:00pm
3 September 2015 6:00pm
5 May 2016 6:00pm
3 November 2016 6:00pm
Moli Strategic Business Plan
2007-2011
2002-2007
2012-2017
2018-2022
Budget documents 2013-2016
Performance monitoring template
Board papers- Total Quality Management – 2011
Board papers- Performance measurement – 2014
Board papers – Restructuring of organisation- 2014

Table 3: Observations and attendance at meetings

Meetings/ Observation	Number
Total quality meetings	3
Observations of telecommunications operators	2
Budget meetings	2
Various Finance meetings	3
Total	10

Table 4 Historical Documents

Full annual Report and Accounts for 2018
Past annual reports- 1990-2014
Consultant's report for Arthur Anderson- 1992
Commerce Commission determination of prices for telecommunications services 2005
Posts and Telecommunications Decree 1989
The Review Magazine 1992-1994
Parliament Paper (1994)- Report of the Committee of inquiry into the affairs of Moli
Newspaper articles of Moli 1994-2016
Annual Reports- Ministry of Public Enterprises and Public Sector Reform 2010-2015
Public Enterprises Act (1996)

Table 5 Chronology of events at Moli

Year	Events
Prior to 1989	Moli is a government department
1989	Corporatisation of Moli (100% government owned)
1990-1996	Resistance to corporatisation/change
1996-2001	Post and Telecom became separate entities
2002	First business plan developed with the help of Telecom New Zealand consultants. Moli is privatised and listed on the stock market through its parent company of Dominion Limited.
2002-2011	Total Quality Management, Balanced scorecard, Participative budgets introduced, EVA, Net present value and ROI adopted.
2012-2021	Strategic Business Plan, 2012-2017, 2018-2021 Steering committee to communicate new business plans Continuation of EVA, Net present value, ROI, balanced scorecard and total quality management practices. Provision of in-house training for staff on performance measures. Some favouritism in performance measures due to tribal affiliation.