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Organization Politics and the Role of Accounting

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Abstract:

This paper views the organization as an open political system. The way that organizations are structured makes inevitable the creation of sectional interests and differentiates the understanding of organizational goals. Decision-making is viewed as a power game between competing interest groups over the control of organizational resources. Power relations are generated and power is accumulated to the divisions that have control of scarce organizational resources or to those who cope most successfully with uncertainty. Accounting information is used as an argument that justifies demands from organizational actors or for the rationalization of decisions made.

Key Words: *Organizational Politics, Decision-making, Power Relations, Accounting Information*

JEL Classification: *D23, D74, M40*

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1. Introduction

Max Weber (1968) was first to introduce the issue of division of work and link it to the related issue of power. Organisational divisions may have different tasks, but they are usually interdependent. Staff from various departments participate in a decision-making process. Each sub-group has its own goals and personal needs of its members, as well as the objectives set by the formal structure. The existence of varying sub-goals, and the absence of clear and agreed aspirations about the future due to uncertainty in making decisions, are major causes of conflict during the decision process (Allison 1969; Ntanos 2009). During the process, sub-groups express their interests by making demands on organisational scarce resources, and advancing these demands in the bargaining arena. A demand is feasible only when sufficient power is mobilised in support of that demand. By holding resources, the individual causes a dependency situation that secures his/her position and increases his/her power basis, especially in conditions of organisational change. Pettigrew (1973) argues that the control of organisational resources increases the holders' power base and ability to influence decisions and allows partial goals to be served. Within an organisation the individual is not only governed by the organisational structure, but also attempts to shape the structure over time to suit his/her own interests and needs. The ability to influence organisational structure is a function of power generated by the individual in order to impose on others his/her will. Power is not a matter of authority or status, but rather has to do with the control of resources and information, and the skilful use of them. Therefore, Power is not only seen as operating vertically in the hierarchy, but power relations also may exist among 'equal' standing individuals or sub-units (Pfeffer 1981).

Power, though affecting broad areas of the organisational domain, was neglected as a subject of study for a long period of time for various reasons (Pfeffer 1981). First, it is a concept that has attracted various interpretations in the social science literature, and so could be characterised as problematic. As a way of understanding organisational decision-making, it is not unique. Other perspectives exist that attract researchers because they do not confront the notion of rationality and the existence of commonly accepted organisational goals seeking efficiency. Finally, admitting the existence of power relations and of sectional interests, may undermine the notion of cohesion in an organisation. This paper aims to raise the neglected role of power politics in organisational decision-making.

Apart from the purely rational perspective and bounded-rational perspective, there is a notion of rationality in the political perspective of decision-making (Jones 1992). Rationality here refers to the way in which each interest group conceives their surrounding context, faces uncertainty and responds to a perceived problem (Dermer & Lucas 1986). Within the political perspective, rationality has not a neutral but an ideological intense meaning, since there are many views of what rational behaviour is, based on various interpretations of reality. We aim to depict that accounting information is used politically in order to forward a certain

interpretation of reality as truth, usually the most powerful interpretation. The role of accounting may therefore lie not on making rational decisions, but in helping politically made choices to be accepted. This does not imply that these decisions are irrational; on the contrary, behind politically made decisions lies rational action from an interest group that is purposefully pursuing the solution best suited to its own aims.

2. The Definition of Power

Pfeffer referred to power as “the capability of one social actor to overcome resistance in achieving a desired objective or result” (1981, p. 2). Dahl (1957) defined power “as a relation where one social actor can get another social actor to do something that would not otherwise have done”. Finally, Mintzberg (1983, p. 4) gives a wider definition; power is the capacity to effect organisational outcomes. Every member of the organisation has the potential of using power either for resisting or reproducing formal power vested in the organisational rules and structures (Hardy & Clegg 1996).

Authority is seen as the ‘legitimate’ power in formal organisations (Pfeffer 1981), which is invested in organisational positions (Buchanan & Huczynski 1997). Authority draws on the norms, beliefs and practices that are accepted within the organisational settings, and is linked with the institutionalisation of social control, which is part of the organisational life. Authority is based not only on rewards or sanctions, but also on social norms in order to secure members’ compliance with organisational goals. Accepted social rules define which parts of power are considered to be legitimate, and act as a way of influencing behaviour. The displacement of legitimate power is due to either distortions in formal goals, or use of legitimate by from employees to serve personal interests, taking advantage of inefficiencies in control systems (Mintzberg 1983).

Mintzberg (1983) has characterised political behaviour in organisations as being illegitimate, delusive and against corporate goals and cohesion, while only legitimate power can promote ‘commonly accepted’ objectives and direct personnel’s behaviour towards goal completion. Some managerial theorists (e.g. Mintzberg 1983; Pfeffer 1981) suggest that legitimate power is directly linked with hierarchy and authority, so inevitably derives from the organisational structure. ‘Illegitimate’ power, lying outside formal structures, has been associated with conflicting interests in the organisation and resource dependency as a source of power (Pfeffer 1981). A criticism of the above conception of power is that it does not challenge ‘legitimate’ power, viewing negatively informal aspects of power (politics) and limiting power only to the control of scarce resources (Hardy & Clegg 1996). The mainstream management literature that adopts a negative stance towards informal power and political activity within the organisation is strongly criticised for not distinguishing managerial interests from organisational needs (Buchanan & Huczynski 1997). Top managers also pursue their interests through their position in

the hierarchical structure, but often manage to present that as formal organisational goals. In the main, management theorists tend to ignore “how power becomes embedded in a company’s structure, culture, practice, rules and regulations” (Buchanan & Huczynski 1997, p. 701). The conditions under which organisational actors might behave politically are discussed next.

3. Conditions for the Exercise of Political Behavior

Political behaviour in decision-making is defined “as behaviour by individuals, or, in collective terms, by sub-units, within an organisation that makes a claim against the resource-sharing system of the organisation” (Pettigrew 1973, p. 169). Political behaviour has been explained using several factors. First, the structural and task differentiation (division of labour), and any existing differences in organisational members’ background and socialisation process may lead to the development of divisive perceptions and intentions (Pettigrew 1973; Pfeffer 1981). In particular, poorly institutionalised social systems, without a clear set of objectives, are more likely to facilitate power-related conflicts (Pettigrew, 1973).

Second, the evolution of the power structure and the nature of relations among the organisational actors over a long period of time may affect political behaviour. Knowing the nature of power relations is not enough in itself; the process by which power structure emerged should be known as well (Pettigrew 1973). Third, a complex and changing task environment such as investing in a foreign country is likely to lead to uncertainty in decision-making (Sykianakis & Ballas 2006). Uncertainty is perceived differently among people and might facilitate power conflicts among various interest groups or even within the subsystem dealing with the task of decision-making (Pettigrew 1973). Fourth, scarcity in organisational resources, which is interrelated with all the above reasons, can lead to conflicts (Pfeffer 1981; Sykianakis & Ballas 2006; Ntanos 2009). Scarce resources should be critical to the organisation or at least shown to be critical (Pfeffer 1981). All these factors cannot be seen separately, but are connected with the creation of structural divisions in the organisation (Pettigrew 1973).

The distribution of power within business organisations is concentrated at the top of the hierarchy, mainly due to concentrated ownership or strong managerial control (Pfeffer 1981). Business organisations are less overtly political compared to non-profit ones, since profit maximisation dominates as a rationalised, clear and commonly accepted objective (Pfeffer 1981). When power is centralised, the margin for opposition is narrowed. The dominant coalition exercises its authority in order to impose its preferences and way of meanings. The aim is to submerge disagreements and rationalise the decisions made. Staff with conflicting views face difficulties in openly challenging these dominant preferences. When power is more dispersed conflict can exist more clearly, and political behaviour emerges as the means by which one set of goals, preferences or beliefs prevails (Pfeffer 1981).

Often, formal systems cannot satisfy all of the individual's needs for personal security and status, so political behaviour plays that role (Pettigrew 1973). The ambiguity lying behind change or innovation leads managers to value this situation on the grounds of how their status and career would be affected. With the use of power, the individual may try to secure his/her position and promote career goals by influencing the formation of sub-unit or organisational goals. Therefore, innovative decision-making (as in the case of capital investment projects) is perhaps better characterised by conflict and bargaining than by problem solving, due to participants' varying perceptions and interests (Pettigrew 1973; Sykianakis & Bellas 2005). Conflict may arise between actors promoting change and those who resist in fear of losing privileges (Pettigrew 1973). Major, novel decisions are expected to alter the resource allocation system. For instance, an investment project will lead to resources being allocated in certain directions and new resources will be generated from its implementation. Sub-groups participating in the project's appraisal will try to shape the process, so that the outcome fits their interests, and political action and conflict will probably ensue (Sykianakis & Ballas 2006). Political behaviour is feasible only when an organisational actor controls some kind of power source. Sources of power are the subject of the following section.

4. Sources of Power

The majority of management theorists adopt a pluralist notion of power. Pluralism as political theory emerged from the study of making decisions in American local communities and its basic conception is that there is not a single governing elite but a plurality of powerful actors that manage in different occasions to prevail (Clegg 1989a). Transferring these ideas in the study of organisations, pluralism sees the subject of study as an open political system where a disparity of interests, goals and values is the norm (Burrell & Morgan 1979). The pluralist view presupposes that power does not exist independently, but is always referred to in relation to something else (Dahl 1957, cited in Pfeffer 1981). A certain actor is powerful compared to another actor. The pluralist approach expresses power as resource dependency. "Dependency is thus a result of an imbalance of exchange between individuals, together with the associated ability of one individual to control others through the possession of resources" (Pettigrew 1973, p. 139). Therefore, dependency of any kind (funds, expertise, information, control of uncertainty, etc) is a basis of power. A dependency situation should better not leave serious alternatives open to the subjected group. The power basis is used for promoting the sub-group's interests, through effecting decision outcomes.

Pfeffer (1981) mentions the following sources of power. First, dependence is often linked with the scarcity of resources. Thus budgeting, for example, which is a resource allocation process, is viewed politically (Wildavsky 1975). Second, expert power could also be considered as a resource dependent situation. Few people holding critical knowledge for the organisation are to some extent irreplaceable.

Knowing their power basis, expert staff may try to maintain their status in the structure by exercising their power. Third, effective coping with uncertainty is a resource dependency situation, associated with access to information sources (Hickson *et al.* 1971). Dependency increases when a sub-unit's functioning is difficult to substitute and has a central position in the organisation (Hinings *et al.* 1974). Finally, affecting the decision-making process includes control over the decision premises (constraints, goals and objectives, values and norms), the considered alternatives and the control of information about the alternatives (Pettigrew 1972). Control over the considered alternatives and the relevant information implies that decision makers would favour the solution most beneficial to them.

In order for somebody to exercise power within an organisation, three prerequisites should exist (Mintzberg 1983). First, the person should control some bases of power such as a resource, a technical skill or specific knowledge that is critical to the organisation. In addition, authority (legal or formal power) or direct access to somebody with power is a basis for power. Second, a powerful actor must have the will to exercise power. Finally, political skills are necessary in handling power. Political skills, deriving either from the structural position or the individual's personal characteristics, are determinants of individual power. Typical examples are the individual's position in a junction of informational flows (Pettigrew 1972) or membership in a given division (Pfeffer 1981). Actors in equal, horizontal hierarchical positions do not necessarily share the same degree of power since some sub-units attract more power than others. Finally, personal characteristics that enhance individual power include knowledge about the distribution of power, understanding of the decision process and self-belief in one's own position. The use of a power basis held characterises organisational politics, and is discussed next.

5. The Exercise of Power (Organizational Politics)

Various definitions of organisational politics have been presented. Wildavsky (1979) says that "politics involves how differing preferences are resolved in conflicts over the allocation of scarce resources". Similarly, Allen *et al.* (1979) sees that "organisational politics involve intentional acts of influence to enhance or protect the self-interest of individuals or groups." According to Pfeffer (1981, p. 7) "organisational politics involves those activities taken within organisations to acquire, develop and use power and other resources to obtain one's preferred outcomes in a situation in which there is uncertainty or dissensus about choices". The purpose of political activity is to allow some organisational actors to tackle the resistance or opposition of other organisational members in a given choice situation. Politics is the exercise of power that intends to influence the outcomes of organisational decision-making to allow actors to accomplish their own goals and interests, or to secure their power base and status (Pfeffer 1981).

Mintzberg (1983, p.172) defined organisational politics as "...individual or group behaviour that is informal, ostensibly parochial, typically divisive, and above all, in the technical sense, illegitimate-sanctioned neither by formal authority, accepted ideology, nor certified expertise; though it may exploit any one of these". Clegg (1989b) criticised the pluralist approach of Mintzberg and others for not recognising structures of power and dominance in the systems of authority, ideology and expertise and limiting the issue of power only to the 'parochial' system of power.

Organisational politics (OP) are related to the pursuit of individual or collective interests as opposed to organisational goals (Pfeffer 1981; Pettigrew 1973). On the other hand, organisational politics can be seen as having a central position in the process of goal formulation (Knights & Murray 1994). Organisational goals emerge from personal or group interests through a process taking place under certain rules. Individual and collective actors participating in OP seek to secure material and symbolic resources. Personal goals are not necessarily antithetical to formal ones, but may be when the former do not attract considerable support in the organisation. Even though the pursuit of career goals is something broadly acknowledged, OP should not occur explicitly because it is possible that resistance and conflict would be more intense. The political game is not performed as an open clash, but is often hidden and involves various alliances among people and sub-groups. Constructing their reality, managers tend to deny political activities and instead they focus on formal goals. The dominant rationalistic interpretations of managerial practice favour meritocratic beliefs rather than political action for promoting career objectives (Knights & Murray 1994). Because political behaviour is often perceived negatively, actors seek to legitimise their possession of power (Pettigrew 1973). This reduces resistance from other parts of the organisation and assists them in achieving their goals. Legitimacy may be achieved through the rationalisation of the suggested course of action, and the imposition of power is also sustained through the use of symbols of status. The next section looks in detail at the application of political tactics for imposing power.

6. Political Tactics in Organizations

In a previous section it was noted that power is subject to an actor's position in the organisational structure and his/her degree of mutual dependence with other members of the organisation. However, organisational actors can enhance their power by applying political strategies and tactics that allow them to overcome some of the constraints they face from structural conditions. Mintzberg (1985) views politics as one of many systems of influence in the organisation. According to Mintzberg, organisational politics could be seen as numerous political games; he identified thirteen of them. The selected political games that follow provide a useful background to the present case study.

First, in the *alliance building game* managers form informal coalitions for mutual support. Coalition formation is considered to be a strategy for the alignment of power (Pfeffer 1981). Coalitions could either be external or internal (Mintzberg 1983), but the basis for a coalition is in both cases mutual interests between its members. External coalition is when a sub-unit forms alliance with independent groups outside the organisation that may influence the policymaking, while internal alliances usually formed around groups with common beliefs and a limited share of power.

The *empire building game* is when line managers want to form their own 'strongholds'. It could refer to a SBU or a foreign subsidiary. The *budgeting game* is linked with the *empire building game* and has to do with attracting resources into a specific group or division. Budgeting has been studied as a political process of resource allocation (Pfeffer & Salancik 1974; Wildavsky 1975), control, and preservation of power structures (Covaleski & Dirsmith 1986). The *line vs. staff* game refers to who controls the decision-making process. A typical example might be power sharing between the operational and corporate structure. The *strategic candidates game* is where sub-groups seek to promote their own candidates and in so doing use other political games.

Finally, the *expertise game* is when experts try to secure their position, influence and power base by using their expert knowledge. A similar case is the use of outside experts (consultants) that are hired to deal with a specific task (Pfeffer 1981). Experts are considered to be objective and specialised observers and their suggestions may be used for legitimising decisions and seizing opposition from other parties. It is highly probable that the consultants' suggestions will favour the person or the sub-unit that had the initiative and the authority to hire them for the specific task (Mintzberg 1985). Consultants are more often hired by organisations with dispersed power or high divisionalised structure. Also, they tend to be hired for critical issues that give the potential for intense political activity such as organisational re-structuring or the introduction of a new MIS (Mintzberg 1985).

Another way of exercising power in order to reduce opposition to certain policies is by preventing a decision from appearing openly as the outcome of a visible process. Bachrach & Baratz (1962) discussed limiting the political process to safe issues and determining what would be included in the agenda in order to favour the power holder, who normally wishes to preserve the status quo. If sensitive issues are to rise publicly then they may be challenged in a political process. Bachrach & Baratz (1962) challenged the pluralist view of power and first introduced the discussion of other dimensions of power. These concepts are considered next.

7. The Management of Meaning

When defining power, views from some management theorists (e.g. Pfeffer 1981; Mintzberg 1983) that present organisational structures and systems as neutral and apolitical and which distinguish 'legitimate' from 'illegitimate' power, have

been criticised (e.g. Hardy & Clegg 1996). Pluralism views decision-making through the spectrum of a socio-political process. Even though conflict over scarce resources is widely recognised, it is often considered as negative because the idea of commonly agreed organisational goals still remains in a pluralist perspective (Knights & Murray 1994). Lukes (1974) criticised pluralism as being superficial and restrictive in the explanation it gives to political or societal phenomena. He developed the concept of the “three dimensions of power”. The first dimension of power is attributed to the theory of pluralism. In the pluralist conception of power, the issue of observable conflict between agents, who have subjective interests, is a prerequisite. The pluralists’ view of power shapes also their approach and research methods for studying power. They focus on behaviour and seek to know who prevails in organisational decision-making.

The two-dimensional view of power is based on the work of Bachrach and Baratz (1962; 1963). These authors criticised pluralism for ignoring the role of created social values and institutional practices in limiting the attention to few parts of the entire spectrum of the political process. According to them, power is imposed in different ways such as coercion, influence, authority, force and manipulation. They developed the concept of non-decisions, which account for actions to be followed without being previously decided under a certain process, in order to avoid resistance from other organisational actors. Their concept is to some extent anti-behavioural since it does not restrict its scope to observable human behaviour. On the other hand, they treat non-decisions as decisions and they discuss both overt and covert conflict. So, despite criticisms expressed, the two-dimensional view of power shares some common features with the theory of pluralism (Lukes 1974). The concept of non-decisions has been widely criticised because it lacks actual evidence, or at least it is difficult to prove that non-decisions exist (Miller et al. 1996).

Lukes (1974) introduced a third dimension of power, the shaping of people’s perceptions and preferences so that they willingly adopt certain behaviour. The third dimension has been associated with societal mechanisms that preserve the status quo by expressing dominant culture and beliefs, thus preventing conflict from arising. Based on Lukes’ (1974) three-dimensional view, power has been recognised for legitimising, justifying and giving meaning through the use of symbols to institutions and by that preventing opposition. Some research has focused on the management domain and the relevant use of symbolic power for justifying actions taken by top executives (Pettigrew 1977; Pfeffer 1981). This approach tries to link pluralist with more radical views of power, though remaining at an organisational micro-level and having managerial implications (Hardy & Clegg 1996).

By recognising a situation that needs to be altered, participants put their own demands on the strategy generation process regarding how change should take place. The choice of demands to be processed, as well as the choice of action to be followed, characterises the political nature of strategic decision-making (Pettigrew 1977). The political character of the process is completed with the necessary

mobilisation of power in support of the demands posed through the process. Apart from demand generation and power mobilisation, a third characteristic of political behaviour affects which demands will be forwarded or rejected in the process, based on the construction of meaning and collective consciousness in the organisation (Pettigrew 1977). The creation of meaning is related to the legitimisation of one's political and cultural objectives with the application of rational and analytical terms (Pettigrew 1977, 1985a). Organisational actors wishing to advance their demands should present them in a 'legitimate' way. Pettigrew (1985a) views structures, cultures and strategies not as value-free constructs, but as existing to serve the dominant coalition's interests in the organisation. Corporate ideology and culture provide stability since they represent a collective and established way of interpreting reality "for a given group at a given time" (Pettigrew 1985a, p. 283). Also, dominant organisational culture acts as a legitimisation mechanism for a system, filtering and evaluating signals from inside and outside the organisation to suggest which demands should be acceptable and which not in the firm's decision process (Pettigrew 1987).

Affecting the way people perceive their reality and give meaning to their actions is a powerful aspect of the strategic decision process. The construction and preservation of meaning is achieved with the use of symbols, language, beliefs, myths and the establishment of values. Language, like management accounting, carries not only information but meaning as well (Pettigrew 1977). Carriers of meaning are useful to the dominant group since they provide a power basis for legitimising their demands while de-legitimising others' conflicting demands during the decision process. Information plays a particularly important symbolic role in organisations, providing assurance that decisions are rational and efficient (Feldman & March 1981). Organisational members may ask for more information, even though they cannot always process it. More information offers legitimacy to decisions made, by conferring to the process a notion of intelligent and scientific choice, which characterise modernity (Feldman & March 1981). Particularly, the uses of management accounting information will be considered in detail next.

8. The Role of Accounting Information and Management Control Systems

It has been argued that the role of accounting systems is not only to provide information for decision making and to facilitate control in a business, but in fact accounting is involved in different ways with organisational practice (Burchell *et al.* 1980). Accounting information could serve the accomplishment of various company goals or be used by staff in order to promote their personal objectives. Burchell *et al.* (1980) presented a set of organisational roles, which interact with the accounting system and determine the uses of accounting information. Accounting information could serve as an answer or *learning* machine in structured situations with low ambiguity over objectives. When objectives are not clear, then accounting information has political and symbolic uses. It is political when it is used as

ammunition, as an argument in situations of bargaining between conflicting interest groups. Also, information is used as a source of power, where its holders may exercise control and surveillance over those who do not have it. Knowing the significance and power behind the control of management accounting control systems (MACS), organisational actors try to shape their functioning and the outcomes (information) produced. Finally, accounting plays a *rationalisation* role, used to justify decisions already made. The symbolic uses of accounting, legitimises organisational goals and provides a language for communication and action.

Accounting can be viewed as having both rational (objective) and natural (symbolic, sense making) functions (Boland & Pondy 1983). Rational uses of accounting emphasise its functional role in assisting decision-making with calculations of costs and benefits. The natural use of accounting provides a symbolic language that allows organisational members to interpret social reality and provide meaning to their acts. Accounting is a way of communicating ideas and subjective views, objectives and actions to be taken, within the organisational setting. "As ritual, accounting brings structure and significance to budgeting, planning and evaluation processes. Through its use, new members come to understand and old members find reinforcement for the shared interpretive schemes of their organisation" (Boland & Pondy 1983; p. 225).

Ansari and Euske (1987) explored the role of accounting information, having in mind that rational models of decision-making do not provide adequate interpretations. Following a similar classification to Burchell *et al.* (1980) they identified three theoretical perspectives on the use of accounting information:

1. technical-rational, which is driven by considerations of efficiency;
2. socio-political, which is the pursuit of power and influence, and;
3. institutional, which stems from the need to put on an appropriate façade for the world to see (Ansari & Euske 1987; p. 553).

Their empirical findings have shown that the rational-technical perspective is an idealisation, where in reality there is a rationalisation of organisational action and accounting information is used as a way to justify these actions to participants. Especially in situations of ambiguous goals, the political and symbolic uses of accounting information are intensified. Commenting on Boland & Pondy (1983), Meyer (1983) suggests that accounting structures are myths aimed at presenting organisations as bounded, unified and rational, acting towards the completion of agreed goals. These myths provide legitimacy to the organisation and its actions in the eyes of its members and the external environment. Accounting myths and legitimating rationality help to keep the organisation together and therefore promote its survival. Information, such as accounting information, can be viewed as a power resource that may be used for promoting personal or sub-group interests, especially by those having the ability to do so. Pettigrew (1972) noticed that *gatekeepers* actors (holding strategic positions at the junction of various communication channels), controlled the flow of information within organisations or information exchanges with the environment. Managers tried to influence

information systems because control over their function confers power to the controller. Influence is exercised over the informational outcome produced. In particular, when the data produced is expected to be more subjective and uncertain, there is more space for political behaviour. Interest groups produce biased estimates, which highlight the advantages of their suggestions and underestimate the weaknesses (Birnberg *et al.* 1983).

Management control systems (MCS) and accounting information are directly related with intra-organisational power because they are used in decision-making, and in performance measurement and evaluation, and offer legitimacy in activities since accounting symbolises rationality and objectivity (Marcus & Pfeffer 1983). Accounting information in evolving organisations is a means of shaping perceptions, regulating conflict and imposing control (Dermer 1990). Having in mind the power embedded in the use of MCS, their design has a political character as well. Therefore, contextual and organisational factors such as power relations should be considered in the design of MCS, otherwise their adoption could face resistance from some parts of the organisation (Marcus & Pfeffer 1983). Resistance is expected when the power distribution implied from the MCS does not correspond to the distribution from other power determinants in the organisation, to the dominant organisational culture or the prevailing assumptions on the role of technology and accounting (Marcus & Pfeffer 1983; Ballas & Tsoukas 2004). Control systems are means used by the conflicting groups but also are created from conflict. Budgets or business plans as control instruments are the products of interaction between interest groups, but are used as rationalising and legitimising factors in the conflict (Dermer & Lucas 1986).

9. Conclusion

This paper has raised the role of politics as a theoretical framework for viewing decision-making. Choice or change is not programmable, it is “a consequence not just of rational problem-solving processes, or of the weight of technical evidence and analysis” (Pettigrew 1985b, p. 27). Therefore, decisions and change are due less to the action and the personality of a leader or top decision-maker less normative models would suggest (Pettigrew 1987). Decision-making is the outcome of a dynamic process, where power holders struggle for status and their perceived interests, and form a new net of relations. As already mentioned, the organisation is comprised of various interest groups which “are likely to have different goals, time orientations, values, and problem solving styles. In short, they may have different rationalities, which provide the motive forces for their actions and reactions, along with the language and styles of behaviour to express those actions” (Pettigrew 1985a, p. 281). Conflict arises from the existence of different and opposing rationalities. The exercise of power is directly associated with the manipulation of accounting of accounting information. Hirst and Baxter (1993) recognised accounting’s rationalising, justifying and legitimising role which assists

in minimising conflict. Rationalisation mobilises support for a course of action by deflecting attention from the quest of personal or sub-group interests. Accounting information assists the covert exercise of power, having an active role in shaping beliefs and constructing meaning associated with political behaviour.

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