CARDIFF BUSINESS SCHOOL
WORKING PAPER SERIES

Cardiff Working Papers in Accounting and Finance

Mahmoud Ezzamel, Cardiff Business School
Keith Robson, Cardiff Business School
Pam Edwards, Manchester Business School

Institutions in Transition: Legitimisation and Cognition in the Educational Field

A2005/01

INSTITUTIONS IN TRANSITION: LEGITIMATION AND COGNITION IN THE EDUCATIONAL FIELD

Abstract

The purpose of this paper is to examine the consequences of accounting intervention into institutionalized organizations in transition. The context for the study was the implementation of the 1988 Education Reform Act in England and Wales, known as the Local Management of Schools (LMS) Initiative, which devolved budgets from Local Education Authorities (LEAs) to individual schools. We develop the argument that the emergence of new accounting practices in institutions and the accompanying process of re-institutionalization is not inconsequential, but detail rather the accounting's re-presentation of teachers as costs does accompany a re-distribution of the authority and resources in schools and LEAs, thus implying that administrative changes and organizational actions are not decoupled. Our case study of institutional change focuses as an illustration on the example of school 'carry forwards' (budget under-spends) as we analyze the ability of accounting practices to influence legitimacy and cognition by stimulating new debates, according them increased visibility and endowing them with significance. We assess the contribution of our study to the further development of neo-institutionalist theory; in particular, we consider the new problems of *cognitive legitimacy* that arose between LEAs and schools, and examine their implications for institutionalized organizations.

INSTITUTIONS IN TRANSITION: LEGITIMATION AND COGNITION IN THE EDUCATIONAL FIELD

Many writers working within neo-institutionalist theory bemoan the lack of research in organizational micro-practices to counterweight the focus upon macro-structures (Hirsch, 1997; Hirsch & Lounsbury 1997: 406). While in many senses this micro-macro dichotomy overlooks the importance of the duality of structure (Giddens, 1984), in this paper we focus upon the effects of regulatory reforms, at the level of practices, on institutional change in the organizational field of primary and secondary education in the UK. Since 1991 education organizations in the UK have had to adapt to new templates (Greenwood & Hinings, 1996: 1022) of governance and 'management' in response, largely, to governmental regulations. Many of the recent legislative reforms to the funding and management of schools have imposed a new set of accounting techniques, discourses and ideals on institutional organizations that had seemed content with the existing norms and beliefs associated with the teaching profession.

As accounting practices have entered more fully the management of educational organizations our study provided the opportunity to explore also a second element of institutional theory that has so far not received sufficient attention - the process of institutional change (Greenwood & Hinings, 1996; Barley & Tolbert, 1997). Dacin *et al*, (2002:45) have suggested:

> "institutional theory has often been criticized as being largely used to explain both the persistence of and the homogeneity of phenomena"

although in their view,

> "..this focus did little to tap the full potential or power of institutional theory".

Our study is of institutional change and in particular *re-institutionalization* (Jepperson, 1991: 152) with special reference to the leverage of accounting institutions. We focus upon the intervention of accounting practices in institutionalized organizations that accompanied the Local Management of Schools (LMS) initiative. Our emphasis is upon two related themes: the quest by institutions for legitimacy (Greenwood *et al*, 2002) and the impact of accounting on actors' cognition.

We are particularly intrigued to understand how specific actions, associated discourses and, largely unintended, consequences emerge in organizational arenas with previously well defined institutions as a result of the introduction of new accounting practices. More specifically, we note the ability of accounting and budgeting rationales to "carry homogenization" (Townley, 2002:175) that in turn create and promote scope for new actions and debates (Burchell *et al*, 1980; Boland & Pondy, 1983). In examining these issues we reflect on how, in the process of rendering activities visible and 'thinkable' (i.e. influencing cognition), those practices stimulated new problems of legitimacy - but also conflict. Drawing upon Greenwood *et al*'s 2002 model of re-institutionalization, we comment on the tenuous nature of re-institutionalization and the processes through which organizations shift their institutional practices (Jepperson, 1991; Morgan & Willmott, 1993; Ezzamel, 1994).

The paper is organized as follows. The following section provides an overview of the relevant elements of the neo-institutional theory literature, focusing in particular upon re-institutionalization, legitimacy, and cognition (in particular cognitive legitimacy). This is followed by a description of the research methods. The succeeding section provides an account of the institutional pressures upon the field of education in the UK during the 1990s. We review the ways in which LMS reforms generated unintended consequences for schools in terms of the loose coupling of the budgetary reforms with institutionalized practices in the educational sector. In detailing the introduction of devolved budgeting we outline some of the responses to accounting's construction of teachers as costs in schools, and the actions taken by schools to accommodate those changes and new visibilities. This is then followed by a segment that focuses on the accumulation by schools of apparently 'excessive' levels of budget under-spends (carry forwards) as a key example of the intertwining of accounting cognition with discourses and practices in educational institutions. We emphasize the ways in which accounting and budgetary data not previously available to schools structure a cognition of certain 'problems' that are the outcome of the new accounting visibilities, and follow how each Local Education Authority (LEA) adopted particular responses to these problems and connect them to the problems of cognitive legitimacy in the educational field. The final section contains a summary of our findings and reflects upon the implications of our work for the further development of neo-institutional theory.
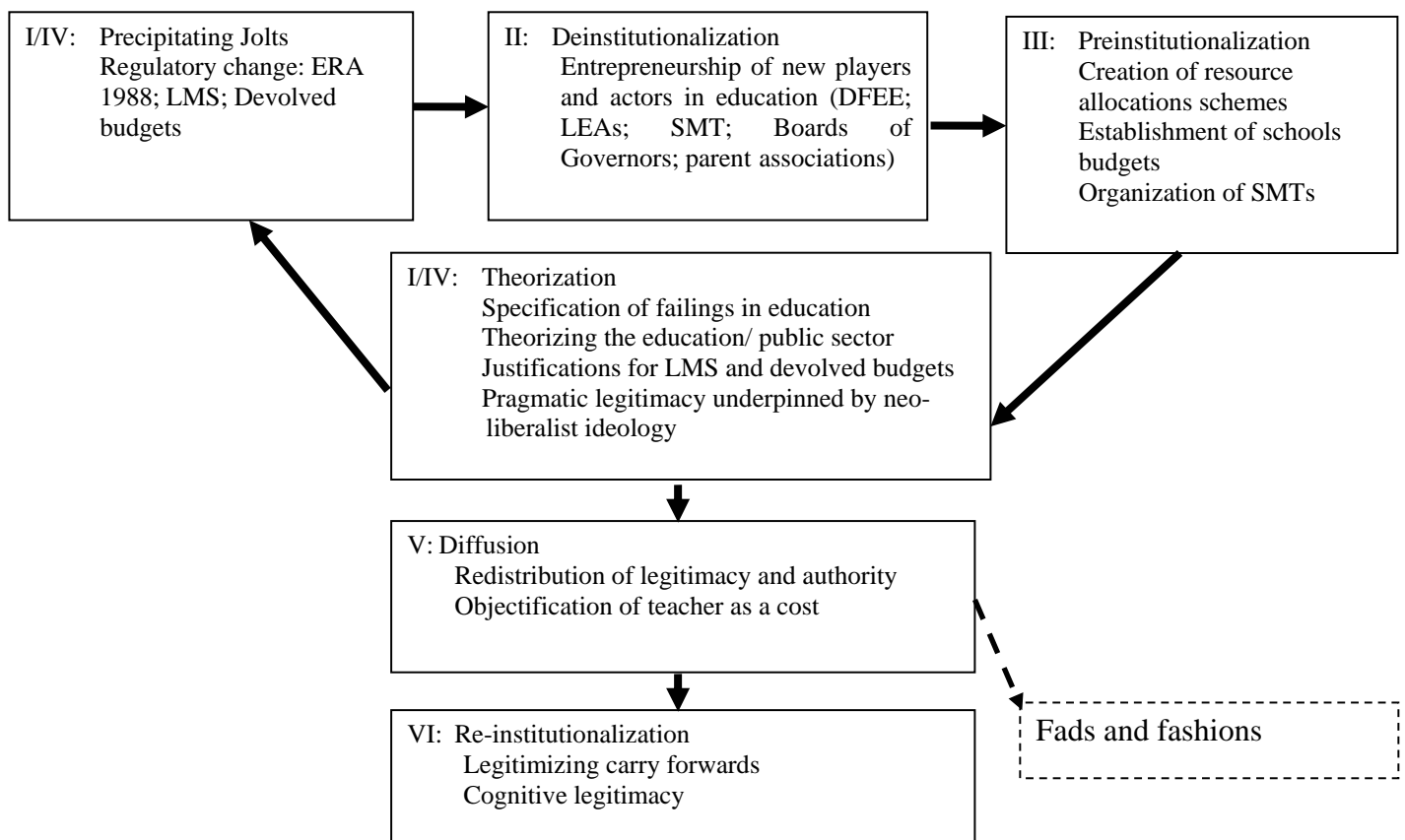
INSTITUTIONAL CHANGE: CENTRAL CONSTRUCTS

Re-institutionalization; A Stage Model of Institutional Change

Central to the theory of institutionalization is the degree of coupling between isomorphic pressures promoting certain conceptions of rational organization, and the operative actions or practices of institutionalized organizations. One critical point of debate is the suggestion that neo-institutionalist theory assumes that administrative reforms in response to isomorphic pressures are *de-coupled* from dominant institutional beliefs. Allied to the problem of theorizing change, Powell (1991: 177-183) has contended that one regrettable image of neo-institutionalist theory is that organizations are simply game-playing with rational symbols that are of little consequence to organizational practices, that institutions are relatively passive "manipulators of symbols rather than substance" (see also Basu *et al*, 1999). In this paper we note the subtle and inconsistent *loose coupling* of accounting-based education reforms and institutional changes (Meyer, 2000). These have occurred at the level of shifting resources and changing patterns of authority and influence in schools and LEAs. We comment upon the debate in neo-institutionalist theory concerning de-coupling and loose coupling of isomorphic changes and organizational actions. A number of previous researchers (e.g. Mezias, 1990; Covaleski *et al,* 1993; Abernathy & Chua, 1995) have noted that practices are not always decoupled from internal operating systems. We examine this argument and suggest that the diffusion of new accounting practices in institutions is not inconsequential, but rather accounting's re-presentation of teachers as costs does accompany a re-distribution of authority and resources in schools and LEAs. Once these accounting and budgetary practices are in place, they create a momentum which gives rise to many unintended consequences for both responses and legitimacy in institutionalized organizations undergoing change.

Institutional theory has in the past decade begun to address more fully the processes and stages of institutional change (Oliver, 1992; Greenwood & Hinings, 1996; Scott, 2001; Dacin *et al,* 2002; Greenwood *et al*, 2002). This focus on institutional change has examined and theorized the issue of institutional transformation or re-institutionalization, where an organizational field, through environmental processes, undergoes an adjustment in its norms, beliefs and practices in order to demonstrate its conformity with its important environments. One recent example of theorizing change is Greenwood *et al* (2002) who consider the transformation of the organizational field of professional accounting from 'accountants' to

'business advisors', and the role of the local professional associations in cultivating a discourse and rationale for this transformation of the professional firm; we develop further and make use of this model when analyzing our empirical material. Their model (see below) outlines the movement of an organizational field from one set of institutional practices through a six-stage process to 're-institutionalization', where another dominant set of norms, beliefs and practices is stabilized within the field. Greenwood *et al*'s (2002) stage model identifies many of the key elements of institutional change that we analyzed.

Stages of Institutional Change (Adapted from Figure 1 in Greenwood *et al*, 2000)

I/IV: Precipitating Jolts
Regulatory change: ERA 1988; LMS; Devolved budgets

II: Deinstitutionalization
Entrepreneurship of new players and actors in education (DFEE; LEAs; SMT; Boards of Governors; parent associations)

III: Preinstitutionalization
Creation of resource allocations schemes
Establishment of schools budgets
Organization of SMTs

I/IV: Theorization
Specification of failings in education
Theorizing the education/ public sector
Justifications for LMS and devolved budgets
Pragmatic legitimacy underpinned by neo-liberalist ideology

V: Diffusion
Redistribution of legitimacy and authority
Objectification of teacher as a cost

VI: Re-institutionalization
Legitimizing carry forwards
Cognitive legitimacy

Fads and fashions

In our study regulatory change was the key precipitating jolt to institutional transformations (Stage 1). Similarly, the 'entrepreneurship' of new players and actors assisting in the process of problem definition in education was noted (Stage 2). The introduction of new organizational (accounting and budgetary) practices (Stage 3) was accompanied by a very specific theorization (Stage 4) of the organizational failings of education in Britain which had a key role in defining the main actors and appropriate responses that were deemed essential to the reform of the field. We are broadly sympathetic to Greenwood *et al*'s (2002) approach, and we demonstrate how it has relevance to the theoretical organization of our empirical material. However, we wish to make two key points in relation to our adoption of this model.

First, we argue that their 'stage model' should account for the strong interdependencies between the theorization of education as a problem and the regulatory reforms that were ultimately their expression, suggesting that in the case of our empirical material Stages 1 and 4 were closely intertwined in space and time. Second, the notion of precipitating jolts can be conceptualized to show explicitly the interconnectedness of the different jolts (social, technical and regulatory), rather than to emphasize their separability. We explore these two concerns further in the discussion section. With these two provisos in mind, we use the Greenwood *et al* (2002) stage model to link theorization, diffusion and re-institutionalization, as these stages most closely map and illuminate the account we offer of the transformation of educational institutions in England and Wales during the 1990s. Indeed, much of our analysis is concerned with the last (sixth) stage of the model. By studying three LEAs (and a sample of schools in each LEA) we are able to comment upon the isomorphic pressures from state legislation as they were observed to unfold by each LEA.

By focusing closely on the key policy issue of school 'carry forwards' we address the tenuous and fragile nature of legitimacy in the process of re-institutionalization by analyzing and linking the ability of accounting cognition to stimulate new debates, and in the process both construct and sometimes undermine forms of organizational legitimacy (Suchman, 1995). Scott has noted that many of the influences of state-inspired programs of reform have tended to work at the level of local educational agencies rather than schools themselves, even though most programs "were designed to influence the behavior of school teachers, not state and district administrators" (1991: 177; Meyer *et al,* 1987). Yet the consequences of new accounting symbols, in our case, the teacher as 'cost', contribute to a loose-coupling not de-coupling of administrative 'surface' and organizational action. We are concerned to explore further the extent to which responses to changes might be reflected in the construction of heterogeneous organizational accounts (both financial and general) through case studies of conflicts in the organizational field; hence our concern with legitimacy and cognition.

Legitimacy

The notion of legitimacy is central to institutional theory, for only by demonstrating the legitimacy of their goals, activities and structures are organizations assumed to secure recognition and obtain resources from society (DiMaggio & Powell, 1983; Meyer & Zucker, 1989). As Scott (2001: 20) notes:

> "Schools receive legitimacy in a society to the extent that their goals are connected to wider cultural values, such as socialization and education, and to the extent that they conform in their structures and procedures to established 'patterns of operation' specified for educational organizations."

In this context, the basis for legitimacy is cultural support: legitimacy is derived from the organization adopting a common frame of reference or definition of a particular situation which reinforces cognitive consistency. Legitimacy evokes a 'second order' of meaning (Berger & Luckmann, 1967: 92). As organizations negotiate the early stages of their lives, they are assumed to develop repeated patterns of behaviour that promote shared meanings among their members. Legitimation occurs when this order of meanings becomes connected to wider cognitive frames, norms, or rules as the objectivated meanings of this order are endowed with cognitive validity. Legitimation is held to endow practical imperatives with a normative dignity thereby justifying the institutional order (Berger & Luckmann, 1967: 93). In essence then, legitimacy is the degree of cultural support offered by significant others to an organization (Meyer & Scott, 1983a).[1] In the education sector, legitimacy is expressed via certification and/or accreditation as well as resources given to the organization by relevant bodies. In seeking to satisfy the demands of one body, the organization could undermine those of other bodies. As Meyer & Scott (1983a: 202) argue:

> "The legitimacy of a given organization is negatively affected by the number of different authorities sovereign over it and by the diversity or inconsistency of their accounts of how it is to function."

Given the potential inconsistency in the demands by the various relevant bodies in society, the organization may have to engage in a trade-off between them, which presupposes not only that organizations are capable of unambiguously assessing and ranking these demands, but also that they know whose assessments count in endowing the organization with legitimacy. Scott (2001: 46) notes that:

> "Many structures diffuse because they are regarded as appropriate by entrenched authorities, even though their legitimacy is challenged by other, less powerful constituencies."

Thus, legitimate structures could be contestable.

---

[1] These significant others include various bodies, prominent among them in the educational sector would be relevant state organs and professional educational associations (e.g. the Department for Education and Employment [DFEE] and the Treasury in the UK).

Suchman (1995) has noted that organizations cope with several forms of legitimacy at the same time ranging from pragmatic (specifically designed to elicit favourable environmental/resource responses) through moral (action, structures and behaviours deemed to be the 'right things to do') to cultural-cognitive (taken for granted dimensions, scripts, typifications of organizational processes). Of course, such typologies have to confront in practice the links that may exist between their categories (Suchman, 1995: 602). And it is pertinent to our analysis of the transformations in the organizational field of primary and secondary education in the UK that organizational responses to state legislation in the pragmatic pursuit of influence, legitimacy and resource may have unintended consequences for the most elusive legitimacy of all, the kind that "cannot be bought" (Suchman, 1995: 585) - the cognitive.

Cognition[2]

Scott (2001) has noted that cognitive structures and activities are one of the key pillars of institutional theory. Similarly, Zucker (1991: 105) argues:

> "Without a solid cognitive, micro-level foundation, we risk treating institutionalization as a black box at the organizational level, focusing on content at the exclusion of developing a systematic explanatory theory of process, conflating institutionalization with resource dependency, and neglecting institutional variation and persistence".[3]

Key to the understanding of the cognitive emphasis is the recognition of the central role of constitutive rules which guide actors in their construction of categories of typifications of their own subjective experiences that are then subsumed under general orders of meaning that become seen as both objectively and subjectively real (Berger & Luckmann, 1967). These tacit rules or routines are assumed to induce compliance because they become taken-for-granted, and accepted, but they could also be contested and challenged. Constitutive rules could be externally imposed, hence guide actions, but they also could be constituted or mediated by actions (Weick, 1993). Technologically defined procedures seek to ensure that organizations attain reliable performance, while institutionalized beliefs (or rational myths) specify means-ends relations in a rule-like manner to help ensure that organizations are accountable (Meyer & Rowan, 1977; Meyer & Scott, 1983b; Hannan & Freeman, 1984).

Our interest in cognition centres around seeking to understand how accounting and costing information relating to the implementation of devolved budgets under LMS was interpreted by various actors and the ways in which such interpretation influenced their judgments and evaluations of the perceived consequences of these initiatives (Schank & Abelson, 1977). This emphasis recognizes the pro-active role that actors play in interpreting information and making sense of their world. As DiMaggio (1988: 13) has suggested:

---

[2] By cognition we follow other neo-institutionalist writers in referring not to the full range of mental activity, including affective and evaluative processes, but to reasoning and, in particular, the associated grounds of reason: classifications, representations (such as accounting or budgeting statements), scripts, schemas, etc see DiMaggio & Powell (1991: 35).

[3] The genesis of the explicit link between cognition and institutions can be traced back to Berger & Luckmann (1967) who argued that social reality is a human construction that is produced through social interaction, a process that creates and institutionalizes shared knowledge, belief systems and stable meanings.

> "Institutional work is undertaken by actors with material or ideal interests in the persistence of the institution…: where such interests are not present and influential, deinstitutionalization occurs."

Meanings are created, transformed, and stabilized as actors interact in their efforts to construct symbolic representations of their environments, render sensible, and negotiate social reality in their everyday lives in taken-for-granted ways. These interpretive acts are mediated by what is assumed and hence perceived to be objective and external pre-existing symbolic frameworks, that provide guidance and through which actors become socially constructed (Zucker, 1977; Swidler, 1986). As we note in our case, the introduction of budgets and costing into school organizations in the UK had a profound effect upon the taken-for-granted assumptions upon which cognitive legitimacy rests.

Our paper suggests a number of specific mechanisms for visualization and cognition promoted through the intervention of accounting calculations and vocabulary. We emphasize the 'cognitive dimensions of action' (DiMaggio & Powell, 1991: 22) to explain how re-institutionalization is gradually and painstakingly achieved. With the coming of LMS, the emergence of carry forwards had the potential to strengthen, but also, importantly, to undermine different dimensions of the legitimacy of educational institutions. As new accounting symbols enter the organizational arena, so tacit assumptions upon which consensus is built in the organizational field are challenged and responses generated. Pressures for isomorphic response is premised upon presumed connectivity by macro-level neo-institutional studies to improved chances for organizational performance, survival and legitimacy (Meyer & Zucker, 1989; Zucker, 1991). In contrast, micro-level studies have begun to focus upon the process (Hirsch, 1997), rather than the content or state, of institutionalization, thereby exploring possibilities for and insights of the variability of organizational strategic responses to similar institutional environments (Tolbert, 1988). Hence, as Zucker (1991: 105) has suggested, "variation in strategic response to the same environment can engender differentiation rather than isomorphism." Scott (1991: 170) has also noted the importance of recognizing differentiation and competitiveness in organizational institutional environments, alluding to organizational strategic choice and to viewing organizations as not "passive actors imprinted by cultural templates."

We map the changes that we identify across three LEAs with some attention to the specific responses by organizations and actors, within our general focus upon the intertwining of accounting discourses and techniques into new educational actions and debates. As the issues we analyze reveal, the intervention of accounting calculation in institutionalized organizations can give rise to new interpretations of organizational activities, create new scope for action, and promote particular courses of action but not others (Burchell *et al*, 1980: 6). Our study is of institutions under challenge and undergoing transition as the effects, intended but mostly unintended, that accounting practices have had upon pre-existing institutions of education are gradually experienced by LEA officials and senior school staff: changes in power, authority and status, the shifting of organizational boundaries, the introduction of new organizational rhetoric, and the creation of scope for new actions.

We assess the contribution of our study to the further development of neo-institutionalist theory; in particular, we consider the new problems of cognitive legitimacy that arose between LEAs, schools and their important environments. In order to explore further the influences of accounting discourses and practices upon existing cultural-cognitive scripts and typifications within schools and between schools and LEAs, we preface the analysis of the interview material with a table of accounting or budgetary data which we term 'Accounting data available to actors'. Of course the data contained only a small subset of the collection of accounting and budgetary data now available to school head teachers, governors, LEA officers, bursars etc. However, the 'information' extracted and re-presented in this form was the main focus for the debates, conflicts and actions that are detailed below, and is thus central to our understanding and the presentation of that understanding of the tensions and upheavals experienced within our educational institutions. As we show below, the 'interpretation' of accounting representations is also an accomplishment of the organizational actors and is susceptible to an array of possible meanings that are the practical accomplishments of the different sets of actors in our studies (cf. Zilber, 2002).

RESEARCH SITES AND METHODS

Research Site

Our sample from the organizational field of education undergoing institutional change was undertaken over five years at three LEAs, eight primary schools and eight secondary schools in the North-West of England. LEAs are the local council organizations often based upon a particular urban setting (city or conurbation) or encompassing an English or Welsh county

11

and thus incorporating rural and smaller urban areas (towns, villages etc.). LEAs themselves are one division of a wider local administration or 'council' responsible for the provision of certain welfare, sanitation and cultural amenities over a given district. LEAs are funded through the local authority both from local taxation (council taxes) and a central government grant. How this funding is then allocated to schools and to the extent to which schools are able to control their budget and expenditures is the general subject of this paper. We detail the changes to the funding of the schools sector below and we focus upon the changes that the new funding regime for education in England and Wales has generated for LEAs and schools as institutions.

At each LEA we interviewed officers, accountants, personnel staff, educationalists and staff involved with the development and/or implementation of the LMS scheme. Staff in sixteen schools across the three LEAs were interviewed including head teachers, governors, deputy head teachers, bursars and secretaries. Moreover, six officers in the DFEE were interviewed. In total, one hundred and ten interviews, each lasting between one and one and a half hours, were completed. Each interview was conducted by at least two members of the research team. The interviewers began by asking each interviewee to give an account of her/his background, tasks and tenure at the current job. The interviewees were then asked questions about their understanding of the LMS and the devolved budgeting system, the perceived impact of these changes upon their tasks, the incidence of carry forwards, their views concerning the building of such carry forwards, their understanding of the nature and development of the carry forwards, the reasons for which carry forwards were accumulated and the legitimacy of these reasons particularly in the light of LEA's stipulation of what they deemed 'defensible' levels of carry forwards.

Research Methods

All interviews were tape-recorded and transcribed. Interview material was analyzed using computer-assisted qualitative data analysis software (CAQDAS), the 'Ethnograph'. While coding is at the heart of CAQDAS, analysis should not be reduced simply to coding (Lee & Fielding, 1996; Coffey *et al* 1996). The identification of appropriate codes was not attempted until several interviews were completed with the intention to identify and add codes from relevant issues emerging from the interviews to retain flexibility. Given that most of the questions in the early interviews were structured around our research questions, in turn being drawn from our theoretical focus, previous literature, and the researchers detailed knowledge

of LMS and the devolved budgeting system accompanying it, only a few modifications were made in subsequent interviews to take account of the different structures and demographics of each LEA and school.

A pilot process involved drawing up an initial list of 32 codes guided by the research questions. These questions gave rise to a number of fairly obvious codes, such as BUDSET (budget setting) and FORMULA (formula-funding). Other codes were theoretically driven such as RESIST (non-conformity with designated practices) and IDENTITY (issues surrounding identity and perhaps change of group or individual identity). As regards the issue of generality, it was decided to subdivide large issues, such as budgeting (which had six separate codes, including a residual, or catch-all code). As Silverman (1971) has suggested, some codes were adopted purely to highlight particularly memorable quotations (which we termed GOLD) and to capture particular organizational styles of narrative - often in terms of stories ('good' or, quite often, 'bad') about organizational experiences, sometimes apocryphal (these were coded, following Silverman, ATROCITY).

Having drawn up this initial list, each member of the research team first coded the same interview. A meeting was subsequently held in which the categories were discussed, refined, added, or dropped according to the difficulties experienced in operationalizing the categories or their failure to yield adequate coding for interview material, but changes made were minimal. Nevertheless, the pilot coding process was invaluable in allowing the researchers to negotiate their interpretations both of interview texts but more importantly, understandings and shared meanings relevant to each code used. In total, a final list of 35 categories was identified. These codes were later used to identify relevant quotes or parts of the transcripts, but the full transcripts were each read more than once to ensure that the context of the full interview was taken into account. Themes were identified on the basis of those issues that were raised repeatedly by our informants (Strauss & Corbin, 1998). Theorizing each theme area consisted of exploring and creating a conceptualization of the inherent issues, problems and dilemmas that underpinned practice in the area. Following Glaser (1992) and Strauss & Corbin (1998) we took the view that theorizing occurs through an inductive process that might typically begin with a systematic review of the recorded data, identifying any items for which we felt a sustainable argument of relevance to legitimacy and cognition could be made. A process of clarifying the meaning, wording and reasons took place in order to ensure theoretical sensitivity.

Our access also included attendance at twelve meetings where issues relating to the construction and the perceived impact of formula funding within each authority were discussed. All three LEAs were generous in supplying to us relevant discussion, background and policy, documents, as well as copies of their LMS scheme and published Section 42 data.[4] As the three LEAs studied were given assurances of confidentiality, we have re-named them Hallam, Montgomery and Porterfield.[5]

THE CASE STUDY: ACCOUNTING COLONIZATION AND RE-INSTITUTIONALIZATION IN SCHOOLS

'Regulatory Jolts' and the Theorization of the Organizational Field of Education in England and Wales (Stages 1-4)

In this section we indicate how our empirical material maps onto the first four stages of the Greenwood *et al* (2002) model of stages of institutional change. We note the non-linear nature of stages of institutional change by drawing attention to the manner in which education reform acts in the UK acted as a precipitating jolt (stage I) for deinstitutionalization but also how these regulatory forces were shaped by theorization (stage IV) of the public sector in general and the education sector in particular.

---

[4] Section 42 data on budgeted resource allocations to schools, budget outturns and carry forwards are compiled by LEAs and issued to schools. The information is required under Section 42 of the 1988 Education Reform Act (ERA). The Reports are also available to the general public in local libraries and council offices. Carry forwards data will also be presented to parents at Schools' Annual General Meetings and to Governors' meetings.

[5] Hallam is an 'old Labour', densely-populated, inner city authority in which some large secondary schools are suffering declining pupil rolls as populations re-locate to better housing in the suburbs. It had an education budget of just under £100 million. Both Porterfield and Montgomery had 'hung' councils during the course of the study. Porterfield had an education budget of over £100 million supporting approximately 40,000 pupils, the majority of whom attended school within urban developments. Montgomery is a 'shire' county, governed by a Conservative-Liberal alliance, which contains both rural areas, with small isolated schools, and large urban developments. Although the population of the county is generally quite wealthy there are some areas of socio-economic disadvantage. The education budget is three times that of the other two authorities.

Although LMS and the 1988 ERA were the primary instruments (precipitating jolts) in the 'new accounting' for educational organizations, these regulations represented just one aspect of a centralizing proclivity of the UK Conservative governments during the 1980s. Despite little direct evidence of a growth in inefficiencies in education, the regulatory changes to the education field were part of a more general problematization of local government legitimacy which was seemingly connected to the "adequacy of an organization as a *theory*" (Meyer & Scott, 1992: 201, emphasis in original) as expressed in the term 'neo-liberalism' or 'New Right'. The term neo-liberalism connotes a political philosophy with a different relationship to the liberal democratic tradition in western democracies (Rose & Miller, 1994). Drawing on the libertarian political philosophy of writers such as Hayek (1944), neo-liberalism re-produces the traditional categories of the 'public' and the 'private' spheres that make up 'society', but expresses a shift in the location of the boundary and the relative value attributed to the public and the private sector in favour of the latter.

Although most evident in the 1980s, the genesis of this re-theorizing of the UK public sector can be traced to the 1960s, evident in calls for 'traditional' virtues of education excellence, authority, and vouchers to afford parents greater choice in education; these discourses represented a challenge to the then dominant education policy that emphasized the seemingly non-political and egalitarian education policy enshrined in the 1944 Education Act. From 1979 onwards policy makers and government bodies in the UK Conservative governments increasingly presented the public sector as a stagnant bureaucracy toiling under the massive weight of its economic inefficiency, unjustifiable overheads, poor quality service, outdated structures and processes, and lack of strategic vision. In sum, the public sector was constructed as a failure. Such theoretical constructions of the public sector contributed to the view that public sector organizations required substantial reform. The reform envisaged was enshrined in neo-liberal ideology that called for rolling back the state by exposing the public sector to competitive market forces, enhancing freedom of choice for customers (parents and their children), entrepreneurialism (of school management teams), economic efficiency, effectiveness, and value-for-money education (Edwards *et al*, 1999). Calls for financial devolution to schools gained much greater momentum:

> "The only choice left is to devolve the system to the schools themselves, and to create a direct relationship between the suppliers of education, the schools and the teachers, and the consumers, the parents and their children. It is to create, as near as practical, a 'free market' in education." (Sexton, 1987: 10)

> "[Financial delegation] will increase the accountability of schools for providing value for money… Schools will have more incentive to seek efficiency and economy in their use of resources since they will be able to apply the benefits of their good management to further improvements in the services." (Coopers & Lybrand, 1988: 7)

As McSweeney (1995) has observed, many aspects of reforms in government, both central and local, during the 1980s implied a commitment to 'management by accounting', and a translation of public sector activities into a private sector vocabulary. This problematization of the public sector therefore identified and circulated discourses that constructed the education sector as a failure, marshaled justifications for the introduction of LMS and devolved budgets, and mobilized neo-liberalist ideology as a pragmatic legitimacy for the intended change in public sector theory (market forces, economic efficiency, effectiveness, and value-for-money).

Education reform in the UK was thus an attempt to confront some of these more general aspects of educational management, particularly those linked to the norms and practices of the teaching profession.The institutional norms of the teaching profession were challenged by regulatory reform to accommodate new norms of modern ideals of management - in particular the 'new accounting' required by schools and their local authorities. A central element to this analysis is the construction of teachers as accounting *cost categories*.

It has been claimed that the two most important sources of isomorphism are the state and the professions - "the great rationalizers of the second half of the twentieth century" (DiMaggio & Powell, 1991: 64). Public sector and quasi-state agencies operate under the influence of state rules and regulations governing and structuring their activities. As Meyer & Rowan (1977) noted, the state has shown an increasing propensity to extend and impose its own ways of organizing over more and more areas of society, a propensity conspicuous in the field of education (Ramirez & Boli, 1987a: 160-1; 1987b). The enactment of education reform in the UK through legislation launched numerous changes to the organizational field of education. Deinstitutionalization (stage II) was evident in some of the immediate consequences of the implementation of the 1988 Education Reform Act (ERA 1988). The power of existing actors in the field noticeably changed, and key new players emerged. The governing bodies of schools and senior teaching professionals acquired formal responsibility for school budgets and staff employment. These players were now re-presented as 'managers' of school organizations and were formally trained on aspects of administration and modern

management 'sciences' such as planning and decision making techniques, budgeting and personnel matters (Caldwell & Spink, 1988; Everard & Morris, 1990).

Under the Education Reform Act new systems of budgeting and accounting were imposed by authority upon schools (and LEAs) by central government. In the new vocabulary of LMS, the 'Senior Management Team' (SMT) in schools, meaning broadly the head teacher, most deputy heads and, sometimes, a school bursar, had now to decide how best to utilize 'resources' (DES, 1988). Use of formula funding (especially the concentration of resources depending on numbers of pupils) was "intended to increase further the awareness of schools of the need to attract and retain pupils" (LMS Initiative, 1988). That is, a school's prospects should be dependent on its 'market' effectiveness. So whereas previously a school's funding had no simple relationship to the number of pupils, the budgetary mechanism associated with LMS introduced a competitive element between schools in relation to the funding they received.

As DiMaggio & Powell (1983) have clarified, normative sources of isomorphism arise largely from the practices of the distinctive professions within organizations. Members of professions attempt to impose within host organizations their 'professional standards' and general methods of working as means of legitimating their own status as professionals. In so doing professionals, such as teachers and accountants, contribute to particular structural similarities between the organizations employing them. One clear impact of the 1988 Education Reform Act in England and Wales was the increased control of the content of teaching, for example the introduction of the National Curriculum, as discharged previously by the teaching profession.[6] LMS, however, offered another significant element of institutional change associated with professions: the Education Reform Act of 1988 is the most comprehensive example of education reform through the introduction of accounting and management techniques and practices.

The LMS process had two main components. The first is the allocation of a budget to each school in a LEA, which had:

---

[6] Although the setting of the National Curriculum proved controversial, much of its content was shaped by dominant political concerns, especially around the question of vocational relevance (developing skills transferable to the employment market) and the idea of recapturing economic competitiveness through the training of a highly skilled workforce. The LMS initiative put the professional norms of teaching and teachers under wider scrutiny by the state funding agencies and politicians.

> "to be based on objective needs rather than simply on historic spending, in order to ensure an equitable allocation of the available resources between schools" (DES, 1988: 21, emphasis added).

The principal basis of allocation is calculated according to a pre-determined formula, based largely on the age profile and numbers of pupils attending a school (Edwards *et al*, 1996). It was intended that the resources allocated should cover the majority of the school's costs. The second component of LMS is the transfer of control over the spending of the budget from the LEA to schools' governors. Schools were also given the right with parent approval to 'opt out' of local authority control and receive their budget grants direct from central government; that is, become Grant Maintained. The broad aim of state legislation was to increase local responsibility for the running of schools without changing the total resources allocated by the LEA; the stated objective was to increase the "quality of education" by more efficient use of resources (DES, 1988: 7).

In contrast to such ascendancy in the power of governors and teaching professionals, in particular members of the SMT, one immediate consequence of the implementation of the 1988 ERA was the noticeable diminution in the power of the LEAs evident in the removal of much of their formal administrative authority. As schools, their governors and SMT gained greater decision making and financial autonomy, this resulted in a notable decline in the power of LEAs over schools and their staff. Moreover, schools were now no longer obliged to buy services from the LEAs but had the power to shop around and buy services from the private sector, further reducing the size and power of LEAs.

The ensemble of administrative changes introduced by the LMS and the 1988 Education Reform Act clearly reflected the changing environment of schools and, in particular, the actions of the British State. While these in turn can be analyzed as cultural and ideological changes in the school environment, in this paper we focus upon aspects of the institutional effects in LEAs and schools, and consider the way in which the changes in the institutional environment of schools were coupled with changes in the character of legitimacy, power and influence in schools and LEAs.

Accounting Diffusion and Interventions (Stage 5)

New relations of power and authority *within* schools were broadly redefined by the introduction of LMS. The role of the SMT in schools is now both a crucial authority and the central point in the school organization for the allocation of resources and influence. As Meyer has suggested with regard to educational institutions (1983: 238):

> "formalized accountings become the central arenas of rational organizational discourse. We may speculate that accounting is especially important, not in production organizations, but in those with more evanescent technologies"

For Meyer educational organizations such as schools are prime examples of evanescent technologies in that the objectives of education are contested and the means of attaining stated objectives are uncertain.

While it is important to view the establishment of the SMT in terms of its allocative role, it also reflects and reproduces an institutional change as control over resource, enshrined in accounting and devolved budgets, encounters the professional or collegial teaching mode of organization that previously operated in schools. Accounting is a powerful technology of calculation and boundary construction; it partitions the organization into centres of calculation that quantify human performance and activities. In this instance, a new organizational boundary between the SMT and the teaching staff has been an effect of the budgetary system. Decisions concerning resources for a particular service have raised some difficult problems for the SMT to 'manage' rather than, say, 'consult and agree with colleagues'. Below, we detail the consequences of this shift in legitimacy with particular reference to the new imperatives to 'manage' schools and school budgets in our three LEAs.

The prime example of the cultural and institutional change in schools coupled to educational reform is the construction and objectification of the teacher as a 'cost'. One of the most controversial aspects of formula funding concerned the resourcing of teachers' salaries. Under LMS schools were funded through the formulae on the basis of a notional average teachers' salary; the average is often taken per school sector rather than for schools as a whole (DES, 1988). School governing bodies were then responsible for paying staff their actual salaries according to each teacher's point on the national pay scale, and were charged the actual cost: this created a pattern of 'winners' and 'losers' based upon the age profile of teachers in a particular school. The value of a teacher was now transformed through accounting norms and practices to a 'cost' category instead of being seen as a 'professional educator' or a 'colleague'. The significance of this funding rule to a challenge of previous

institutional conventions brought about through LMS cannot be underestimated. To the discourse of the professional educator of a 'good' or competent teacher came the vocabulary and associated norms of a costly teacher. Through this new representation of teachers as costs, the SMT in schools and the school governing body had now to assess the staff profile in terms of expense alongside, if not necessarily always instead of, their tacit standards of professional teaching competence and other educational norms.

As school heads and SMTs faced the problem of managing a potential shortfall between the allocation of teacher salaries based upon the notional average and the actual salaries of staff, a new discourse of 'excess' teachers in schools arose from a context where previously there was no such thing as 'too many teachers'. The term 'excess' was defined by the difference in the amount of salary funding given through the formula vis-à-vis the actual cost of the school staff salary bill rather than the previous norms of pupil/teacher ratio. For the SMT, the teaching staff were now seemingly transformed into an accounting category, refracted by their cost and position on the salary scale, that had to be managed.

To this new 'management' problem a number of responses emerged: one of the ways in which the staff profile was 'managed' through voluntary early retirement packages (voluntary redundancies). In addition, in each of the three LEAs the personnel departments sought to encourage schools to redeploy 'excess' teachers within the LEA. This strategy, however, met with mixed success, as under LMS schools were no longer obliged to appoint teachers from within the LEA:

> "The underlying theme is one of voluntarism, so in one sense the chain is as strong as its weakest link. For the most part schools have co-operated but we have had, over the past one or two years, some localised difficulties, particularly in secondaries" (Personnel Officer, Hallam).

Given the resistance on the part of schools, *heterogeneous* responses to institutional change appeared from the LEAs. Porterfield produced a 'Redundancy Document' (that is voluntary early retirement) aiming to minimize levels of redundancy in the LEA and was successful in getting the majority of the schools to adopt it. However, if a school's head teacher (or SMT) insisted on nominating staff for voluntary early retirement but the LEA officers saw scope for redeployment then tensions between LEA Officers and the school head teachers arose almost inevitably. If the school governors insisted further on staff redundancy, then the legitimacy

of the school in the eyes of the LEA would be undermined leading to the threat of withdrawing LEA support:

> "We would have to caution them and say "we would not support you, and if you get hauled before an industrial tribunal, and they find against you, don't come knocking on the door of the local authority to bale you out", that would be a governors' cost" (Deputy Director of Education, Hallam).

Whereas the Hallam Authority, for example, had an implicit but strong party-political act of faith, reinforced by its political identity as a Labour authority, that staff redundancy should be the last resort, the interests of schools, as constructed through their budgeting and accounting processes, could dictate otherwise, with the LEA only being able to caution the school. Hallam LEA exhibited most 'distress' and the prospect of re-deploying teachers and compulsory redundancies amongst teaching staff in certain schools reflected the 'old left' orientation of the authority's Labour council. At a different end of the political spectrum, in Montgomery the ruling coalition between the Conservatives and Liberals in the county was reflected in a 'corporate' approach to implementing LMS and the prospect of making teachers in the county redundant in order that schools might balance their budgets.

The threat to let schools pay the cost of industrial tribunals of unfair staff dismissal if schools acted contrary to the LEA advice had yet to be exercised in any of the LEAs we studied. Indeed, this threat was so shrouded in qualifications that it may have been largely rhetorical:

> "Nobody has pushed it that far, and I am not sure that we could push it severely, to the nth degree, because what is the point of suing a school that was trying to make savings to stay within the budget?" (Deputy Director of Education, Hallam).

The capacity for school head teachers to ignore the LEA redeployment pool reflected another element of accounting's cognitive influence upon strategy. Head teachers were not slow to calculate the favourable financial impact on their budgets of employing a younger teacher or 'probationer' on the lower rungs of the teacher salary scale - most especially in the case of schools with a large number of staff approaching the top of the pay scale.[7] In this context, the

---

7.   Evidence that this has been a national trend is available: OFSTED/Audit Commission (1993) report noted that the average point on the pay scale for new recruits had dropped since the introduction of LMS, arguing that this was, in part, the consequence of head teachers and governing bodies seeking to 'balance' the ages of their staff (1993: 10). Our interviewees suggested to us that the motive underlying the recruitment of younger teachers was more clearly linked to the impact of formula funding.

accounting visualization of teachers' costs, coupled with the devolved budgeting system, has structured a new order of teacher in recruitment decisions: newly qualified teachers became desirable 'commodities'. One secondary head teacher in Montgomery noted that the 'probationers' have become "like gold dust" - valued over teachers with proven ability and expertise but employed on much higher salaries.

Another change coupled to the influence of the funding system was the growth of temporary and fixed term contracts for professional school teachers. Although neither Hallam nor Porterfield had yet monitored specifically the changes in numbers for these employee categories, personnel officers in both authorities confirmed that there had been an increase in short term contracts:

> "What we are seeing is a move from what were permanent part time jobs to temporary part time jobs, I think we are doing a lot of annual contracts....that's something I don't particularly welcome but I think that in terms of management flexibility it is the only way [schools] can do it" (Education Adviser, Porterfield).

The use of fixed term contracts for newly qualified staff, for the purposes of assessing their performance, was not encouraged by the LEAs: LEA officers, especially former teachers, were disturbed by the implied casualization of their profession.[8]

If such salary economizing measures (the recruitment of young staff and the increased use of short term contracts) were deemed by head teachers to be insufficient to keep within budget targets and/or build the required levels of budget savings, a more drastic cost-saving measure in the form of compulsory redundancy has been pursued. In some circumstances, such as amalgamated schools, LEAs were sympathetic to such a measure:

> "They had inherited staff who were sitting there on above scale posts, and they were sitting there in some instances in posts which weren't necessarily substantiated posts in that school. That's why they had a pupil/teacher ratio of down to 1 to 10 in one school. Now, couple that with the fact that there's a decline in pupil numbers in the inner city, the fact that you've got a heavy super structure of staff, you've got a massive problem, you really have" (Education Officer, Hallam).

One of the three LEAs, Montgomery, was especially supportive of the need for schools to pursue compulsory redundancies reflecting, to some degree, a different political orientation

---

8.   An increase in the number of classroom assistants for primary schools was also noted across the three LEAs.

on the part of the authority. The Senior Education Officers in Montgomery suggested to us that the only viable means of reducing, or averting, school deficits was enforcing redundancies, since natural wastage was deemed a slow process:

> "You have to say "sorry Fred, the budget is now in a terrible state, we're going to have to do something about it, we can't wait for natural wastage" (LMS Manager, Montgomery).

In this authority the combined effects of the 'transitional arrangements' (a period of gradual phasing in of the impact of full formula funding on schools' budgets) and high turnover among staff apparently reduced the need for implementing enforced redundancies, but the clearly declared preference for such a measure by Montgomery led to the Teachers Association being "very worried" (LMS Manager).

In contrast to Montgomery, both Hallam and Porterfield promoted active teacher redeployment programmes and considered enforced staff redundancies as the last resort. Yet, in all three authorities, school staff were sceptical about the extent to which redeployment and voluntary retirement schemes continued to be viable means of managing school finances. As one head teacher in a secondary school in Hallam recalled, after a number of teachers applied for, and were granted early retirement, "We then ran out of people reaching fifty. There just weren't the people to apply for voluntary early retirement and we still couldn't balance the books. We were rapidly running into massive deficit". However, with some irony the first LEA to have experienced compulsory redundancies in the period of our research was Hallam, the most resistant, as it had several inner city schools with significantly falling rolls due to demographic shifts to the suburbs. Thus the LEA least inclined to support compulsory redundancies was in a position historically where incentives for voluntary early retirements were insufficient to control budgets in some schools.

Along with this came the new belief that under the devolved budgeting system a shift towards a more resolute 'management' style of organization and control in schools was inevitable. Thus, in lamenting the lack of control by schools over the age profiles of their teachers (as older teachers are more costly), one head teacher commented:

> "It's not your fault [having] the age profile you've got. Education isn't or hasn't been a ruthless management thing where you do change age profiles in this sort of manner and yet the management model seems to be one that requires that alteration." (Head Teacher, Secondary, Porterfield)

In summary, by offering a new kind of visibility, the cognitive influence of accounting practices was coupled with institutional change (Meyer, 1986) to create a particular conception of organizational reality (Burchell *et al*, 1980: 5) that the reflected dominant economic discourse enshrined in the neo-liberalist ideology embraced by the Conservative governments. Moreover, by constructing the terms within which organizational activities are viewed, accounting practices have the capacity to structure and delimit the reasoning that organizational actors bring to the 'problems' they perceive within their organization. First, accounting made it possible for the SMT to visualize teachers as cost categories and hence create new scope for effecting significant savings in costs either by reordering the relative importance of newly qualified versus more experienced teachers or by seeking voluntary or compulsory redundancies. Second, in the case of compulsory redundancies, the new accounting (the devolved budgets) was blamed by the SMT for unpalatable decisions, "sorry Fred, the budget now is in a terrible state". In this way, SMTs have been able to represent themselves as staff with high educational values who would normally denounce compulsory redundancies had it not been for the necessities 'imposed' by the budget situation and accounting calculations that 'compels' them to having "to do something about it". At the same time, this new culture of management style heralded by the LMS initiative served to legitimize schools in the eyes of many external constituencies as 'modern, efficiently and appropriately' managed organizations in the guise of the neo-liberalist theory of rational organization. The reconstruction of the teacher as a 'cost' rather than a 'professional educator' has brought in a formalized accounting valuation of staff, which heralded a new cultural and institutional setting that underpinned a seemingly rational organizational discourse (Meyer, 1983: 238) centred around more effective and efficient means of spending scarce budget resources.

In the next section we move to the final stage of re-institutionalization and the impacts of the changes upon processes of cognitive legitimacy as mediated by new accounting practices. To illustrate these arguments we take as an example the debates and conflicts that arose because of the emergence of schools' carry forwards.

Re-institutionalization in education: The accumulation of 'carry forwards' (Stage 6)
Carry forwards refer to the school surpluses of income over expenditure held by each school and their creation reflected a redefinition of the relationship between the LEAs and schools.

Under the new budgetary devolution, schools can build up reserves from budget under-spends, many of which reflected the new employment priorities resulting from the general construction of teachers as costs, which they are then allowed to carry forward from one period to the next. Moreover, schools may generate their own secondary sources of income which could be used to boost the levels of carry forwards.

In common with the trend nationally (*cf.* Times Educational Supplement, October 29, 1993: 9) a very small number of schools in each of the three LEAs we studied accumulated budget deficits; however, the majority assembled positive carry forwards - reaching in some cases 30% of the school budget. For all agencies concerned, the high levels of carry forwards were unexpected. As we discuss below, a range of arguments as to the cause of the carry forwards 'problem' appeared. The intervention of accounting created considerable scope for head teachers to engage in new practices through which they were able to accumulate carry forwards, which in turn sparked off a new set of debates centred around whether the levels of carry forwards reflected necessary precautionary measures or mismanagement.

Accounting Data Available to Organizational Actors

Table 1 summarizes the carry forward balances in each of our three LEAs over the period 1990/1991-1994/1995:[10]

SUMMARY OF CARRY FORWARDS IN MONTGOMERY, PORTERFIELD AND HALLAM LEAS

Total Positive Carry Forwards as % of Total School Budget Delegated by LEA

AUTHORITY	YEAR				
	90/91	91/92	92/93	93/94	94/95
Montgomery					
Primary Schools	7.2	9.4	10.3	10.3	9.3
Secondary Schools	5.2	5.4	5.3	5.5	5.0
Porterfield					
Primary School	N/A	4.9	4.6	5.5	5.7
Secondary Schools	N/A	1.7	1.3	3.4	3.8
Hallam					
Primary Schools	4.1	4.4	3.8	5.6	6.5
Secondary Schools	1.9	2.0	3.8	3.2	2.6

In each of the three LEAs similar concerns arose among officials in adjusting to *legitimation* problems of school carry forwards/deficits: How does the LEA deal with schools that incur budget deficits? In the case of 'significant' carry forwards, is the quality of teaching being compromised? What percentage of school budget can be deemed acceptable as a carry forward? Other concerns were raised concerning the political damage which could arise because high levels of carry forwards could be taken by politicians to imply over-funding of schools - which in turn questioned the legitimacy of claims for increased school funding. It is important to note that while the new policy reflected in devolved budgets made it possible for carry forwards to be accumulated, the change in accounting policy from cash basis to accruals made the levels of carry forwards more visible. It was this visibility that prompted LEA officers to assemble new debates and the problems of how to control and legitimize these budget surpluses.

Legitimizing Budgetary Carry Forwards

As the magnitude of the levels of carry forwards became clear to LEA officers, as well as the public at large, through schools' financial reports, LEAs officers considered various actions. In each LEA, finance officers attempted to provide guidelines of the percentage of school budget to be kept in the form of carry forwards which ranged from 1½% in Porterfield through 2%-3% in Hallam to 5% in Montgomery. Considering the justifications for the building up of school carry forwards, officers in all three LEAs initially considered the levels of carry forwards as cautionary, prudent and 'common sense' measures. This rationalization was extended to cover precautions needed to compensate for lack of accuracy in budget allocations to schools by LEAs, particularly in the early years:

> "Because we didn't know that the information was 100% accurate when we gave it, but we'd given them a budget, we knew we couldn't top it up if we'd got it wrong, just as we knew we couldn't take any away. So we had to say to schools, you know, "until we are 100% certain, slap some percentage on as a contingency" (Deputy Director for Education, Hallam).

However, the accounts offered by LEA Officers changed over the period of our research. Given the character of the LMS initiative and the state's desire for educational organizations to justify their actions through rationalizing accounting and budgeting systems (Meyer, 1986), it was paradoxical to find that the carry forwards issue began to undermine that legitimacy. The reaction of LEA officers related to the levels of carry forwards accumulated (see Table 1 above). For example, although Hallam advised schools that the contingency

needed to be "sufficiently large to cover an immediate short fall, but it didn't need to be a lot" (Education Officer), within three years the contingency fund held by all schools in the Authority increased from £2 million to £8.5 million (LEA Section 42 documents). Similarly, within three years of the introduction of LMS the total carry forward balances in the much larger Montgomery Authority reached £17 million. This was particularly perplexing to the Montgomery Authority Officers given their perception that they were under-funding their schools because "we were always down on the [national funding league] tables" (a member of the Montgomery LMS team). LEA officers responsible for overseeing the implementation of LMS found it increasingly difficult to justify or account for very high school carry forwards in terms of new norms and conventions of 'financial prudence' and 'good management'. For some LEA officers, high carry forwards were a mark of over-caution and inadequate financial training in the management of budgets:

> "Part of it is our fault, because I think we could do more in terms of financial support, development and training. I think part of it is fear as well. What happens if all the windows fall in tomorrow or if we have a flood or if we have an attack of vandals? I suppose that is why they tend to be over-cautious." (Education Officer, Porterfield)

Head teachers echoed this view by suggesting that carry forwards were accumulated in the process of experimenting with LMS, "We'll plan to carry forward a certain amount of the budget, that was just feeling our way through the original system of LMS" (Head Teacher, Primary School, Hallam).

The accumulation of high carry forwards also mirrored the budgetary devolution system itself as school heads had the authority to shift resources and make budget "savings" (budget virement). Hence, the issue of carry forwards was often intertwined with problematizing the legitimacy of the budgetary initiative itself and the changes forced upon the 'profession': the rationality of the LMS programme was often challenged. For example, although the Director of Resources in Porterfield said he was satisfied with the way schools were dealing with virement, he also declared that some schools had now accumulated rather "obscene" contingencies. For many other LEA officers, there was no authentic justification for high levels of carry forwards: one LEA officer at Montgomery attempted a special study of carry forwards but claimed "there is no logic immediately evident why a particular school would have a big carry forward and others do not". A report on carry forwards, prepared for the Education Committee of the LEA in Montgomery, claimed that "there didn't seem to be any single explanation" for the level of carry forwards.

Similarly, in Porterfield the Senior Director of Personnel, concerned about the high levels of school carry forwards, indicated that one primary school had a contingency fund of £60K out of a school budget of £200K:

> "We have half a dozen schools with contingencies of a scale that I would say amounts to mismanagement, not because they have any particular pet project they want to spend it on, but because they want to have a big pocket of resources."

Whether or not LEA officers could find justifications for the accumulation of large school carry forwards, there was solemn concern over the implications of such practices, both from internal and also external legitimation perspectives. One immediate worry was the potential detrimental impact upon teaching quality. For example, one Education Officer in Montgomery commented, accumulating carry forwards

> "means money that could have been spent on this year's cohort of pupils is not being spent; they are being deprived".

The 'political' implications of the high levels of carry forwards concerned the three LEAs, and their schools. Whilst the momentum for the LMS initiative seemed to reflect new ideologies of organizational legitimacy amongst the important environments of educational organizations (Meyer & Scott, 1992: 200-202), the enactment of LMS and the emergence of carry forwards had the potential to undermine the legitimacy of claims to central government funding agencies that schools were under-resourced: the pressure on schools to keep carry forwards within 'reasonable levels' was in part motivated by the perception that it would be difficult for representative bodies to argue externally that schools are under-funded. Concern with the legitimacy of school practices was raised as to how "the politicians" (in central and local government) might interpret the incidence of high carry forwards:

> "The politicians could have drawn the wrong conclusions from the under-spending; that there is too much money in the schools " (LMS Manager, Montgomery).

One Education Officer in Hallam was distressed at the possibility of the local authority Treasurer reducing future funding:

> "Certainly the last three years we've been in a cut situation, he (the Treasurer) sees the surplus balances in school budgets and at one time we would use that to offset services, so it means in theory all the departments of the [local] authority have had to suffer more draconian cuts than we would have had to normally; I suppose it could be argued that he's made us pay in other ways".

The message to head teachers from the LEAs' officers concerned the potential political damage that could be caused by carry forwards. As the head teacher of a Primary School in Hallam indicated "the director (LEA) explained that if he's saying to the Treasury and to the Education Department that primary schools are running on a shoe string, it becomes difficult to justify that if some schools have got big surpluses". During the period of this study the view of some LEA officers that carry forwards "can't be a good political signal to send to central government" (Education Officer, Porterfield) was realized when, in a dispute between local authorities and central government over class sizes and teachers' salary funding, the government suggested that the £600 million national total of school carry forwards could be used to finance the teachers' pay increase.

Re-inventing Legitimacy

Despite major debates over the levels of school carry forwards, under the LMS regime, LEAs now had less authority to influence schools. What LEAs could do was advise schools to reduce carry forwards. For example, Porterfield officers justified the lack of action against schools by suggesting that "it's their decision". In theory, LEAs could withdraw delegation from schools; however, major school mismanagement had to be established before such action could be invoked. But it has never been proposed to us in any of the three LEAs what level of contingency funds would be deemed sufficiently high in order for delegation to be withdrawn.

In Montgomery LEA officers began to report that the levels of carry forwards for secondary schools had started to come down, and those of primary schools have begun to level off (a suggestion that was valid for 1994/95; see Table 1), and this seems to have been motivated, at least in part, by a new policy adopted by that LEA towards carry forwards. A circular was sent to schools from the LEA recommending an upper limit of 5% of schools' budget as a carry forward. Schools retaining higher levels than the stipulated 5% were requested to justify why they had done so. However, there has remained concern amongst the LEA officers that the ways in which school budgets have been presented concealed the significance of the levels of carry forwards from school governors.

One of the means by which Montgomery sought to curb school license with respect to the accumulation of carry forwards was "to involve governors more", and according to one Education Officer, to "prime them to ask the right questions". It was suggested that this was

now an important part of school governors' responsibility, but the governors, some officers in the LEA argued, "didn't really realise what the level of carry forward was (because) for whatever reasons the little kind of inner caucus wanted to jealously guard the carry forward within individual schools" (Member of the LMS project team).

Reactions to attempts by Montgomery to bring the schools round to the view that carry forward levels should be reduced were mixed. In one case the governors and head teacher agreed that it was desirable to think of ways to reduce an existing 10% carry forward to the 5% level advised by the LEA. In other cases, discussions with schools were to "no avail" and the LEA was seeking to take more aggressive steps to encourage schools to keep carry forwards down. One scenario proposed was to use parent criticism as a means of bringing pressure to bear on schools to follow the new carry forward norms:

> "We know that at a recent parents' meeting a parent asked about lack of provision of text books. So we can use that as a peg upon which to hang ... to raise our management concerns" (Senior Education Officer, Montgomery).

Notwithstanding these accounts of the accumulation of carry forwards, school heads were insistent that carry forwards were being built for 'legitimate' reasons. All school staff we interviewed stated that their carry forwards were either budgeted to a specific project or kept to deal with contingencies that they are almost certain of facing in the near future. For example, in commenting on his school's carry forwards, a secondary head teacher in Hallam said "a lot of that is committed". In justifying the part that is not committed, he referred to the uncertainties associated with LMS. "LMS changes year after year. It's a joke, simply a joke. The things that go wrong regularly always come under us. All schools have problems with flat roofs and it's an absolute disaster". But whether carry forwards are being genuinely ear-marked for specific plans or the ear-marking is a ploy to convince the LEA and other constituencies of the legitimacy of the carry forward is a moot point. Certainly, school-staff were in agreement that carry forwards were planned in order to keep the LEAs off their backs. As the head teacher of a primary school in Hallam said "You've got to show … that you've got plans for it". As another primary head teacher in Hallam suggested, the LEA is increasingly asking questions concerning the justifications for carry forwards:

> "Because we have a rise in infant numbers, I wanted to make sure we had an extra teacher. So we had enough money for a teacher's salary carried forward from last year. Now the officers (LEA), not exactly rapped my knuckles, but were very suspicious as to why I had a big carry forward. They wanted to know exactly what it was for ....so in that sense that surplus was planned. But there have been years when

the surplus has been what's left, particularly at the beginning when I wasn't used to the planning, you know. I got what was needed and the carry over was what was left".

Amongst the majority of head teachers, the carry forward was normally accounted for as a deliberate and rational exercise in planning/contingency management. As one secondary head teacher in Porterfield, exemplifying this approach, said "my carry forward is actually a planned commitment to future expenditure. It's a safety net against what's expected. It's not there for just slack money. My point is I know what it's for .. But it leads me into difficulties that it may be misunderstood". These difficulties were partly from the LEA and partly from other head teachers with a different political perspective on the accumulation of carry forwards. Peer pressure also came from other head teachers with a different assumption about carry forwards. As the head teacher of a primary school in Porterfield, who summed up her attitude as "I'm not a believer in under-spending budgets", said:

> "They're (carry forwards) pernicious and they're evil! …I've spent the last five years trying to convince other head teachers but I'm not winning. And it's my life ambition to get everybody to understand that you can't do that. But it's double barrelled, isn't it? It's a double whammy, because if this coming year the Education Committee says "we really are short of money (and) we can't save at the centre any more, we have this horrible political problem [of how to justify high carry forwards]. But, in any case, the money is allocated to the children here and now, so saving up massive carry forwards, you're actually paying for the next children's education with these children's allocation and I don't think that's morally right either".

These arguments point to the general awareness of head teachers of the contestable nature of budgetary carry forwards, at least in terms of denying educational resources to current children in favour of future children. So long as the school complied with ear-marking, carry forwards could be endowed with the legitimacy of rationality, good planning and efficient management. If schools could not ear-mark them, then other strategies were adopted to hide the carry forwards; as the finance manager of a secondary school in Porterfield indicated "We're not letting anybody know how much we've got really, because if you do then they'll think OK, that is great. Let's spend it".

The preceding discussion has focused on the ways in which the coming of accounting into the school sector has facilitated new actions and rhetoric, and a change in the terms of the discourse of school organization. Our informants suggested that "sensible levels" of carry forwards at school level were necessary measures of financial prudence to guard 'well-run' schools against unforeseen circumstances of future funding and uncertainty related to

inaccuracies in budgeting caused by previous imperfect school/LEA financial records. Guidelines in terms of budget percentages were recommended in each LEA as representing maximum advised levels of carry forwards. Thus, accounting measures in the form of budget percentages defined what LEAs perceived were the limits of discretionary 'savings'. The variation in definitions of the appropriate percentage, however, reflects response variety, uncertainty and lack of experience faced by LEA officers in attempting to define what could be considered reasonable.

Yet, the recommended budget percentages for carry forwards by each LEA also demonstrated clear variations (notwithstanding demographic differences between them notice the variations between the three LEAs from 1½% - 5%). Moreover, what were deemed "sensible" levels of carry forwards were not presented as a possible threat to quality of education nor as a potential political embarrassment that might undermine the legitimacy of claims of state under-funding and compromise future levels of school financing by the state.

However, to the extent that schools could demonstrate compliance with these guideline percentages, it was now easier for LEA officers to deploy the rhetoric of "rational" and "common-sense" behaviour to legitimate their actions and the levels of carry forwards.

Concluding Discussion on Theorizing Re-institutionalization: "Every Kiddy Has A Pound Sign"

The case of education and the schools sector in the USA has held a prominent place in the empirical examples and analyses of institutionalized organizations (Meyer & Rowan, 1978; Thomas *et al*, 1987; etc.). In this respect the changes to the UK education sector offer an important insight into the sources and consequences of educational reform and organizational change through an institutional theory perspective. The focus of this paper was upon the consequences to institutions under challenge of the intervention of accounting and budgetary techniques, central to the LMS reforms. In this section we explore the implications of the findings from our case studies for theorizing the relationships between these changes and the implications for neo-institutionalist analysis of institutional change (Greenwood *et al*, 2002). We have headed this final section with the phrase "Every kiddy has a pound sign" to signal the cultural shift LMS and its accounting support-mechanisms have introduced in schools and LEAs. The phrase itself recurred in interviews in all three LEAs and at all levels of the LEA

and school hierarchy and expressed the main features of an 'account' of LMS offered to us by LEAs officers, head teachers, and the rest.

In Meyer & Rowan's (1978) seminal announcement of neo-institutional theory, organizational structures may reflect cultural myths and beliefs as much as, if not indeed more than, the 'efficiency gains' that organizational structures are conventionally assumed to enable. In the case of the reform of education in the UK, organizational changes in schools and other educational agencies, in particular LEAs, have reflected dominant theories of 'organization' (and organizational failing - Tolbert & Zucker, 1996) associated strongly with (neo-liberal) government ideologies and the, sometimes ambiguous, ways these theories have been enacted in state legislation. As we noted earlier, Meyer & Scott (1992) claim rightly that in the USA the idea of 'public sector' as a theory has changed significantly and this claim has had its parallels in the UK during the past two decades. Neo-liberalism provided the pragmatic legitimacy for the new theory of the public sector: the aspiration to transform the education sector into the image of the private sector, with the benefits of market forces, economic efficiency, effectiveness, and value-for-money. The introduction of LMS and devolved budgets was justified as the mechanisms through which the new theory of the education sector was to become a reality. We have also noted how such theorization cannot be meaningfully separated from other stages of institutionalization, in particular the precipitating jolt, the 1988 ERA, that heralded consequential institutional changes (Greenwood *et al,* 2002: 60). We have also noted the importance of tracing the genesis of discourses concerning theories of the public sector and the persistent ways in which that sector was re-presented as a failure. Such discourses ultimately prepare the ground so that upon their announcement, the precipitating jolts appear almost as the necessary realization of public expectations in order to repair the legitimacy that such discourses have themselves undermined. This was suggestive of a more complex interaction of stages than Greenwood *et al* (2002) proposed and as such we have adapted their model accordingly.

As Meyer & Rowan placed at the heart of their analysis of 'Institutionalized Organizations' the Proposition that "Organizations that incorporate societally *legitimated* rationalized elements in their formal structures maximize their legitimacy and increase their resources and survival capabilities" (1978: 355), it is appropriate that we begin our conclusions with a discussion of the processes of legitimacy, or legitimacies (Suchman, 1995), that have become intertwined with the institutional changes in the schools in our three LEAs. On the one hand,

the emergence of accounting and budgetary techniques as a major component of the 1988 ERA has seemingly strengthened a wider view of the schools sector as 'appropriate, efficient and modern', enhancing the external, normative and instrumental legitimacy of the education sector, at least in the perceptions of central government agencies and key funding sources (Pfeffer & Salancik, 1978). On the other hand, however, we see evidence in our cases of the ways in which the intervention of new budgetary practices, as well as "carrying homogenization" (Townley, 2002), may also be implicated in an undermining of the external legitimacy of institutionalized organizations because of the accumulation of what were calculated to be 'unreasonably high' levels of carry forwards (Ruef & Scott, 1998).[9]

The carry forwards issue has clearly not been welcome to the LEAs. Each of our LEAs expressed concern at the 'signals' that high levels of school budget carry forwards send to outside political interests. As carry forwards rose beyond the levels that were deemed rational, the neutrality with which 'rational' levels were seemingly endowed gave way to value-laden and highly politicized debates. LEAs reasoned themselves or were politically compelled to equate "high" levels of carry forwards with poorer delivery of education thus in the process equating accounting quantities with education qualities. Also, "high" levels of carry forwards were presented as a reflection of political naïveté by schools. The quest by schools to demonstrate their independence of LEA advice by accumulating "obscene" carry forwards was presented by LEAs and other constituencies as compromising legitimate funding claims by the whole school sector and providing the politicians with the ammunition to reduce school funding (Burchell *et al*, 1980; Ezzamel & Bourn, 1990).

While Meyer & Rowan (1978) note the power of institutionalized organizations to secure increased resources from their important environments, there is some evidence that the accumulation of carry forwards might have served to undermine the legitimacy of claims for extra resources for schools from central government, although this consequence must be understood to have been unintentional institutional effect (Jepperson, 1991). In terms of the organizational responses to the legitimation pressures introduced by state legislation, the pattern we observed is complex. First, strong evidence of isomorphism is evident in the emergence of the 'managerial teams' (SMTs) in schools, general reactions to the emergence

---

[9]   These multi-dimensional facets of legitimacy are suggestive of some of the problems in marrying the legitimacy of organizational reforms to both wider cultural values and internal organizational norms.

of teachers as cost categories, and, of course, in the appearance of specific actions, debates and conflicts across our three LEAs. In the case of carry forwards, we have observed specific ways in which state-inspired reform of educational institutions in the UK has introduced new rhetorics, new debates, and new scopes for action made possible by the intervention of accounting. These events were recorded across all three LEAs and the structures of the 'problems' and debates as represented through accounting data were very similar (see also Levaçic, 1995).

Second, it is noticeable that the changes in practices introduced by LMS have been 'buffered' by the emergence of the SMT in schools. The emergence of SMTs is one of the mechanisms by which environmental pressures have been loosely coupled (rather than de-coupled) to educational practices in the classroom. While, on the one hand the SMT in schools has both signaled and enacted a changing relationship between head teachers and LEAs in terms of the increasing influence of the former, on the other, the teaching staff of schools 'at the chalk-face' have seen little impact upon their working practices. As Scott (1991) and Thomas *et al* (1987) have noted, educational reforms seem to impact more upon 'administrators' than upon the behaviour of school teachers, although that is not to say that teachers have not endured consequences of ERA 1988 in terms of the market for 'costly' teachers. Moreover, post LMS teachers now have to cost and justify formally items they request to be bought for their pupils, in contrast to the situation prior to LMS when such rationalized justifications were not required.

Third, we have noted a little heterogeneity in the organizational responses of schools and LEAs to the LMS initiative, particularly at the level of coping with staffing and redundancy matters. Also the range of practices that we noted contributing to the build-up of carry forwards seemed to reflect, first, the political orientation of the LEA's ruling party or parties and second, the point from which the LEA and its schools had to address the consequences of LMS. Responses to financial pressures did seem to reflect matters of *political identity* (Powell, 1991). As Scott (1991: 187) has noted, the involvement of different layers of local and national government often leads to heterogeneous responses to varied institutionalism and institutional change.

Our last comment pertains to the specific influences of accounting as a cognitive dimension of action in the establishment of legitimacy and institutional change. While many writers in

the field of organization theory point towards such issues as the influence of entrenched interests, inertia, taken-for-granted assumptions and path-dependent development process to account for institutionalized organizations and their structuration through time and space, our study points more closely to the specific cognitive mechanisms for visualization and cognition in organizational structures (Fligstein, 1991: 315) and the effects thus produced. While we acknowledge the contribution that Meyer (1986) in particular has made to the understanding of the roles of accounting practices in institutionalized organizations, the importance of the accounting/budgeting representations or 'eye' to the events considered in this paper has been central. The diffusion of accounting data has changed the way in which certain actors in educational institutions view and think about their world, and thus act, and the legitimacy they ascribe to new practices. In particular, we have signalled and explored the cognitive influence of accounting by prefacing our empirical section with 'Accounting data available to organizational actors' to emphasize the manner in which accounting information both represented and intervened in the institutional responses to LMS we observed.

Accounting numbers do not, of course, unambiguously determine organizational actions but by endowing accounting numbers (higher levels of carry forwards) with new qualitative meanings LEAs' officers were able to open up the scope for what was presented as legitimate action. The introduction of accounting numbers invested organizational actors with new and legitimate sets of 'interests' (Jepperson & Meyer, 1991: 207). Through the same accountings such interests were now amenable to 'calculation'. LEAs' officers present on school governing bodies were therefore able to request schools to provide justifications for higher levels of carry forwards. Despite the diminution in their power vis-à-vis schools under LMS, LEA officials were able to remind schools that their financial independence could be curtailed through the withdrawal by LEAs of budget delegation from schools, even though this remains as yet a theoretical sanction. Moreover, LEAs were able to present as legitimate their own efforts to mobilize the support of governors and parents, as interested constituencies, to exert pressure on schools to reduce the levels of their carry forwards. As new arenas for economic action have been opened up by accounting (Hopwood, 1990) as new actions were made possible (through the accumulation of carry forwards), accounting calculations provided ammunition for both sides of the debate (Burchell *et al*, 1980; Ezzamel & Bourn, 1990).

This focus on accounting cognition emphasizes the social constructivist manner by which shared meanings are established, negotiated and stabilized through the interactions of individuals and groups, or what DiMaggio & Powell (1991: 22) call "theory of practical action". Rather than being assumed to discover the world 'out there', the world is invented through the collective interaction of actors, an interaction that is constrained and mediated by existing social arrangements and beliefs. In our case studies, individuals are assumed to function within the educational sector as a social arena that has its codified cultural rules, norms of behaviour, and social routines. As we have emphasized, this arena has undertaken a re-institutionalization as a consequence initially of government legislation. Through their ongoing interactions, these actors appropriate and utilize these cultural rules, norms and routines, and also invent new understandings and interpretations to guide their daily behaviour. As Scott (2001: 51-52) has noted "individuals in interactions collectively construct the social world, including individual and collective economic actors and their interests. Economic actors and relations are not simply embedded in social structures: they are social structures."

REFERENCES

Abernathy, M. & W. F. Chua (1995) "Airfield Study of Control Systems 'Re-Design': The Impact of Institutional Processes on Strategic Choice." *Contemporary Accounting Research*, 13 (2), Fall: 569-606.

Barley, S. R. & P. S. Tolbert (1997) "Institutionalization and Structuration: Studying the Links Between Action and Institution." *Organization Studies*, 18 (1): 93-117.

Basu, O. N., M. W. Dirsmith & P. P. Gupta (1999) "The Coupling of the Symbolic and the Technical in an Institutionalized Setting: The Negotiated Order of the GAO's Audit Reporting Process." *American Sociological Review*, 64 (4): 506-526.

Berger, P. & T. Luckmann (1967) *The Social Construction of Reality*. New York: Doubleday Anchor.

Boland, R. J. & L. R. Pondy (1983) "Accounting in Organizations: A Union of Natural and Rational Perspectives." *Accounting, Organizations and Society*, 8 (2/3): 223-234.

Burchell, S., C. Clubb, A. G. Hopwood, J. Hughes & J. Nahapiet (1980) "The Roles of Accounting in Organizations and Society." *Accounting, Organizations and Society*, 5 (1): 5-27

Caldwell, B. J. & J. M. Spink (1988) *The Self-Managing School*, London: Falmer Press.

Coffey, A., B. Holbrook & P. Atkinson (1996) "Qualitative Data Analysis: Technologies and Representations." *Sociological Research Online*, 1 (1).

Coopers & Lybrand (1988) *Local Management of Schools: A Report to the Department of Education and Science*, Coopers & Lybrand: London.

Covaleski, M. A., M. W. Dirsmith & J. E. Michelman (1993) "An Institutional Theory Perspective on the DRG Framework, Case-Mix Accounting Systems and Health-Care Organizations." *Accounting, Organizations and Society,* 18 (1): 65-80.

Dacin, T., J. Goodstein & W. R. Scott (2002) "Institutional Theory and Institutional Change: Introduction to the Special Research Forum." *Academy of Management Journal*, 45 (1): 45-57.

DES (1988) *Circular 7/88. Education Reform Act/Local Management of Schools* London: HMSO.

DiMaggio, P. J, (1988) "Interest and Agency in Institutional Theory." In L. G. Zucker (ed), *Institutional Patters and Organizations: Culture and Environment*: 3-21. Camb, Mass: Ballinger.

DiMaggio, P. J. & W. W. Powell (1983) "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields." *American Journal of Sociology*, 48 (April): 147-160.

DiMaggio, P. J. & W. W. Powell (1991) The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields, in Walter W. Powell & Paul J. DiMaggio, *The New Institutionalism in Organizational Analysis*, London: University of Chicago Press Ltd.

Education Reform Act (ERA)1988 *Education Reform Act* London: HMSO.

Edwards, P., M. Ezzamel, K. Robson & M. Taylor (1996) "Comprehensive and Incremental Budgeting in Education: The Construction and Management of Formula Funding in Three English Local Education Authorities." *Accounting, Auditing and Accountability Journal*, 9 (4): 4-37.

Edwards, P., M. Ezzamel & K. Robson (1999) "Connecting Accounting and Education in the UK: Discourses and Rationalities of Education Reform." *Critical Perspectives on Accounting*, 10: 469-500.

Everard, K. B. & G. Morris (1990) *Effective School Management*, London: Paul Chapman Publishing.

Ezzamel, M. (1994) "Organizational Change and Accounting: Understanding the Budgeting Systems in its Organizational Context." *Organizational Studies*, 15 (2): 213-240.

Ezzamel, M. & M. Bourn (1990) "The Roles of Accounting Information Systems in an Organization Experiencing Financial Crisis." *Accounting, Organizations and Society*, 15 (5): 399-424.

Fligstein, N. (1991) "The Structural Transformation of American Industry: An Institutional Account of the Causes of Diversification in the Largest Firms, 1919-1979." In W. W. Powell & P. J. DiMaggio, (eds) *The New Institutionalism in Organizational Analysis*: 311-336. London: The University of Chicago Press Ltd.

Giddens, A. (1984) *The Constitution of Society*. Cambridge: Polity.

Glaser, B. G. (1992) *Emergence vs Forcing: Basics of Grounded Theory Analysis*. Mill Valley: Sociology Press.

Greenwood, R. & C. B. Hinings (1996) "Understanding Radical Organizational Change: Bringing Together the Old and New Institutionalism." *Academy of Management Journal*, 21(4): 1022-1054.

Greenwood, R., R. Suddaby & C. B. Hinings (2002) "Theorizing Change: The Role of Professional Associations in the Transformation of Institutionalized Fields." *Academy of Management Journal*, 45(1): 45-80.

Hannan, M. & J. Freeman (1984) "Structural Inertia and Organizational Change." *American Sociological Review*, 49: 149-164.

Hayek, F. A. (1944) *The Road to Serfdom*. London: G. Routledge & Sons.

Hirsch, P. M. (1997) "Sociology without Social Structure: Neo-Institutional Theory Meets Brave New World." *American Journal of Sociology*, 1026: 1702-1723.

Hirsch, P. & M. Lounsbury (1997) "Ending the Family Quarrel: Toward a Reconciliation of "Old" and "New" Institutionalism." *American Behavioural Scientist*, 40 (4): 406-418.

Hopwood, A. G. (1990) "Accounting and Organization Change." *Accounting, Auditing and Accountability Journal*, 3 (1): 7-17.

Jepperson, R. L. (1991) "Institutions, Institutional Effects, and Institutionalism." In W. W. Powell. & P. J. DiMaggio (eds), *The New Institutionalism in Organizational Analysis*. London: The University of Chicago Press Ltd.

Jepperson, R. L. & J. W. Meyer (1991) "The Public Order and Construction of Formal Organizations." In W. W. Powell & P. J. DiMaggio (eds), *The New Institutionalism in Organizational Analysis*. Chicago: University of Chicago Press.

LMS Initiative (1988) *The LMS Initiative*, LMS/CIPFA

Lee, R. & N. Fielding (1996) "Quantitative Data Analysis: Representations of a Technology. A Comment on Coffey, Holbrook & Atkinson." *Sociological Research Online*, 1(4): 1.1-4.5.

Levaçic, R. (1995) *Local Management of Schools: Analysis and Practice*. Buckingham: Open University Press.

McSweeney, B. (1995) "Management by Accounting." In A. G. Hopwood & P. Miller (eds), *Accounting as Social and Institutional Practice*. Cambridge: Cambridge University Press.

Meyer, J. W. (1983) "On the Celebration of Rationality: Some Comments on Boland and Pondy". *Accounting, Organizations and Society*, 8 (2/3): 234-240.

Meyer, J. W. (1986) "Social Environments and Organizational Accounting." *Accounting Organizations and Society*, 11 (4/5): 345-356.

Meyer, J. W. (2000) "Reflections on the 25th Anniversary of 'The Social Construction of Reality'." *Journal of Management Inquiry*, 9 (3): 275-278.

Meyer, J. W. & B. Rowan (1977) "Institutional Organizations: Formal Structure as Myth ad Ceremony." *American Journal of Sociology*, September: 340-363.

Meyer, J. W. & B. Rowan (1978) "The Structure of Educational Organizations." In M. W. Meyer *et al* (eds), *Environments and Organizations*: 78-109. San Francisco: Jossey Bass.

Meyer, J. W. & W. R. Scott (1983a) "Centralization and Legitimacy Problems of Local Government." In J. W. Meyer. & W. R. Scott (eds), *Organizational Environments: Ritual and Rationality*. Beverley Hills, CA: Sage.

Meyer, J. W. & W. R. Scott (1983b) (eds), *Organizational Environments: Ritual and Rationality*. Beverley Hills, CA: Sage.

Meyer, J. W. & W. R. Scott (1992) "Centralization and Legitimacy Problems of Local Government." In J. W. Meyer. & W. R. Scott (eds), *Organizational Environments: Ritual and Rationality*. (Updated edition) Beverley Hills, CA: Sage.

Meyer, J. W., W. R. Scott & D. Strang (1987) "Centralization, Fragmentation and School District Complexity." *Administrative Science Quarterly*, 32: 186-201.

Meyer, M. W. & L. G. Zucker (1989) *Permanently Failing Organizations*. Newbury Park, CA: Sage.

Mezias, S. (1990) "An Institutional Model of Organizational Practice: Financial Reporting in the Fourtune 200." *Administrative Science Quarterly*, 35 (3): 431-457.

Morgan, G. & H. Willmott (1993) "The 'New' Accounting Research: On Making Accounting More Visible." *Accounting, Auditing and Accountability Journal*, 6 (4): 3-36.

OFSTED/Audit Commission (1993) "*Adding Up the Sums: Schools' Management of their Finances.*" London: HMSO.

Oliver, C. C. (1992) "The Antecedents of Deinstitutionalization." *Organization Studies* 13 (2): 563-588.

Pfeffer, J. & G. R. Salancik (1978) *The External Control of Organizations: A Resource Dependence Perspective*. New York: Harper & Row.

Powell, W. W. (1991) "Expanding the Scope of Institutional Analysis." In W. W. Powell. & P. J. DiMaggio (eds), *The New Institutionalism in Organizational Analysis*. London: The University of Chicago Press Ltd.

Ramirez, F. O. & J. Boli (1987a) "Global Patterns of Educational Institutionalization." In G. M. Thomas, J. Meyer, F. Ramirez & J. Boli (eds), *Institutional Structure: Constituting State, Society and the Individual*. Newbury Park: Sage.

Ramirez, F. O. & J. Boli (1987b) "On the Union of States and Schools." In G. M. Thomas, J. Meyer, F. Ramirez & J. Boli (eds), *Institutional Structure: Constituting State, Society and the Individual*. Newbury Park: Sage.

Rose, N. & P. Miller (1994) "Political Power Beyond the State: Problematics of Government." *The British Journal of Sociology*, June, 43 (3): 173-207.

Ruef, M. & W. R. Scott (1998) "A Multi-Dimensional Model of Organizational Legitimacy." *Administrative Science Quarterly*, 43 (4): 877-903.

Schank, R. C. & R. P.Abelson (1977) *Scripts, Plans, Goals and Understanding: An Enquiry into Human Knowledge Structures*. Hillside, NJ: Lawrence Erlbaum.

Scott, W. R. (1991) "Unpacking Institutional Arguments". In W. W. Powell & P. J. DiMaggio (eds), *The New Institutionalism in Organizational Analysis*. London: The University of Chicago Press Ltd.

Scott, W. R. (2001) *Institutions and Organizations* (2nd edition). London: Sage.

Sexton, S. (1987) *Our Schools: A Radical Policy*. London: Institute of Economic Affairs.

Silverman, D. (1971) *The Theory of Organization: A Sociological Framework*. New York: Basic Books.

Strauss, A. & J. Corbin (1998) *Basics of Qualitative Research*. Thousand Oaks: Sage.

Suchman, M. C. (1995) "Managing Legitimacy: Strategic and Institutional Approaches." *Academy of Management Review*, 20 (3): 571-610.

Swidler, A. (1986) "Culture in Action: Symbols and Strategies." *American Sociological Review*, 51: 273-286.

Thomas, G. M., J. Meyer, F. Ramirez & J. Boli (1987) *Institutional Structure: Constituting State, Society and the Individual*. Newbury Park, CA: Sage.

Times Educational Supplement, October 29, 1993.

Tolbert, P. S. (1988) "Institutional Sources of Organizational Culture in Major Law Firms." In L. G. Zucker (ed), *Institutional patterns and Organizations: Culture and Environment*: 101-113. Cambridge, Mass: Ballinger.

Tolbert, P. & L. G. Zucker (1996) "The Institutionalization of Institutional Theory." In S. Clegg, C. Hardy & W. Nord (eds), *Handbook of Organizational Studies*: 175-190. Thousand Oaks, CA: Sage.

Townley, B. (2002) "The Role of Competing Rationalities in Institutional Boundaries." *Academy of Management Journal*, February, 45 (1): 163-179.

Weick, K. E. (1993) "Sensemaking in Organizations: Small Structures with Large Consequences." In K. Murnigham (ed), *Social Psychology in Organizations: Advances in Theory and Research*: 10-37, Englewood Cliffs, NJ: Prentice-Hall.

Zilber, T. B. (2002) "Institutionalization as an Interplay Between Actions, Meanings and Actors: The Case of a Rape Crisis in Israel." *Academy of Management Journal*, February, 45 (1): 234-254.

Zucker, L. G. (1977) "The Role of Institutionalization in Cultural Persistence." *American Sociological Review*, 42: 726-743.

Zucker, L. G. (1991) "Postscript: Microfoundations of Institutional Thought." In W. W. Powell & P. J. DiMaggio (eds), *The New Institutionalism in Organizational Analysis*: 103-106. Chicago: The University of Chicago