



Faculty of Business and Law

SCHOOL OF ACCOUNTING, ECONOMICS AND FINANCE

School Working Paper - Accounting/Finance Series 2006

SWP 2006/05

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Organizational Change and Management Control in a Not-For-Profit Organization: A Qualitative Field Study

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Paper presented at the Interdisciplinary Perspectives on Accounting Conference on 10-12 July 2006, Cardiff, UK.

Organizational Change and Management Control in a Not-For-Profit Organization: A Qualitative Field Study

ABSTRACT: In this article we report the results of an inductive field study designed to develop an understanding of organizational and accounting change in an Australian church organization. We approach this study following the insights from Burns and Scapens' (2000) theorisation of management accounting change and the new institutional sociology perspective. The data collection and analytical methodology adopted is grounded approach that summarized interview data into shorter statements to identify themes and to reveal the emergent phenomena. Eight broad themes emerged and were the points of discussion adopted by us. The cause and effect relationships of the predominantly internally generated organisational changes within a Christian-based community service organization became apparent. The subject organization had enjoyed success through hard work, commitment, dedication and loyalty and the collective energy of the individuals and groups within. Additionally, pressures of tighter government funding and service outcome orientation moderately caused the traditional family-like structure to diminish and evolve into, or at least resembled a more corporate styled organization. However, the structuring of the funded operations within the organization had a strong grain of internal force at the time that kept these influences fairly minimal, but manageable without impacting, to a large degree, the management accounting control mechanisms. Our contribution to the accounting and organizational change literature lies in the diversity in the findings that offers a rich and colorful representation of the impact of radical change in a not-for-profit organization. We call for more empirical research into this emerging area in management accounting.

Keywords: *Organizational change; institutional theory; management accounting change; not-for-profit organizations*

INTRODUCTION

Recently exploring why and how organizations change has been a central and enduring quest of a growing body of work in management accounting and many other disciplines (see, for example, Bratnicki & Krys, 1992; Van de Ven & Poole, 1995; Matthews, 1998; Abernethy & Brownell, 1999; Burns, Ezzamel & Scapens, 1999; Vamosi, 2000; Burns & Vaivio, 2001; Granlund & Modell, 2005; Goddard, 2005; for a recent review, see Quattrone & Hopper, 2001; Broadbent & Laughlin, 2005 and Modell, *forthcoming*).¹ Prior research has studied accounting and organizational change from the theoretical perspectives of new institutional sociology, institutional economics, managerialist, processual, and social or discursive (Dollin, 1993; Broadbent and Laughlin, 2005). In this article we attempt to contribute to this stream of literature by developing an understanding of organisational and accounting changes in an Australian church organization. Research related to church organisations received less attention within the exiting literature. As Parker (2001, p. 322) states: "Religious not-for-profit organizations comprise a socially, politically and economically important sector that has been largely neglected by accounting and management researchers, particularly in terms of management planning and control systems employed, approaches to strategic decision-making and operational control, the management of a complex array of stakeholders, and the addressing of multiple objectives and strategic agendas".

A growing body of work on management accounting change (Burns et al., 1999; Burns, 2000; Burns & Scapens, 2000; Burns & Viavio, 2001; Granlund and Modell, 2005) suggests that change in management accounting processes progresses from procedures (rules) to institutionalized practices (routines). Using this frame of reference, in this article we report the

¹ See the special edition of *Management Accounting Research* in 2001 (Volume 12, Number 4).

results of an inductive field study of accounting and organizational change in a not-for-profit organization. It uses a qualitative, grounded approach (Miles and Huberman, 1984; Strauss & Corbin, 1990) as a method of data collection and analysis to explore how a non-for-profit organization endures the rigors of the change as it evolves into a new form whilst maintaining its existing services.

Not-for-profit organisations are of interest to us from the perspective that they are generally multi-faceted, operationally diverse and contend with challenges that are quite different to profit-driven organisations (Parker, 2001). Further, the service ethic within community based not-for-profit agencies tends to be strong with a high sense of commitment and dedication. These qualities attract our attention in order to find out what kind of management control is required to achieve social outcomes whilst achieving credibility, accountability and sustainability. An appropriate not for profit organization that was undergoing major changes as a result of the need for stricter governance, which led to an amalgamation and subsequent restructure process, was identified. Heavenly Church (not its real name) provides an interesting 'case' to be studied because it has had a history of operating within a "family like structure", and had enjoyed success through hard work and commitment but moreover, dedication and loyalty to the cause by the collective energy of the individuals and groups within. Heavenly Church is one of the largest not-for-profit, non government organisations in the Northern Territory (NT).² The number of staff within the organization's offices across the NT make it a comparative size to a government department. The organisation is operationally diverse and is undergoing a radical period of change. Hence, this study reflects one organisation that is very colourful and rich in detail, with ample attributes to justify being the solo subject of research. Thus, this study broadens the fairly limited literature relating to management accounting change within the not for profit sector.

As this study is conducted during the implementation of changes within the organization, the development of organizational policies and practices are discussed in light of the change environment. In this article we address the fundamental challenges that are experienced during a period of change and identify theory grounded in the data. The relevant theory and themes emerging from the data describe the current phenomenon within the organization. Given the period of change that the organization is currently experiencing, the broader issues relating to the emergence of a new organization with a new culture and new accountability and governance mechanisms is discussed with reference to supporting theory. The overriding theory pertains to the reasons behind the change and the forces that come into play to reshape and reform the organization. Predominantly, we use Burns and Scapens' (2000) framework, which is based on old institutional economics (OIE), to dissect the changes and analyze the evolving processes and practices taking place in the organization. However, as a result of the sheer diversity of the organization and the number of changes taking place within the organization currently, an important part of this study was to utilize further new institutional sociology (NIS) theory (DiMaggio & Powell, 1983) that explains the impact of influences that are external to the organization so as to add dimension to the evolving internal organization. The organizational context within its environment is crucial to reveal external pressures that may be impacting the development of internal controls and procedures within the organization (Dillard, Rigsby & Goodman, 2004).

² The Australian Commonwealth (or Federal) Government comprises of five states (New South Wales, Queensland, Tasmania, South Australia, Western Australia) and two territories (Northern Territory and Australian Capital Territory).

In this article, we discuss the various internal and external forces that have had a degree of impact to bring about the process of change for the organization. We recognize that government funding plays an influential role over the organization, an influence that the organization has contended with for many years, hence representing a low degree of impact compared with the radical change that has taken place. The radical change in essence took place as a result of the Governing Body, the Board, recognizing that the structure of the organization across the NT of Australia was too fragmented and did not represent an efficient and effective governance model. The Board had known for some time that action to gain control was needed and that a restructure to have consistency in reporting and commonality between the regions was paramount to gain control. Thus given the nature of the research site – a more voluntaristic organization where many members have a normative or spiritual commitment our theoretical framework combines new institutional sociology (NIS) for external factors and old institutional economics (OIE) for internal ones.

A THEORETICAL FRAMEWORK FOR STUDYING CHANGE

As mentioned above, in this study we use Burns and Scapens' (2000) institutional theory of management accounting change as the primary frame of reference because it allows us to hone in on the changes taking place within the case organization. Further, Burns and Scapens' framework offers justified and meaningful explanations to assist us in establishing relevant meanings behind the changes within the organization (Siti-Nabiha & Scapens, 2005).

Burns and Scapens draw on OIE, which essentially provides focus on organisational routines and their institutionalization (see also Scapens, 1994). They describe *rules* as the formally recognized way in which things should be done and *routines* as the way in which things are actually done. According to Burns and Scapens (2000, p. 3), '... the framework explores the complex and ongoing relationship between actions and institutions, and demonstrates the importance of organizational routines and institutions in shaping the processes of management accounting change.' Further, they suggest that through implementation, routines will emerge and that there can be a two-way relationship between rules and routines. In essence, routines emerge as the new rules, whereas the old rules become redundant even though they were once the original formal statements.

The primary focus of Burns and Scapens' institutional framework is 'the recognition that management accounting practices can both shape and be shaped by the institutions which govern organizational activity (p. 5).' To do so, they seek to recognise the importance of distinguishing between an 'institutional realm' and the 'realm of action' whilst arguing that these levels of analysis are intricately, though perhaps imperfectly, interlinked by the transmission and transformation of rules and routines (Modell, *forthcoming*). Thus, Burns and Scapens view that when emerging routines are widely accepted in an organization, they become an inherent feature of the management control system and as such institutionalized. They argue that these routines will influence organisational activity and become quite resistant to challenge. Although legitimating and economic drivers are seen as imperative factors used to analyze change which are beyond the scope of the Burns and Scapens framework, the institution being analyzed is the instrument that depicts how intense or broad the scope needs to be. For example, a not-for-profit driven entity may not feel the impact of the economic forces within its environment to the same extent as would a profit driven entity. Similarly, a funded community based firm will not feel the pressures of the market forces to the same extent as a firm in a highly competitive environment.

The formal and informal dichotomy discussed by Burns and Scapens, which describes intentional and unintentional change, is closely linked to their second dichotomy revolutionary

and evolutionary management accounting changes. Revolutionary and evolutionary changes were seen as being a fundamental disruption to the existing routines and institutions versus an incremental, minor disruption to existing routines and institutions respectively. The third dichotomy that Burns and Scapens discuss is the regressive and progressive management accounting change. They refer to regressive change as including behavior which reinforces ceremonial dominance and progressive change as including displacement of ceremonial behavior by instrumental behavior. Regressive management accounting change or ceremonial dominance preserves existing power and restricts institutional change.

Dillard et al (2004) appreciate the fundamental use of the Burns and Scapens framework; however, they view the Burns and Scapens framework as a narrow view that fails to consider the links between the organisational practices, the organisational field and the possible influences of society and other influential actors. They argue that the development of a formal organisational structure is influenced by its interorganisational context. With this extended view they develop a multilevel representation of the dynamics associated with the institutionalized process. They see a hierarchy of institutional influence with the top level representing the overarching societal level of political, economic and social systems. The second level consists of organisational fields such as industry and professional groups, with the third level being the individual organization.

Dillard et al. further argue that the Burns and Scapens framework lacks analysis of the social, political and economic issues that define the organisational context and creates concerns in identifying the influences responsible for organisational practices. Organisations conform to 'external' contextual expectations according to the new institutional sociology perspective (DiMaggio and Powell, 1983). Greenwood and Hinings (1996) refer to the drivers of divergence as both economic and institutional perspectives. They rely heavily on DiMaggio and Powell's (1983) model of isomorphism to illustrate homogenization of management accounting processes within Finnish companies which are very different to western world companies. They argue that each organization must be examined in an objective manner and the underlying theory needs to be carefully selected so as to map changes according to the individual organization and how it fits into its environment.

Meyer and Rowan (1977) argue that the formal structure of organizations reflect the myths of their institutional environment. The myths that Meyer and Rowan refer to relate to the institutional rules that organizations incorporate to gain legitimacy, resources, stability and enhanced survival prospects. DiMaggio and Powell (1983) suggest that organizations may try to change constantly, but the aggregate effect of these responses actually lessens the extent of diversity within their environment and draws them closer to their environment. DiMaggio and Powell refer to this concept as "isomorphism", which essentially captures the process of homogenization. DiMaggio and Powell identify three forms of isomorphic change: coercive; mimetic processes; and normative pressures. Coercive isomorphism: "...results from the formal and informal pressures exerted on organizations by other organizations upon which they are dependent and by cultural expectations in the society within which organizations function..." (DiMaggio and Powell, p.150, 1983); Mimetic processes resulting from uncertainty, organizations tend to copy other organizations in their field to perceive legitimacy and success; and normative pressures, that is, within professions certain expectations of conformance create similar behavior within the profession.

Using the insights from both OIE and NIS, we derived the diagram in figure 1, which illustrates the environmental forces - internal and external - that potentially impact the organization being studied. Figure 1 illustrates the six external influences within the

organizational environment that have the propensity to play a part in shaping the organization currently being studied.

INSERT FIGURE 1 HERE

In our view, when organisations have undergone changes, whether they are radical or evolutionary, a bottom-up view of the internal organization is useful to analyze those changes. Therefore, for the purposes of this study, the Burns and Scapens framework has been used to understand organisational and accounting change at Heavenly Church from a micro perspective. The benefit of taking an internalized or micro view is to identify the influences of the internally constructed controls and practices to allow for a better appreciation of the institutionalized rules and routines. However, to complement the Burns and Scapens framework, the 'external' context of the change process is also drawn on to include an external perspective in this study (Meyer & Rowan, 1977; DiMaggio and Powell, 1983; Covaleski and Dirsmith, 1988; Pettigrew, 1985, 1990; Greenwood and Hinings, 1996). The reasoning behind our such a choice lies in the 'perceived benefits of pluralism; that is, because any one perspective offers a partial account of a complex phenomenon, multiple perspectives provide a more comprehensive understanding of organizational change' (Van de Ven and Poole, 1995; cited in Doolin, 2003, p. 766; for a similar view, see also Covaleski, Evans III, Luft and Shields, 2003; Broadbent and Laughlin, 2005).

From the above discussion, we suggest that the Burns and Scapens framework is a 'micro level' perspective - it is at this micro level that the internal reasons behind the changes were able to be explored. The filtering of the external pressures into the internal practices gave rise to the development of the institutional rules and routines to suit the new information requirement. It is at this level that we expect for a more complete account for understanding how to interpret responses to internal and external contextual pressures. Thus it is important for us to understand the internal organization aside from the external forces so as to gain an in-depth knowledge about the processes, practices and behavioral aspects amidst organizational change.

In the above section, we discuss our proposed theoretical framework to analyze and present our findings. The meanings and explanations offered by Burns and Scapens (2000) and NIS (DiMaggio & Powell, 1983 and others) will allow for a better understanding of the nature and variety of the changes that are apparent within the organization being studied, as well as an explanation as to why these changes have happened.

RESEARCH METHOD

In this study, we believe social reality to be emergent, subjectively created, and objectified through interaction (Morgan & Smircich, 1980; Hopper & Powell, 1985; Morgan, 1988; Baxter and Chua, 1998; Schwandt, 2000). Using this view, in this article we attempt to make sense of the processes of change in their organisational contexts (Hopwood, 1990) and to understand how social order is produced and reproduced (Chua, 1986, p. 615). As a result, in our empirical analysis we have followed a slightly relaxed but systematic qualitative framework using Strauss and Corbin's (1990) grounded approach. Using this approach we identified themes arising out of notes taken during interviews. The benefit of using Strauss and Corbin's (1990) grounded approach stems from the clear set of guidelines and systematic approaches that they invite the researchers to choose from (Goddard, 2004; Parker & Roffey, 1997). To identify the theory that explains the social and behavioral practices, subjective interpretation, and attitudes and culture of

the organization, such an approach has been an invaluable tool that has enabled a sound conceptual understanding of the case organization and its actors (Charmaz, 2000).

We interviewed a total of eighteen people from various levels of management at Heavenly Church, as follows: diocese (2); board (3); CEO; directors (4); managers (5); and other managers (3). On average each interview took one and a half hours. One to one interviews and observing staff engaged in formal and semi formal meetings provided a rich and real accumulation of knowledge. Morgan and Smircich (1980) support the notion that the social world constitutes some form of open-ended process and that it is possible to explore the realms of subjective meaning of interactions within a social structure (see also Hopper and Powell, 1985; Chua, 1986). This is an important feature of the approach used in this study. Responses relating to the questions were readily extracted from the interviews. A good grasp of the fundamental organisational themes and concepts has also been achieved through utilizing a review of documentation³, observations of meetings, seminars/workshops and other organizational activity.

We refined the initial interview instrument (see Appendix) following an exploratory research at Heavenly Church. This enabled a more suitable set of questions to be in line with the theoretical focus of the study and to focus on empirical discussion topics rather than narrow and pointed questions that require short or brief answers. We took notes during the interviews as responses to the questions flowed. We subsequently transcribed these notes into a word processing document to be passed back to interviewees for confirmation of our interpretation. Once we received the confirmations of accurate interpretations, we then transferred the information in to a spreadsheet, with questions down the side and responses per interview across the page. After consolidating all responses in the spreadsheet, we analyzed the responses per question to generate categories, and then coded. We then summarize responses collectively into statements under their respective categories. We further analyzed the categories to find common themes so that they could then be matched and condensed. We then summarized the condensed data into shorter statements to bring out a narrowed down version of themes and to reveal the emergent phenomena. This process resulted in core categories emerging that depict the theme of the organization. Our data coding revealed eight broad themes, which we discuss next in this article.

To ensure that the validity and reliability (McKinnon, 1988) of data was maintained during this study, we undertook various processes such as the use of multiple methods and multiple observations of actors' behavior while in field. In relation to recorded results from interviews, we also undertook follow-up interviews and sought confirmation of responses. To ensure responses were reliable, some questions were designed to ask the same question utilising a different approach. Also, confirmation of responses was enabled through discussions with other staff based on the same questions and by interviewing staff from different levels within the organisation. The data collected was adequate to achieve a valid set of themes that depict the organisation.

Figure 2 illustrates the general research framework used during this study. The interpretive approach used for this study enabled capture of a fairly generous and useful set of data as a result of utilising a triangulation of data sources and a multiple of data analysis techniques. The data analysis technique predominantly used was a grounded approach. By

³ Documents and reports sighted include: strategic plan (2004 to 2007); condensed strategic plan (2004 to 2007); budgets for 2004-2005 programs; delegations policy documents; 3 funding tenders; various funding applications; six monthly program outcome reports; capital acquisition schedule; chart of accounts; 2002 and 2003 audited financial statements; volunteers handbook and brochure; Groote Eylandt history brochure; organisation charts; central Australia policy manual; evaluation of accounting software report; management letter for 2003.2004 audit; service summary/overview; and program brochures.

utilising a grounded approach this data was systematically analysed and categorised so as to give rise to emergent themes discussed later in this paper.

INSERT FIGURE 2 HERE

STRATEGIES OF CHANGE AND THE NEW LEADERSHIP AT HEAVENLY CHURCH

As a community-based organization, Heavenly Church delivers a diverse range of services across the NT. Broadly, these services include: Youth Services and Programs; Donated Goods Programs; Respite, Nursing and Hostel Facilities; Youth, Family and Financial Counselling; Aged Care and Respite; Palliative Care; Crisis Accommodation and Support; Disability Employability; Post School Options; Community Visitors Scheme; Volunteer Program; Home and Community Care (Meals on Wheels); Refugee and Migrant Services; Mental Health Outreach; and Education Programs. These are vital services within the community and they are physically and mentally taxing. The air of change with the restructure and associated dynamics has brought about a concern that these services will be impacted and the staff will suffer in the process by trying to achieve on all fronts which may be too demanding.

For the purposes of this study, the NT is considered the same as any other state of Australia (for example New South Wales or Victoria). Hence it is a separate jurisdiction whereby Heavenly Church is under no direct control or direction from other states or government for its day to day management or strategic direction and governance.

In January 2005 Heavenly Church employed 350 people and had over 160 volunteers. It operated out of a number of key centers across the NT, namely Darwin, Palmerston, Katherine, Alice Springs, Nhulunbuy, Tennant Creek and Groote Eylandt. It is a predominantly government funded body receiving in the vicinity of ten million dollars per year in grant funds and around two million from enterprise activities, rent and administration services. Historically, Heavenly Church was in two regional centers, Darwin and Alice Springs. The Darwin office was referred to as the "Top End" agency and was established in 1988. The Alice Springs office was referred to as the "Central Australian" agency and has been servicing the Central Australian region since 1946. The two centers were operated independently and were managed by separate councils. These councils reported to a governing board.

Heavenly Church is headed up by the Diocese of the NT. Although constitutionally the Diocese holds the ultimate power over Heavenly Church it is the Board of Directors that is the governing body which directs the organization. The Board comprises of members from the Diocese (including the Bishop for the NT Region) and independent community members. Heavenly Church operates within the NT and is not overly influenced from a National perspective, other than a component of funding from the Federal Government. Heavenly Church is a separately incorporated organization that is part of the wider religious group within the NT region, however, predominantly operates from within an independent framework quite peripheral to the Diocese and Church activities.

In 2002 a merger took place to bring about a sense of a "one organization" approach with a "NT Wide" focus. As a result of the merger, it was necessary to restructure the organization to better achieve organisational objectives (Interview with the CEO). The restructure brought about a centralized structure that has identified four units. Two of these units are support services, namely "Business Services" and "Human Resources and Training" and the other two are operational units to manage the various community service programs. Heavenly Church is now a single entity with one constitution, board and management. A new mission statement was

developed for the amalgamated organization, as follows: *‘To work in partnership with the community, families and individuals to promote the enrichment of relationships, fullness of life and social justice for all’*. A new vision statement was also developed as follows: *‘A community of people empowered with the freedom to achieve happy and fulfilled lives, where potential is realized through opportunity and choice, where the vulnerable are protected, where social justice is advanced and where cultural differences is respected.’*

A CEO was appointed in 2003 to manage the operation on behalf of the board and Diocese. This new leadership brought about the following changes at Heavenly Church:

- Amalgamating Alice Springs and Darwin to create one organization and one region with a NT wide focus;
- Creation of two operational units to form effective work units to coordinate specific programs;
- Creation of two service units to support the organization;
- Appointment of a Director of Operations located in Darwin;
- Appointment of a Director of Operations located in Alice Springs;
- Appointment of a Director of Human Resources and Training located in Darwin;
- Appointment of a Director of Business Services located in Darwin, and
- Newly created division - "Community Care and Respite", but managing old programs that were previously managed by the Youth Services Division; and
- Appointment of a Head of Division - Community Care and Respite located in Darwin.

The Director of Operations located in Darwin has experience and background working in health and social services in remote areas. The Director of Operations located in Alice Springs had been previously performing a similar role under the pre-amalgamation structure of the organization. The Director of Human Resources and Training had been working in the youth counseling area for the organization for many years. The Director of Business Services had experience and background as an accountant working for food manufacturing and production companies. All directors were qualified in their respective fields.

The intention of the appointment of the Directors was to bring a layer of experience and a higher level of skills. The matching of the Directors to the new “corporate styled” organization faced limitations as a result of the difficulty for the NT to attract such skilled people and the remuneration limits of a not for profit organization. As is demonstrated by the findings later in this paper these positions were seen as adding an extra layer of authority. Some of the directors themselves did not necessarily support this additional layer. One of the new Directors brought in a raised level of skill and effectiveness that was highly regarded by employees. Two of the Directors were from within the old structure. An interesting point which was learned during the study was that two of the Heads of Divisions (HODs) were actually more qualified and experienced than a number of the Directors. Hence some of the director appointments were considered inappropriate by both HODs and Directors.

Most interviewees saw the amalgamation of the organization as a positive step to bring the organization together, achieve economies of scale, have commonality across the NT and a NT wide focus. It also provides opportunities to strengthen the organization to take it in to the future as a competitive player in the social services sector. Whilst the amalgamation itself has been well received by most employees, the restructuring aspect has brought about significant change that has to some degree been seen as a negative process. The changes in the structural design of the organization are illustrated in Figure 3. The major changes that took place relate to the consolidation of regions, to one region as depicted in Figure 4. Hence, there is no region specific

operation in the post amalgamation structure. The changes to the organizational hierarchical structures are reflected in Figure 5 and Figure 6.

INSERT FIGURE 3 HERE

INSERT FIGURE 4 HERE

INSERT FIGURE 5 HERE

INSERT FIGURE 6 HERE

From the interviews conducted, the HODs located in Darwin have been confronted with a higher degree of change. These positions were reporting to the director in the old structure, who in turn reported to the governing council. Now HODs report to their respective director who reports to the CEO who then reports to the Board. Hence, this new layer of reporting creates several hardships for the HODs identified by the interviewees, as follows: loss of direct communication path; loss of autonomy; retardation of information flow; lower level of involvement in the decision making process; and reduced delegation responsibilities.

The HODs seemed to have been impacted the most by virtue of the loss of delegation authority. The physical structure itself does not seem to be the issue, nor the directors as part of the chain. Moreover, it is the change in the level of authority and associated delegations and flexibility that is thought by most employees to have affected them the most. Previously, the Top End agency HODs had autonomy and had a free reign to make decisions and coordinate their individual programs. HODs had specific program areas that they ran programs for that required a high level of in-depth knowledge about the program and its objectives and a high level of specific skill within their discipline, such as youth, disability care and respite, aged care, family counselling, and financial counselling. The director at the time allowed them to have great flexibility in running their programs. The programs achieved good levels of success using this method of management, however, the policy, procedural, administration and financial aspects of the organization at the time were not sound and did not represent a good governance model.

Prior to the restructure, there were two governing councils overseeing Top End and Central Australia respectively. The NT Board would then oversee the two councils. The Board found that this was a very fragmented and often hard to manage scenario. The newly restructured centralized organization overcomes many of the problems that the board was faced with previously with regard to the management of the NT operation.

There is a strong reliance on government funding and the contractual obligations associated therein. However, another major force that motivated the Board's decision to invoke change in the first place was to achieve better accountability and governance. The Board's vision to amalgamate and strengthen the organization was a positive and bold step that has enabled achievement of numerous other benefits such as economies of scale, stronger position in the market, increased awareness and an enhanced profile.

Introduction of substantial changes often comes at a cost and can be associated with certain risks and this organization is contending with these new challenges currently. These challenges are discussed later as they are representative of the themes that have emerged from the data. In Central Australia the pre-amalgamation agency was completely independent. The Central Australian Director prior to the amalgamation has become one of the two operational

directors of the post-amalgamation structure. The restructure has brought about great change with respect to the way in which the former Central Australian branch is now managed. Whereas previously the Director had independence and autonomy running geographically specific programs within Central Australia, the scope of the operation has been broadened now with the restructure to include NT wide programs. This relies on management of programs across great distances. Many of the locations where programs are run are remote and involve coordination of employees and facilities - hence the tyranny of distance creates difficulties. The Director of the new unit incorporating most of the Alice Springs operational activities has lost the structural independence that was associated with the running of the previously autonomous branch. As the Alice Springs office is remote and has not changed its appearance, it has been difficult for the Director to appreciate that he is no longer the independent fully responsible director for Alice Springs. Although he is still a director, he now reports to the CEO, as opposed to the previous structure where he reported to the Central Australia Council.

In Alice Springs accounting and administration functions were previously operated in-house and are now undertaken by the Darwin office. Delegation and certain responsibilities of the Alice Springs Director have changed, which have in effect been cut back from the former independent operational model. The importance of focusing on the major changes that certain positions within the organization have had to endure as a result of the amalgamation assists in the identification of why there has been a degree of resistance to the change. Our findings show that employees, both newly appointed and pre-existing are feeling the sheer magnitude of the change. The change itself has been tough and hard and will take some time before it will be bedded down into a slick and streamlined force to achieve the intended benefits. This is primarily a result of the lack of harmony across the organization.

From discussions with Board members, we learned that governance and controllability were the catalysts for the change. The Board did not feel that they had a sense of control and believed that they were unable to ensure that risk areas of the two organisations were adequately covered. To perform and undertake their fiduciary role, the Board needed a structure whereby control is able to be maintained and accountability mechanisms are in place to provide ongoing assurance for the future. Other objectives of the amalgamation relate to bringing the organization together, achieving economies of scale, having commonality across the NT and an NT wide focus. When these are packaged up with governance and controllability, this creates a sound and responsible organisational model that will reap the benefits in the future in relation to the quality and level of service to customers and stakeholders alike. In addition to this, the emergence of a more knowledgeable and powerful NT organization will stand tall for funding and credibility in the future.

EMERGING THEMES AND ACTIVITIES AROUND THE CHANGE PROCESS

Our qualitative data analysis resulted in a consolidated and condensed set of the following eight themes:

- **Doing it right:** Staff strengths and programs that make a difference - serving community needs;
- **Directive, not consultative:** Lack of participation in strategic planning and policy development, culture of slight resistance and impacting employees morale;
- **Centralization is controlling:** Structure and management levels not entirely agreed with;

- **Performance measures:** Performance measurement needs further work and needs to be utilized more;
- **Financial feedback/accounting information systems:** Budgeting and financial reporting needs refinement to become efficient and effective;
- **Cascading:** Communication and information needs to be directed and distributed more efficiently;
- **Skills:** Training, particularly internal needs to happen and all training needs to be controlled and monitored better; and
- **Build on innovations:** IT capacity and access not satisfactory.

Communication and participation were the predominant categories that were grounded in the majority of the data. In the above list they are incorporated as their own subsidiary themes "directive and not consultative" and "cascading", however, communication and participation are linked with each of the themes listed above. These themes will now be discussed in detail to draw on appropriate theory and address the intricacies of how they relate to the social structure within the organisation.

Doing it right. This theme depicts that the organization has strength within their employees' base and has relied on this for some time. This theme also suggests that the services provided by the organization are making a difference in the community in that they are successfully making lives better and attaining the organisational mission. Staff members made the following comments about the strengths of the organization: (a) '*Operationally sound and good track record*'; (b) '*Leading the field in various programs*'; (c) '*Providing high quality services in general with a history of being responsive to community needs*'; (d) '*A well received and trusted organization*'.

This theme presents a positive case that the organization is succeeding in its role as a community service provider, before and after the amalgamation. The systems of control that were in place previously may not have been very robust, or able to endure the future rigor, however, they were of a level that assisted in the achievement of a reasonable measure of success.

Directive, not consultative. This theme implies that there is a perceived lack of participation and consultation in the development of policies, procedures and practices. There is a concern that directives continue to be implemented without the opportunity for employees to respond in a timely and constructive manner. This has impacted employees' morale and to some degree generated defensive and negative behavior. Staff members commented: (a) '*I am not happy with the process regarding the strategic plan; consultation was not part of the process. We need communication as opposed to sheer directing*'; (b) '*The whole process to put together the strategic plan was as important if not more important than the strategic plan itself, to bring about awareness and a sense of ownership. The process should have involved more people and taken a more simplistic approach*'. It is hard to discern the underlying reasons for this when upper and lower levels of management have differing perceptions regarding participation.

The delegations document has not been well received by Directors and HODs. Created by the CEO as a reflection of the board's desire to have a raised sense of control, this document

has not gained support. Some HODs feel aggrieved and offended that they have such an insignificant role in the decision making process relating to programs and internal management control issues. Both Directors and HODs are feeling the restricted tone that the delegation document permeates in an adverse way. The lack of consultation and participation relating to this document serves to create sentiments of resistance and negativity.

The restructuring process has been criticized by many employees based on the perceived lack of consultation and ongoing support. Staff members made the following comments on the restructuring process: (a) *'The restructuring process has not been supportive of staff and as a consequence many staff feel that they are not getting support'*; (b) *'The restructure has resulted in a "controlled" atmosphere with a micro-managed effect whereby the CEO has too much involvement'*; (c) *'As a result of the restructure, decisions are being made on corporate lines that are not particularly useful for fundamental operations'*; (d) *'Lower management levels feel left out of the restructuring process and wish that they had been more involved'*.

Centralization is controlling. Essentially, employees agreed that the amalgamation had to happen for the future of the organization. However, the restructure incorporating the introduction of a new level of Directors, which created a taller structure, has caused some concern amongst employees. Staff members commented about the centralized structure: (a) *'Remove Directors from the model as they can't be functional under the current regime. They don't add value. Divert these funds to human resources and business sides of the organization'*; (b) *'For some of us our wings have been clipped and we can't do anything'*; (c) *'The situation needs to be freed up so that important decisions can be made at a level where the familiarity and knowledge base is'*; (d) *'Over-centralizing has resulted from the restructure. This highly centralized environment has seen delegations move up the ladder rather than allow operational levels have a good measure of decision making power.'*

The structure essentially is seen as restricting constructive practices that lower levels of management previously performed autonomously. Responsibility for budgeting, operational spending, asset acquisitions, tendering for and committing to funded programs and so forth has been diminished, particularly at HOD level. Despite how this change looks to the lower levels of management, the motivation behind some of these changes relates to allowing lower management levels to concentrate on the operational side of their duties by lightening their administrative loads. During a senior management team meeting a director was informed by the CEO that certain quotation documentation was not to be passed on directly from him to a third party until she had approved it. This caused a certain degree of surprise to the director as the procedure in the past was such that he could make decisions of this nature. He seemed reluctant to conform to the new and perceived bureaucratic process, as he was previously able to make decisions that were directly related to his business unit.

The organization has become centralized, which enables a sense of control that seemed to be an important issue for the board as discussed previously. However, by enacting this overarching control, employees do not feel involved or valued. This does raise some level of concern that the new structure is not a convincing structure that would be likely to guarantee a high level of success. However, the balance required by the board between "control" and "success" is still being tested. It is very hard to achieve the perfect formula in a short space of time. As systems are bedded down and resistance felt, there may be scope for adjustments to be made and some degree of devolving some aspects of control in the future.

The act of centralizing an organization changes the allocation of power. Previously, the HODs were seen to have the power under the guidance of the Directors of the Top End and Central Australian entity. Under the new amalgamated structure, power and authority are

perceived by most employees to be initiated by the board, closely followed by the CEO. Directors and HODs are seen as having little power. In some cases Directors were stated as having less power than HODs. The Diocese and government were ranked surprisingly low on the power scale. Ironically, the Diocese constitutionally holds the power over the organization, and the government has power by virtue of its position as the major provider of funding. The perceived balance of power appears to be based on how employees 'see' power being used as opposed to how it could be used in line with constitutional, contractual or hierarchical authority.

When power was discussed specifically during interviews with Directors and HODs the following comments flowed: (a) *'Power is used inappropriately and is having a negative impact'*; (b) *'Power plays a big part in the post merger environment'*; (c) *'Lack of consultation has caused problems in matching responsibilities with power'*; (d) *'It is hard to work in a power swinging system, teamwork and cooperation are weak'*; (e) *'Employees are treated poorly as a result of negative power'*; (f) *'Power is used instead of respect'*.

Another point that was made strongly by Directors and HODs related to the imposition of an 18.5% charge to each funded program. This charge is basically an administrative charge to recover organisational wide overhead costs. Many employees feel that this sizeable chunk will limit their ability to run programs successfully in keeping with their budgets. It is recognized by executive management that the charge appears to be high; however they believe that the make-up of the charge is quite justified. The biggest 'losers' will be the smaller funded programs already strained to keep to budget whilst providing a quality service and the remote locations that don't get to utilize the facilities that the charge incorporates. It is believed that this charge should be around 10 per cent but no higher than 15 per cent and that this would be more acceptable by the government also, as it is expected that the government funders may not be in favor of the increase in the charge. HODs and a number of Directors remain adamant that the charge is too high and that they are not convinced that the charge can be justified. Essentially, budgets are predominantly consumed by wages and staff on-costs, the balance remaining is fairly negligible but relied on greatly. HODs and Directors are concerned that this charge will wipe out any ability for the individual programs to have a little extra to cover ad hoc costs or other emergencies and will effectively cause over-runs on budgets. This charge represents the centralized approach. The organization as a whole incurs overhead costs. Divisions that aren't revenue earning or are minimal revenue earners are overhead creators and are seen as a burden on the rest of the organization. The centralized structure sees one organization and not independent pockets that can expend funds autonomously.

The challenge acknowledged by executive management is to find the balance between providing the infrastructure at the organization's cost, whilst running individual enterprise activities and programs with limited funding. The days of flexibility in the past where massaging of individual budgets were allowed are now over. Accountability and increased scrutiny of funded organisations has caused them to become more rigid with their budgets. Each program is now confronted with an up front fee that is calculated on a larger organisational basis as opposed to a case by case basis.

Performance measures. Performance measurement is a key requirement of funded programs within the organization. Each program has a set of performance indicators that are to be achieved and reported against. This is an actively practiced control measure used to assess standards within programs. The perceived weakness for the organization relates to the non-program activities and the organization as a global structure. For example duty statements are being developed for many positions presently by the Director of Human Resources and Training. This will enable specific control measures to be placed on employees to ensure they reach

required benchmarks in the performance of their functions. This theme primarily came about as a weakness identified during interviews in respect of the business services division. The perception is that the employees within this division lack skill and direction and that they fail to meet the normal expectations of reliable and timely financial information. It was also suggested by some employees that performance measurement is not just related to historical results, that they assist also in predicting and shaping the organization for the future. Few employees identified performance indicators as being part of an important control system. It seems that the program level performance measures are routine and prepared for the government to fulfill contractual obligations. However from sighting certain reports prepared for the government department responsible for individual funding programs, performance measures are a standard system and used extensively across the organization. The failure to recognize the importance of this process is a product of the habitual usage that has become part of the everyday process of running programs. A staff member, who views performance measurement as an essential element for planning, made this comment: *'The performance measures used should enable us to see the future demands and issues so opportunities to improve services can result'*.

Budgets are another control measure that are not seen as a major tool in the day to day activities of employees. Yet, most employees are not satisfied with the level of feedback of financial information, in particular variance reports. Again, this may be explained by the fundamental role of budgeting becoming a routine element of program management and as such is not perceived as a key management control mechanism. There is no global organisational system of performance measurement. A piecemeal approach is currently being used. There are references made to elements of a performance measurement and quality assurance approach within the strategic plan document. Customer or stakeholder feedback is incorporated into the strategic plan, but is presently undertaken at a relatively low level. From discussion with the Director of Human Resources and Training, the global aspects that the organization is trying to achieve is to have an organisational system of performance measurement that is fairly standardized across the organization but is flexible enough to cater for the diversity of the many programs. There are inherent difficulties associated with the running of so many diverse programs when attempting to assess performance. As suggested by the Director of Human Resources and Training: *'We are looking at how to capture the full depth and color of services provided. Statistics are not working as a result of the differing needs and demands of individuals being helped. How can statistics express the time, intensity and level of assistance given? Differentiation must be achieved between say a fairly easy going counselling session compared to an around the clock attendance to a violent or incapacitated client.'* These statements bring to light the degree of difficulty associated with tackling an organisational performance measurement system in such an operationally diverse organization.

Financial feedback/accounting information system. This theme was the most prevalent weakness identified by employees. Much frustration and loss of faith in the business services divisions has resulted. Employees comments about the business services division: (a) *'Support services needs to get working thoroughly to have positive flow on effects throughout organization'*; (b) *'Administration and finance should split roles between strategic focus and daily business. The daily business lacks attention'*; (c) *'The finance and administration division always knows when people are not happy by the number of complaints they receive'*; (d) *'The finance and administration division needs training to bring about internal awareness to understand the purpose of their job and the programs that they prepare information for'*; (e) *'I have had to get my program staff to collect financial information as we can't rely on the finance and administration division.'* The business services division (referred to as "the finance and

administration division" by staff) has endured a fairly rough and dynamic time over the past year. They lost some key employees after the amalgamation and recruited the current director. There was a need to source new accounting software to cater for the new structure to provide analysis at various levels and the office underwent renovations that took longer than anticipated. The new software has now been implemented and the backlog of processing completed and has enabling the consolidation of the Alice Springs operation with the Darwin operation. There are still systems and procedures that need to be developed, however, the division can now move forward and settle into a more efficient routine.

The employees within this division have worked extensive hours to close off one financial year on the old accounting system and commence the new financial year utilizing a new consolidated accounting system for the amalgamated organization. They have had to learn a new system and new procedures in addition to the other challenges. Employees from other divisions have been very tolerant whilst the business services division struggled with the significant changes that took place. However, patience was waning after the end of financial year when financial information was not forthcoming in a reasonable time frame. Also, many program support employees were disgruntled with the fact that credit lines were being rejected when purchases of an essential nature were needed to be made. This was considered to be embarrassing for program support employees and causing programs to suffer. This was essentially a result of invoices not being paid on time. Financial information is an essential element of the six monthly reporting requirements for most of the funded programs. HODs were getting quite worried that funding would be impacted by the lateness in lodging the financial reports and that the organization's good name would be tarnished. Some employees are not confident that this division will improve as they perceive that there is an underlying lack of skill within the division. When conducting follow up interviews, interviewees indicated that some areas of service had improved, however, they still had not been presented with the audited financial statements required by the funding bodies, and they were still waiting on variance reports. The following comments depict tolerance levels and the different mind sets that come in to play. A senior staff member comments: *'We have had less complaints about the finance and administration section this week which means they are paying invoices on time now.'* A Board member comments: *Payment of invoices on time is a normal expectation, it doesn't represent a success.'*

The above comments bring to light the notion that whilst it was thought there had been improvements in the Business Services Division, the Board does not see it that way as they believe fundamental processes should be in place and working efficiently always. Employees within the division seemed to have picked up in spirits slightly from when first observed and casually questioned. The division is also looking to recruit qualified employees in the future, which will raise the skill level within the division. During interviews conducted, the Chairman of the Board, CEO, Directors and HODs were asked about the type of financial information that they would like to see to improve their ability to manage, or to feel adequately informed about the financial status across the organization. Directors and HODs seemed happy enough with variance reports to give guidance on how individual programs were going. It was expected that a higher level of reporting may have been requested, however, given the tardiness of the current financial information, Directors and HODs may have been more focused on basic timely information that they were waiting on at the time. It would seem that the organization is fixed and focused in terms of the historic financial information. Tendering documentation is futuristic as are the annual budgets that are generated for each program. However, there was little evidence of financial analysis and management reporting or maintenance of budgets that would be considered over and beyond the basic day to day procedures.

During a senior management team meeting, a director of operations asked if a cash flow report was available for programs to analyze and understand the inflow and outflows of funding and expenditure. The Business Services Director commented that cash flow information was not available from the new accrual accounting system. The Director of Operations could not understand why such fundamental information could not be reported on, given that payments and receipts were recorded in the system pertaining to her programs. The CEO could see a conflict arising and pacified the situation by suggesting that the Business Services Director just focus on getting financial statements out that were already three months late. This example brings about awareness as to the lack of useful financial information available throughout the organization presently. This creates difficulties for operational staff to fulfill their responsibilities effectively. The CEO is keen to have a better financial reporting system with higher levels of analysis than in the past and further development of reports depicting a more commercial focus. The Chairman of the Board expressed a need for an improved financial reporting system to inform the Board. The Chairman of the Board would like to see more comparative financial information in addition to consolidated figures. Essentially the Chairman of the Board and CEO desired a simplistic overview of the consolidated organization with the ability to delve deeper and analyze reports by division or program if required.

Cascading. This theme arose out of the lack of communication and dissemination of information distributed that was meaningful and timely. HODs believe that since the restructure, information and documentation that were previously received by HODs relating to programs is now directed to the CEO. This presents the HODs with problems concerning keeping abreast of program and funding issues. Directors and HODs felt that important documentation is passed on only just before or after deadline dates. The CEO commented that when she commenced with the organization she was not receiving any mail, as it all went to the HODs. To gain an understanding of the organization and to fulfill her role as the CEO, it was essential that program and other important information and documentation be passed on to her to then copy or distribute to Directors who can then pass relevant information on to HODs. This distribution process is causing delays to occur in the dissemination of information.

Communication, as mentioned earlier, is a subcategory that emerged from the data. There is a distinct lack of communication perceived across the organization. Given the geographical context and the remoteness of some of the branches, communication is destined to suffer. Communication pathways will improve in the future with the proposed enhancements to IT. Based on findings in this study, intra-office communication linkages are even weak. The frantic nature of the organization since the restructure and the appointment of a number of 'new' senior management members could explain this. In the midst of all the dynamics resulting from the restructure, renovations and staffing issues, the organization has continued to operate at all levels and allowed itself to tread on the fresh soil of the new NT wide focus. The restructure has allowed funding to be sought in greater dimensions than prior to the amalgamation. Many of the programs being tendered for now will allow the objectives arising out of the amalgamation to be achieved. In light of the onward progress that is moving the organization into its next phase, some basic fundamental organisational processes such as communication are being overlooked. Some employees perceive this momentum to be a concern but by and large most of the employees interviewed see the advancements as a positive step, conditional on there being adequate levels of resources to accommodate new programs. Some comments from employees about communication and information distribution: (a) *'Mostly I communicate by email as this has been an important tool for tracking of information. Information and documentation that I do get is not much these days as the CEO determines what should flow. I have had to be resourceful*

in getting information off the internet and using my contacts to get around the system as I can't rely on getting information through conventional channels'; (b) 'There isn't a lot of information sharing. There needs to be a central IT system whereby we can share documentation and progressively work on developing documentation collectively, this will enable better communication and bring about more involvement between locations, divisions and staff'; (c) 'Communication pathways are not being utilized for important information flows. We need to ensure that cascading of information happens from top-down and bottom-up'; (d) 'We need to enhance communication through IT. We need access to accounting information and have a central system for communicating. Some people are not on email and due to the distance between us it makes communication difficult.'

Skills. This theme relates to the need for an organisational framework for training. Most staff interviewed believed that program employees were highly skilled and adequately trained. Employees regularly attend training seminars and workshops within their specific fields all over Australia. The concerns that emerged from the frequent professional development trips were that there was no sharing of information upon return. The approach to attend these courses and workshops was fairly fragmented, whereby only certain program employees were able to attend if the program had sufficient funds or had received actual notification of the course. An internal training requirement was identified through the emergent themes. Most employees interviewed believed that the business services division had a lack of knowledge about fundamental program activities and that this caused inaccuracies when allocating revenue and expenses against funding budgets. In part this has been overcome by procedural changes to place the burden of coding on to the HODs to ensure that allocations made can't be blamed on administration staff. However, there is a sense that administration staff are not properly inducted into the organization or that they do not seem to have the level of awareness of programs that program staff believe that they should have.

New procedures and practices have evolved as a result of the amalgamation and from the implementation of the new accounting system. These procedures were developed mostly without consultation with HODs, but are designed to allow HODs to have a more accurate representation of the financial status of the various programs. Essentially, there has been a removal of responsibility from the administration staff. The motivation behind this relates to the raising of accuracy levels, recognition of their limited skills and knowledge and to streamline the accounting processes. Another important point raised in relation to a new training demand for program staff based on an increase in the challenging behavior of clients. The Youth Services HOD raised this concern about her program staff, who are having increased demands placed on their skills as a result of a higher degree of challenging behavior within the youth area. This becomes a training issue to keep abreast of the field in which staff are involved in, but also explains the hardships that staff in the social services sector are faced with in their day to day roles.

Build on innovations. This theme emerged from the lack of IT capacity and usage within the organization. What was made apparent from the data was that a substantial investment is required to expand and enhance the existing IT network. This will allow the organization to have a true network that enables all users across the NT and equips them with equal capabilities. There is currently no web site and most staff interviewed believed this to be a major setback in establishing the organization as a leader in the field. This limitation impacts both clients and staff. There is no central electronic database for internal documentation or other information specific to programs. The organization has been looking at a central database and document system in line with the strategic plan, however, no further advancements had been made during

this study and it is believed that the IT aspects of the organization are still outstanding and need attention.

Participation and communication as a sub-category. With regard to participation there were conflicting responses between the different levels of management. These conflicting results are reflective of the reality within the organization. By and large, these conflicts exist in organisations, particularly in relation to participation and communication perceptions of the different levels of managers (Argyris, 1989; Likert, 1961). Conflicting perceptions became apparent through subsidiary themes that are representative of the grounded theory, observations and other less formal interviews. These conflicting perceptions between upper and lower management relate to levels of participation in setting policy direction and general development of practices and procedures. Lower levels of management feel that they don't have as much involvement as they believe they should in the processes that impact their areas. Upper management believes that lower levels of management do in fact have adequate opportunities for participation. The point is not to determine who is right or wrong but only to suggest that there maybe a break down in communication within the structure or that there may be a lack of proactive behavior to ensure that participation results.

Culture. Culture was discussed with participants during interviews. The generalized themes that have emerged are collectively descriptive of the culture. In general, employees interviewed perceived that the culture has changed and that the current culture is not like the previously friendly and family-like culture, but more of a corporate, controlling and challenging culture. Low morale and defensive behavior has set in as a consequence of the amalgamation and subsequent restructure. Some of the employees interviewed believed that there would be difficulty in bringing together the Darwin and Alice Springs cultures. These two cultures have been described as being very different by virtue of their location, specialized operational areas and the number of years that the Alice Springs agency has been an independent operation. The way in which people go about their work and achieve outcomes is also quite different in Alice Springs when compared to Darwin. The culture in Alice Springs is reflective of the remoteness, conditions, staff and the nature of the clients that they assist. A further extension of this theory include: Region, Ethnic, and Religion. Hofstede (1991) discusses these differences in light of different countries, however, the differences between these regions within the NT is quite reminiscent of different national cultures. The task of unifying these diverse cultures, which also include Katherine, Tennant Creek, Nhulunbuy and Groote Eylandt is not seen as achievable, in the sense of a "one culture". The challenge will be to maintain the uniqueness of the individual cultures within a shell of the new organisational culture.

Trust. In general, staff interviewed believed that there was a reasonable level of trust within the organization. The underlying tones of the sub-themes are that most staff interviewed believe that the restructure process was not handled very well. However, the levels of trust that result from the data actually reflect that there is a sense of trust. The results are as follows: (a) *'How I trust others at hierarchical levels above: Medium level of trust'*; (b) *'How I trust others at hierarchical levels below: High level of trust'*; (c) *'How I perceive that hierarchical levels above trust me: Medium level of trust'*; (d) *'How I perceive that hierarchical levels below trust me: High level of trust'*. These findings indicate that employees trust lower levels more than upper levels. This is fundamentally indicative of the current culture. HODs and Directors trust their own areas and their own subordinate staff. The resulting medium trust only in levels above is a reflection of trust in the CEO and the board, more so than Directors. This medium level of trust is to be expected given that the perceived controlling environment is emanating from the board and the CEO. The past year is not representative of a "normal" organization going about

its day to day routine. The ongoing difficulties and challenges that the organization has been confronted with are not permanent. In time, efficiencies are expected to flow to give rise to a normal day to day look and feel for the organization. Therefore, perceptions of trust are subject to the same winding pathway that it is hoped will lead to a more stable, mission oriented and objective driven organization where staff are working together with an elevated sense of trust and cooperation.

MANAGEMENT CONTROL SYSTEMS CHANGE

Our field data revealed little about the previous management accounting systems in place. From discussions with the CEO and other participants, there seemed to be a lack of structured accounting policies and guidelines. A Policy Manual from Central Australia contained basic procedures for employees, e.g. expense claims and reimbursements. This document was over five years old and looked relatively unused. From discussions with employees, it was found that there were systems in place; however, they were overridden without a lot of fuss, as there was a greater sense of flexibility.

As discussed above, Heavenly Church has endured great change from a structural point of view. To support these structural changes new management accounting and control systems have been put in to place. Table 1 outlines a number of the newly introduced and implemented management accounting and control systems and the resulting impact.

INSERT TABLE 1 HERE

The changes listed in Table 1 demonstrate some of the difficulties and complexities that employees have had to contend with since the restructuring of the organization. The effect of these changes has been to place greater stress and pressure on employees. Day to day operational work within the social services sector has been confronted with a higher than normal level of stress and hardship. Long hours and the challenging nature of the grass root provision of services alone places stress on employees. Add to this the magnitude of the changes that have taken place and the changes that come in to play, and the result is an unhealthy level of pressure. Fortunately, most employees are coping well, however this organizationally inflicted atmosphere has taken its toll on some members of staff. An atmosphere of defending and resisting has come about as a natural response and not as a result of attempts to thwart the system.

EXTERNAL INSTITUTIONS AT HEAVENLY CHURCH

Earlier in Figure 2 we identified six external influences in view of their impact on the shaping and forming of the management accounting and control practices within the organization. These are now discussed below.

DiMaggio and Powell (1983) incorporate the influence of professional organizations as part of their "Normative Isomorphism". It is accepted that certain industries are professionally obliged to conform to certain behavior so as to be acknowledged and accepted within their profession. The difficulty in the current situation is that the number of professional affiliations within the organization are both numerous and diverse. These professions tend to dictate service quality and organizational accreditation. This creates a situation where the organization is conforming to the various requirements of a number of professions to maintain its status and achieve legitimacy within in the various professions. Given the number of professional organizations with which the organization is affiliated, the potential of external influences is

diluted as a result of the fragmented approach of conformance with the various professional guidelines.

Our conversations with the CEO and other staff revealed pressures related to Government funding to be minimal even though the organization receives a significant level of funding. Although the organization is highly dependant on funding, the variety of government funding from all levels of Government and the diversity of the funded programs brings about a situation whereby the organization's system of acquitting grants reduces the ability of the organization to conform to Government and as such develops its own set of rules and routines internally.

As a result of the 2003/4 audit being intensive and time consuming, the organization has chosen to strive to achieve tighter controls than is required by the various legal and constitutional provisions. The ongoing record keeping is under a degree of influence from the audit firm to maintain records to a standard whereby an unqualified audit will eventuate. By implementing tougher internal controls and procedures the organization is to an extent being influenced by the external forces in its bid to avoid qualified audits. However, the process to achieve a higher standard of internal controls and procedures can also be seen as an internally driven mechanism to raise its credibility.

In the past, political influences were considered to be significant for the organization. These influences are currently minimal and are not thought to be a force in relation to the shaping and forming of the organization's management accounting practices. Our interviews with two senior managers suggest that lobbying of politicians should take place in the future to secure relationships and ongoing funding.

The organization collects income from grants, rent, provision of services and other areas in the form of cheques, cash and electronic transfers. For the purposes of recording this information from an accounting perspective, there are certain procedures that need to be introduced to cater specifically for electronic banking. Hence, a level of influence related to the banking industry arises as new products and services become popular and easy to access. During the course of this study, the organization had very low levels of internet banking usage, so internet banking is not considered a major influence over the controls and procedures pertaining to this area, however in the future as usage increases, modifications to the existing accounting procedures will need to be made (Interviews with senior managers).

Conformance to expectations within industries is referred to as legitimizing behavior (Oliver, 1991; Dillard et al, 2004), however in the organization being studied, there are many different types of services which would cross over in to a number of different industries and as such present a fairly complex set of expectations to conform to. For example, financial counselling and disabilities respite care are vastly different services that would be considered to sit in different industries. We believe that this spread of industries would dilute the impact of these types of influences. Pricing of goods in the opportunity shops run by the organization may be subject to the influences of other opportunity shops and their pricing policies in the community based service industry. Certain applications for funding are from time to time influenced by other organizations within the social services sector to maintain a competitive edge for future opportunities. These factors appear to have some levels of influence on the organization's institutionalized management accounting routines.

Included in the above sections are the several emergent themes that resulted from utilizing grounded approach and also findings from other data sources. The findings are generally related to the change process and related organizational activities. The following section uses the theoretical concept developed to discuss the findings presented above.

DISCUSSION

The aim of this article was to develop an understanding of organizational change in a religious organization – Heavenly Church located in the Northern Territory of Australia. Using the Burns and Scapens' (2000) institutional theory of change, in our study, the rules are “new”. The old control systems have changed significantly as a result of the new leadership, new structure, new staff, implementation of a new accounting software system and other peripheral changes. It was evident that the new CEO was behind these all changes at Heavenly Church. In line with the organizational change, Heavenly Church had embarked upon a new regime of management accounting and controls. Rules pertaining to the financial aspects of control had been developed by the Director of Business Services and the CEO in the majority of cases.

Seen in such a context, the example used by Burns and Scapens of a new management team that creates a new set of demands is effectively what has happened in the current case. To summarize, the following depicted the changes relating to existing senior positions and appointments of people to new positions:

Board Members: Seven board members have changed within the last two years since the amalgamation concept was first crystallized.

CEO: The CEO is a new position and is also on the board, appointed in March 2003.

Two Operational Directors: These are new positions, one filled by the previous director of the Central Australian agency located in Alice Springs, and the other, a new staff member appointed in February 2004 located in Darwin.

Director of Business Services: This is a new position, a new staff member appointed in December 2003

Director of Human Resources and Training: This is a new position, filled by an existing employee from the Youth Services Division, appointed in March 2003

Head of Division - Community Care and Respite: This is a new division as well as a new position. The appointment of a new staff member was made in January 2004.

From the above changes, it appears that the composition of the management team had changed dramatically. As suggested by Burns and Scapens (2000) the management accounting information that these new staff members will demand will be different to the information distributed in the past. This demand arises out of the need to monitor the various activities of the organization that pertains to their division or unit or in the CEO and board's case, the entire organization. As a result of this requirement, the procedures became structured so as to generate the desired information. These procedures then became the acceptable routines, and were therefore shaped by the existing institutions. It is early days yet for institutionalizing to take a firm hold of the procedures and practices, however, the evolving rules and routines are presently evident.

Despite the lack of consultation in relation to the procedures, program information was the key demand in the organization. For this reason, information generated would be shaped to a large extent by the HODs and CEO demands. The current preoccupation by the business services division is to bed down the accounting system to allow an effective and efficient system to be realized so as to provide basic information that is reliable, timely and relevant. Any fine tuning

or further requests outside the basic reporting will be developed in time. As can be demonstrated by the findings grounded in the data, a satisfactory financial information pathway has not eventuated. Many of the employees interviewed did not agree with the process of conversion from one system to another. They thought that the process should have been small projects, whilst retaining the old procedures as parallel systems, until such time that each small project had achieved its intended objectives and milestones, only then to move on to the next project.

The new procedures that have been put into place, as mentioned above, were not overly consultative. According to Burns and Scapens (2000), these procedures will be guided by the demands of the operational staff, business services staff and the board and CEO, to result in institutionalized routines. Burns and Scapens suggest that new rules will undergo a period of modification until they are accepted by the staff, who utilize them more frequently. Once these rules become accepted practices, they are then routine practices that progress to the status of the rules themselves. The HODs and Directors have been challenging many of the new control procedures that have been put into place, as they believe that the new systems create more work for them. Naturally, that is not the intention, however due to the lack of consultation the HODs and Directors don't feel a sense of ownership in relation to the new procedures and are therefore more reluctant to readily accept them.

It was evident that the HODs and Directors had accepted some of the new rules. Although they may not have agreed entirely with them, they found that they had lost interest in the constant struggle to communicate their needs. The HODs and Directors became selective in what they resisted depending on the magnitude of the impact. The resistance by HODs and Directors discussed in earlier sections is predominantly a questioning of the newly developed policies and procedures as opposed to a wall of resistance described by Burns and Scapens in the case of Omega PLC. The Director of business services has a different objective that he is satisfying when setting down new controls and procedures, compared to the objectives of the operational Directors and HODs. There is a conflict in relation to the demand for accuracy by the Director of business services, in contrast to the demand for efficiencies by the operational Directors. In the Scapens and Roberts (1993) study, Ferac Plastics contended with a similar conflict between the Sales Manager and the Production Manager. The accounting practices evolved over time, resulting in mutually acceptable routines.

In the current study, the change that has taken place is still fairly fresh, the evolution of routines discussed above may take place over the next two or three years. The management accounting changes that have taken place in the organization are intentional and have been introduced through new systems and procedures. Burns and Scapens (2000) refer to these changes as formal management accounting changes and suggest that the formal changes are usually introduced by individuals or powerful groups. In the current study, the board and CEO initiated the overall change, however, the more specific management accounting changes have been a collective contribution. Although the CEO has driven the specific changes, the business services director was responsible for the design of those changes. Directors and HODs had minimal input only, but managed to draw attention to some of the inefficiencies along the way.

Burns and Scapens (2000) suggest that formal change is likely to be straighter forward than changing the ways of thinking that are embedded in the existing management accounting routines. In the current study, the changes have in most cases created new routines. Some of the cash controls (for example, petty cash and rent collection) and lower level accounting procedures have not changed significantly and have undergone minor adjustments only, being reflective of the informal changes as described by Burns and Scapens. These smaller changes are seen more as the ongoing incremental changes that flow on from the more formal changes.

Evidence also has shown that the management accounting changes have been driven from the top-down and as such have had an indirect impact only on the informal and unintentional changes. It appears in the current study that the organization is undergoing a revolutionary change by virtue of the sheer magnitude of the change. Although this would seem to be the logical choice, Burns and Scapens (2000) point out that researchers need to be aware of the situations where minor management accounting changes can have a revolutionary impact on routines and institutions or where significant change may only have a limited impact.

In the current study, prior to the amalgamation and restructure, the management accounting controls and practices were fairly stable and reutilized. From data collected, it is evident that HODs were satisfied with the previous systems that were in place. It would seem that the HODs maintained ceremonial dominance, and that this hindered ongoing further development to a certain extent. Since the restructure, the organization has moved into a far more progressive cycle with changes in the dimensions of power. Bush (1987) argues that the critical factor of progressive institutional change is the widespread awareness to bring about modification of habitual patterns of thoughts and behavior. This will then allow institutional change and further growth of knowledge.

The budgeting process was previously performed by HODs. Since the restructure the Directors of Operations, Director of Business Services and the CEO play a role in the budget process. This change is seen as a revolutionary change in that there has been fundamental disruption to the existing routine. The process has changed significantly, from HODs preparing, maintaining and monitoring the budgets and therefore having control, to a situation where HODs submit them to the director of operations, who then presents it to the Business Services Director, who then passes it on to the CEO. In some cases Directors have had budgets changed by the Business Services Director without consultation. This process may be subject to change as Directors and HODs display resistant behavior.

From observations during a staff "reflections" meeting, (where staff can discuss ideas about how to make the organization a better place to work in), it was found that there was strength and willingness to try different ideas that could help the organization achieve better internal relationships and a give rise to a more supportive culture. The involvement of the Diocese Chaplain in the running of these sessions demonstrates the effort being made by the organization to promote "team spirit". The recognition that staff are hurting and that perhaps the restructure could have been implemented in a more consultative manner is quite apparent. There are several activities being undertaken within the organization that represent a contribution to lifting staff morale. The Chaplain who works for the Diocese and is also employed one day per week for the organization has essentially driven these activities. He quotes his role as: "I am helping the organization to walk down the path where negativity is weeded out"

Accounting is implicated differently in different cultures. Dent (1991) argues that where a new cultural system emerges, accounting will be implicated in the change also. He believes that the cultural system is linked to knowledge, values and beliefs. Within the changes that take place, knowledge will arise out of environments and resulting expectation, which in turn will put new demands or changes in demands on the accounting system. In the current study the crystallization of the new culture and accounting systems has been set into motion and is still evolving. The extent of the influences is becoming apparent and the reactions to the influences and resulting expectations is fast becoming reality.

In the current study, power was thought by some managers to be negative and used inappropriately to pull rank rather than having respect. However, it was seen by others as a benefit that one can earn from challenging and successfully justifying his/her position on certain

issues in the post amalgamation environment. All three of the suggested levels of power by Burns and Scapens (2000) are relevant in the current study. Expertise within divisions will retain a sense of power and would be classified within Burns and Scapen's second level of power, whereby management accounting practices are maintained by interest groups creating an obstacle for instrumental change. The overarching power is the explicit power explained by the first level, which the organization has faced to bring about the more radical and necessary changes. The third level of power is relevant from the perspective that rules and routines that are in place dictate the actions and thoughts of staff, and therefore create a sense of stability.

Burns and Scapens (2000) focused on an internal organisational focus for the purposes of their framework. This limited scope allowed for a more intensive analysis of the organization being studied rather than being too distracted with the institutional environment. Although providing a useful set of guidelines, which gave rise to well defined explanations of the organisational changes and associated consequences, we acknowledge that the external institutional environment in the current case study has also had a degree of impact on the organization (DiMaggio and Powell, 1983; Covalieski and Dirsmith, 1988). It is evident in the current study that the organization does not operate in an extremely institutionalized environment. There are various pressures from within the environment. Due to the diversity of the organization, the pressures are not emanating from one source. The health sector is probably the most influential external force from an operational perspective. Operational procedures and standards have been shaped over the years through changes, reforms and enhancements in relation to funded services by the health sector and related government departments. However, not all funding is from this sector.

There are certain management accounting functions that are contractually influenced. For example, performance indicators tend to be contractually imposed rather than generated from within the organization. Due to the diversity of the organization, performance measurement is a difficult task. The organization recognizes that the government is to a large extent dictating the required performance indicators for programs. According to many interviewees, in the future this will change as the performance measurement system is refined to bring about a more relevant and internally useful performance measurement system.

In our case funding across the organization comprises a number of programs providing various services with different contractual obligations. This fragmented approach gives some relief to the potential institutional force that could be present if the funding was all from the same government department. The process involved to attain government funds has changed over the years from a more socialistic process to a more commercial process. Previously, an organization would apply for funds by a submission and once approved, be obligated to fulfill requirements set down by the government. The process currently involves tendering for the provision of services. The operational aspects and ongoing expenditure is largely dictated by the successful tenderer rather than the government department. Although there are still contractual obligations to the government, the responsibility is on the organization to fulfill the very requirements that they themselves successfully tendered for. This funding process may give some relief to the process of isomorphism whereby organisations progressively change to look more like their institutional environment. That is not to say that the organization does not conform to certain institutionalized aspects of their environment. DiMaggio and Powell (1983) state that when the resource supply is centralized, the greater the isomorphic change so as to resemble the organization that provides its resource. The diversity of the funding pockets actually reduces this effect. It is acknowledged in this paper that there is potential for the government to assert its influence over the organization as a result of its heavy funding across the organization. However, the structuring of the funded

operations within the organization has a strong grain of internal force at present that keeps these influences fairly minimal, but manageable without impacting to a large degree, the management accounting control mechanisms.

This resource dependency has shaped the organization to the extent that contractual obligations related to funding are fulfilled to allow for continued replenishment of the funding. The implications for management accounting within the organization come about from the processes and practices that are designed to provide the information resulting from operating the funded programs. The recent changes have also introduced internally generated information; however, the key functions are structured in line with the processes emanating from funding requirements. There are certain social expectations within the community service industry, or the social services sector. The resulting conformance to these expectations is referred to as legitimizing behavior (Oliver, 1991; Dillard et al., 2004). In the organization being studied, there are many different types of services, which would cross over in to a number of different industries. For example, financial counseling and disabilities respite care are vastly different services that would be considered to sit in different industries. The spread of industries would dilute the impact of these types of influences.

We find that there are external influences (social, political and economic) that exist that have in some ways shaped the organization, however the fundamental reason for the restructure and hence the change was directly related to the lack of control that the Board felt they had over the organization under the previous structure. It was also felt that some service areas were not functioning in a sustainable nor effective manner and were not delivering the level of quality services that was necessary for the future. We found that there was conjecture as to the accuracy of this diagnosis by the Board prior to the restructure.

The organization is in a process of change that is geared towards being a fully functional unified organization to enable competitiveness at the highest level so as to attract funding to run operational programs of the highest order. The expectation flowing from this is that all in-house accounting and recording systems need to be in a streamlined and in an efficient state to support and enhance achievement towards these objectives. The coercive nature of the funding instills a sense of control over the organization. The degree of resource dependence coupled with a greater sense of centralization brings about a richer tendency towards coercive isomorphism, (DiMaggio & Powell, 1983).

In the current study, the CEO and the Board have essentially initiated the changes. The CEO has had to take the demands from the board and shape them into realistic and operationally viable strategies from top-down within the organization. These changes are not being directly imposed on the organization by the institutionalized environment. Although there are some elements of change that could be construed to be institutionally imposed the organization is going beyond the institutionally imposed factors, and putting in place more corporate-like strategies to help the organization in the future and to be seen as a leader in the field. As a result on the surface, the changes would seem to be the type of changes that Abernethy and Chua (1996) refer to as exceeding institutional demands that is going beyond what is required by stakeholders and making strategic choices complementary to institutional pressures. The process of change in the Abernethy and Chua study has some similarities with the current case study with respect to changing their Boards and management control structure and the appointment of CEO's.

The CEO in the current case study has brought her experience and knowledge to the organization. A number of practices that have been implemented in the organization have been resourced from her stock of knowledge or from other organizations that are known to have had success with similar functions within the social services sector. It would seem that this process is

a natural occurrence within organizations and is in line with the findings of Abernethy and Chua (1996).

Thus the change in this case study was based on the restructure by the organization's CEO, however, the impact travels all the way down to the new management accounting practices associated with day to day functions. Whilst it is recognized in this paper that the organization has strengths, it is felt that this study brings out an underlying negativity about the current cycle of changes occurring in the organization. This can be put down to the fact that many of the HODs and some of the Directors formed the majority of participants interviewed and had been with the organization for an average of five years, which is considered a long term prior to the restructure. As explained previously, it would only be natural that the long term Directors and HODs attitudes would become challenging and resisting to the changes as a result of reduction in their power across the organization that was once their comfort zone.

The thread of power across the organization has changed significantly as a result of the restructure. The relevance of the three levels of power referred to by Burns and Scapens (2000) helps to explain some of the changes that have taken place in relation to the rules and routines. There is a close connection between the different types of power applied throughout the organization and the actual changes that took place. The perceptions and attitudes of the staff interviewed demonstrate on one hand the passion (manifesting itself as challenging behavior) and on the other hand, selectivity (choosing to challenge). Across the organization power contracts and expands as needed and has played a role in the shaping of the organization including the management accounting controls. Power is closely aligned to the development and implementation of the rules and routines and as such could explain more about the behavioral aspects within the organization if further analysis had of been undertaken. The authors believe that further analysis of power would have given additional support and justification for the use of theories discussed in the Burns and Scapens (2000) paper.

Accounting is seen by Dent (1991) as being intimately involved in organizational cultures. Dent refers to culture as a system of ideas, beliefs, knowledge and values. In the current case study the organization has experienced a change in culture from a fragmented, autonomously run organization with a fairly "social services" and "family" culture to a "corporatized" and "challenging" culture. As the change is still in progress, the culture will evolve further. It is hoped by many of the participants interviewed that the culture will become more cooperative and less defensive.

Our findings that employees had accepted that the restructure was a necessary process, but were not happy with the way it was conducted rings loud bells about how change is best implemented. The dominance of the participation and communication theme across the organization sends a strong message about the current weaknesses in the organization and the importance of participation, consultation and communication within such a process. These key weaknesses were most likely responsible for the lack of satisfaction relating to the restructure process. This is evident from the employees interviewed who collectively demonstrated or described the environment as being defensive and resisting. The appointment of Directors to an organization undergoing radical change from a family –like structure to a more corporate styled entity may not have achieved what was intended. This may have been a result of the limitations suggested above with respect to the NT and funding of the positions, however, the process surrounding the restructure and the formulation of the new structure appear to be the issue according to the findings.

Some of the directors made a positive and swift difference to the organization. They offered innovative ideas and strategies to the CEO. The funding base grew as these Directors came in with energy and motivation to seek new funding areas.

We acknowledge the differing perceptions from the CEO and The Board compared to Directors and other staff. The data clearly states that the corporatisation was instigated and implemented from the Board and CEO. From the findings we are able to determine that there was a need for change and that a restructure incorporating a better framework for all regions was necessary. The difficulty is in the clarification and interpretation of the perceptions and responses arising out of the various qualitative styled interviews. We maintained an objective stance to allow the true essence of the organization to bubble to the surface. In doing so it is difficult to categorically state or question the appropriateness. What can be said is that, had the Board and CEO sought involvement from many of the senior and experienced employees and managers and kept them informed in relation to the changes and prospective structure with an ear for their valuable contributions a more appropriate structure and process would have emerged.

In summary, this paper has discussed the findings of the case study in conjunction with the Burns and Scapens (2000) institutional framework. The NIS theory has also played a role in explaining certain aspects relating to the organizational changes. The theories discussed present relevant arguments to justify the impact of the changes, and gave rise to interesting assertions that could account for the changes themselves. The use of the Burns and Scapens framework in this study is justified in that the nature of the organization is a more independent model (independent of its environment) being non profit driven. Although it is considered that external influences are not strong for the organization being studied we acknowledge that extension to include the external environment is an important consideration. As a result, the arguments put forwarded by others (e.g. Pettigrew, 1985, 1990; Dawson, 1994; DiMaggio & Powell, 1983; Greenwood and Hinings, 1996; Dillard et al., 2004) this brings about further opportunities to research the organisational and social contexts.

CONCLUDING REMARKS

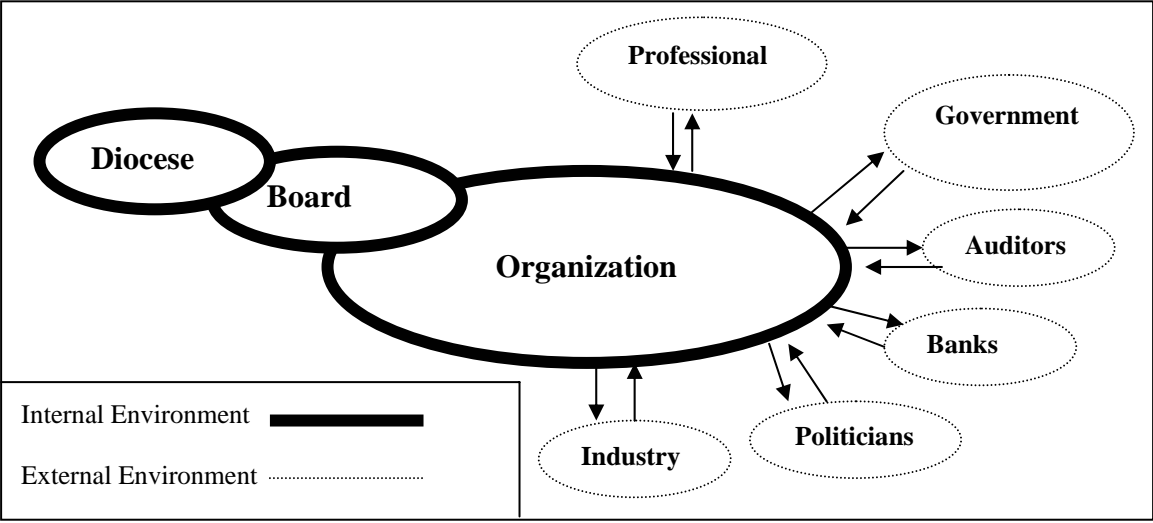
This study has been useful to demonstrate the impact of change, and how social structures within organisations are paramount to understanding organisations. The organization that is currently being studied is diverse in the sense of operational activities as well as geographical locations. We found that both old institutional theory and new institutional sociology perspective at an organizational level or within an organisational context offers a strong foundation of support for understanding organisational and accounting change. It is to be noted that not all organisations conform to the intra-organisational model and there may be a need from time to time to focus on the internal rules and routines of an organization in understanding management accounting change. A bottom-up approach allows for analysis of the internalized organization, which could have important use for the future.

This study adds to the growing literature on the management accounting change and contributes to organizational change in the not-for-profit sector by raising awareness of the pervasiveness of organisational change. It analyzes the processes of management accounting and control changes and impact therein so as to bring about an understanding of the far reaching consequences that organisations endure. Further, it achieves a sense of depth and allows the emergence of the spirit and culture of the organization to depict the process of change. The structuring of the funded operations within the organization has a strong grain of internal force at present that keeps these influences fairly minimal, but manageable without impacting to a large degree, the management accounting control mechanisms. The diversity in the findings of this

case study offers a rich and colorful representation of the impact of structural change in a not-for-profit organization. The contribution of this paper also lies in the view that multiple perspectives offer a more comprehensive understanding of organisational and accounting change (Laughlin, 1995, 2004; Hoque and Hopper, 1997; Doolin, 2003; Covaleski et al., 2003; Broadbent and Laughlin, 2005). An empirical study of accounting and organizational change using a cross-sectional data may also enhance our knowledge of the difference of accounting and organizational change in different settings. Given the changing role of the accounting worldwide, such an attempt may provide the robustness of research results revealed in the current study.

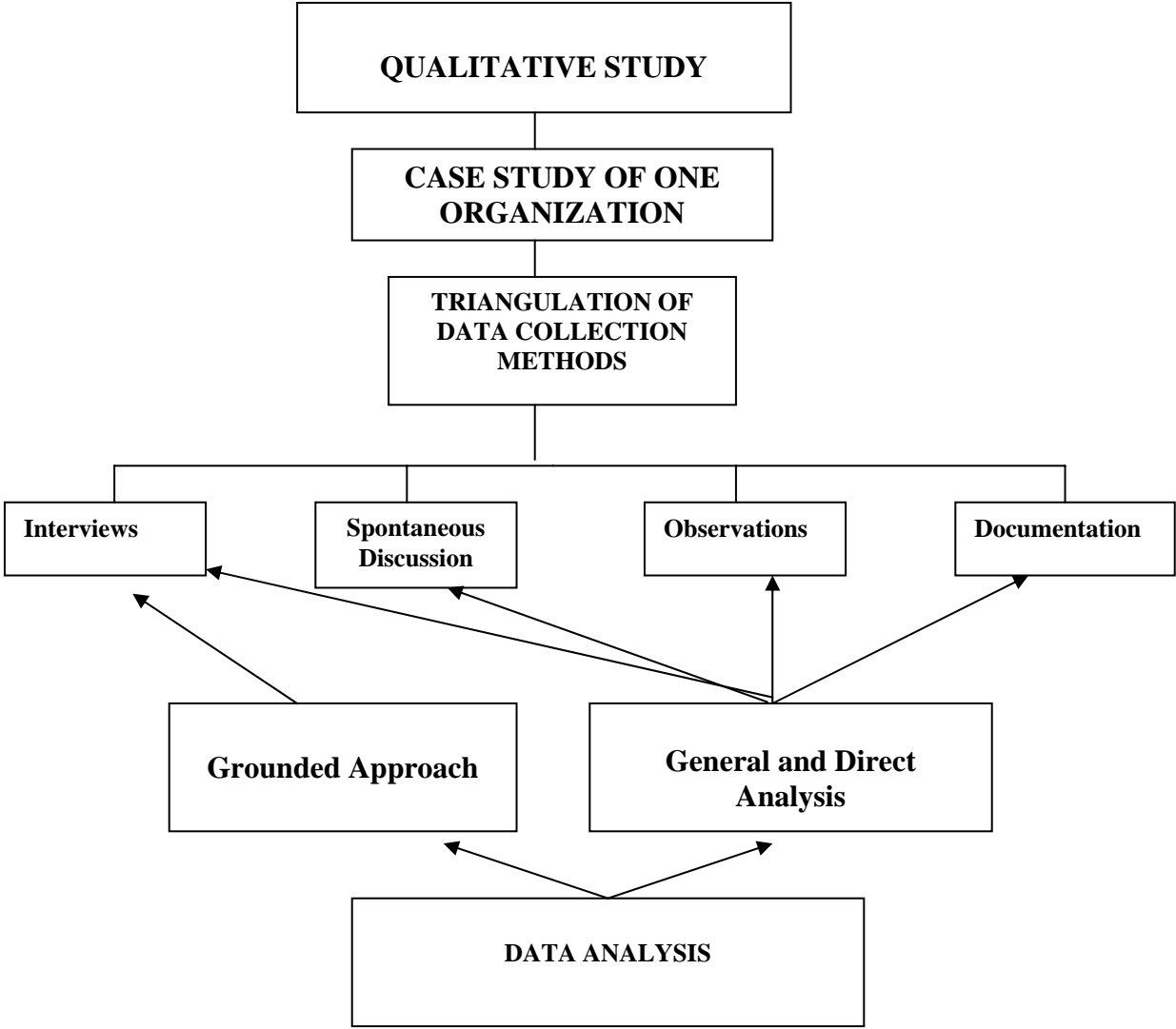
This study is based on a case study approach of one organization over a time period of three to four months. Although resembling a longitudinal time frame, the duration of this study has been fairly limited and as such has not permitted ongoing investigating and monitoring to detect further changes to the management accounting policies and practices that enables a more accurate analysis. This time frame has, however, allowed for the capture of important data including some interesting changes in attitudes and allowed the researcher to analyze and observe policy and procedural development in action. A future study could be conducted over a longer period of time and extend to the organizational environment so as to analyze external relationships and identify how influential they really are. The framework developed by Dillard et al (2004) and the notion of convergence (Greenwood and Hinings, 1996), bring about further opportunities to research the organizational context.

Figure 1
Illustrating organisational context within a not-for-profit organization



Source: Developed by authors using old institutional economics (OIE) and new institutional sociological (NIS) perspectives.

Figure 2
General Research Framework*



*(Framework developed by authors)

Figure 3
Pre amalgamation structure

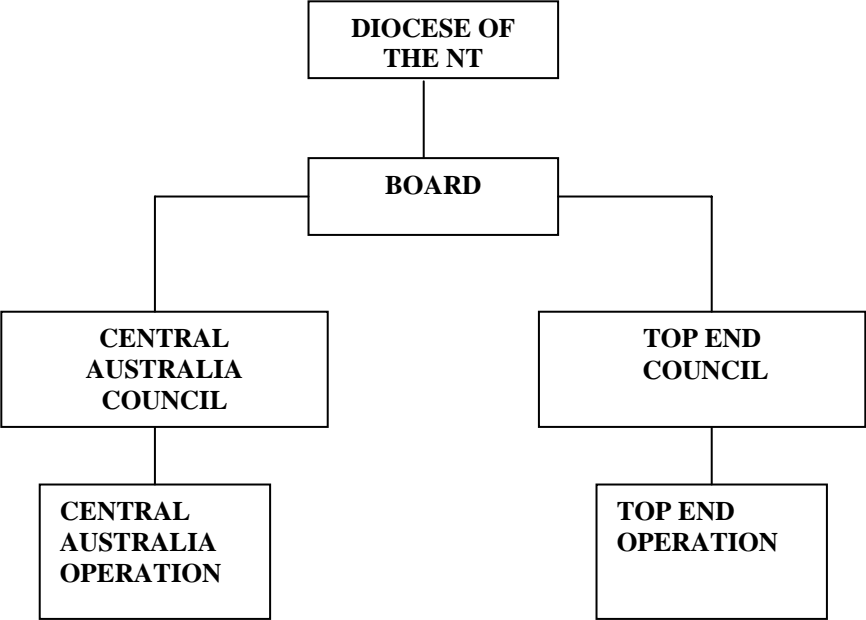


Figure 4
Post amalgamation structure

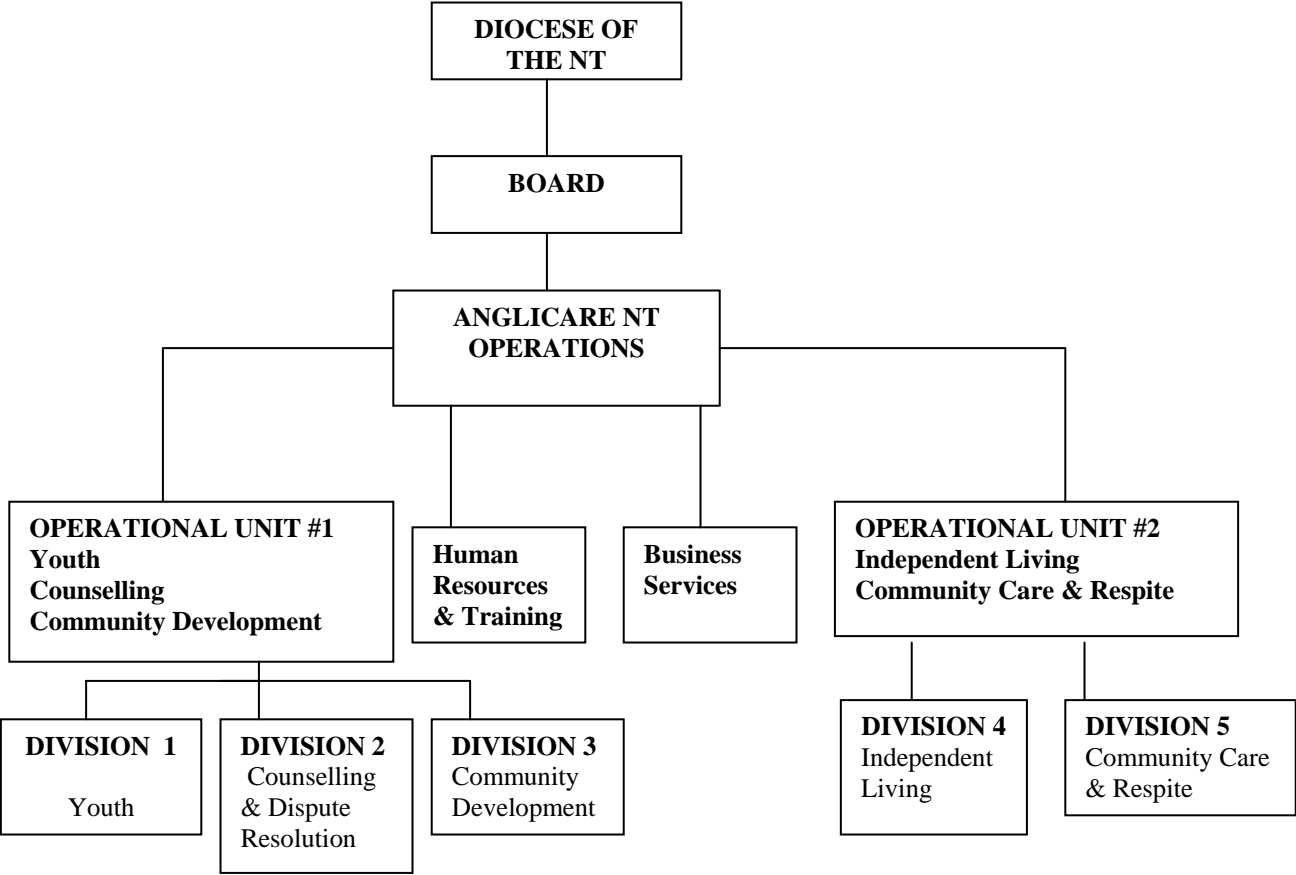
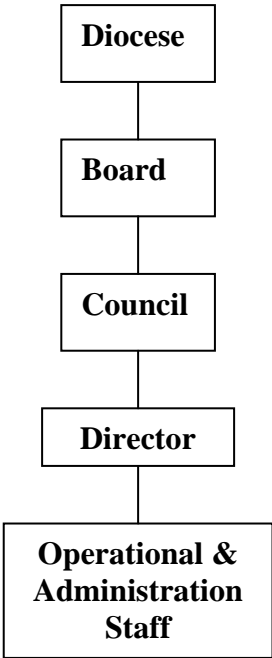


Figure 5
Pre restructure hierarchical structure

CENTRAL AUSTRALIA



TOP END

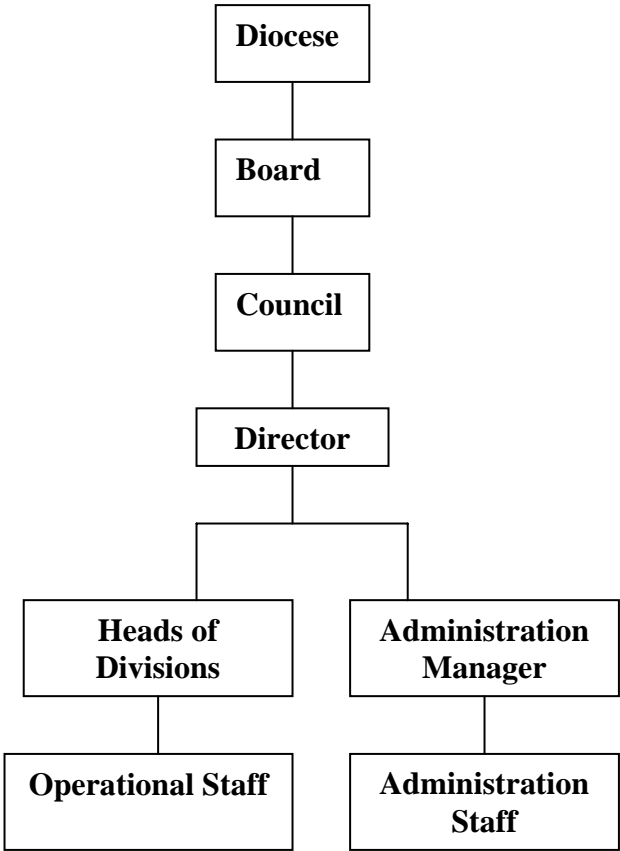


Figure 6
 Post restructure - hierarchical structure

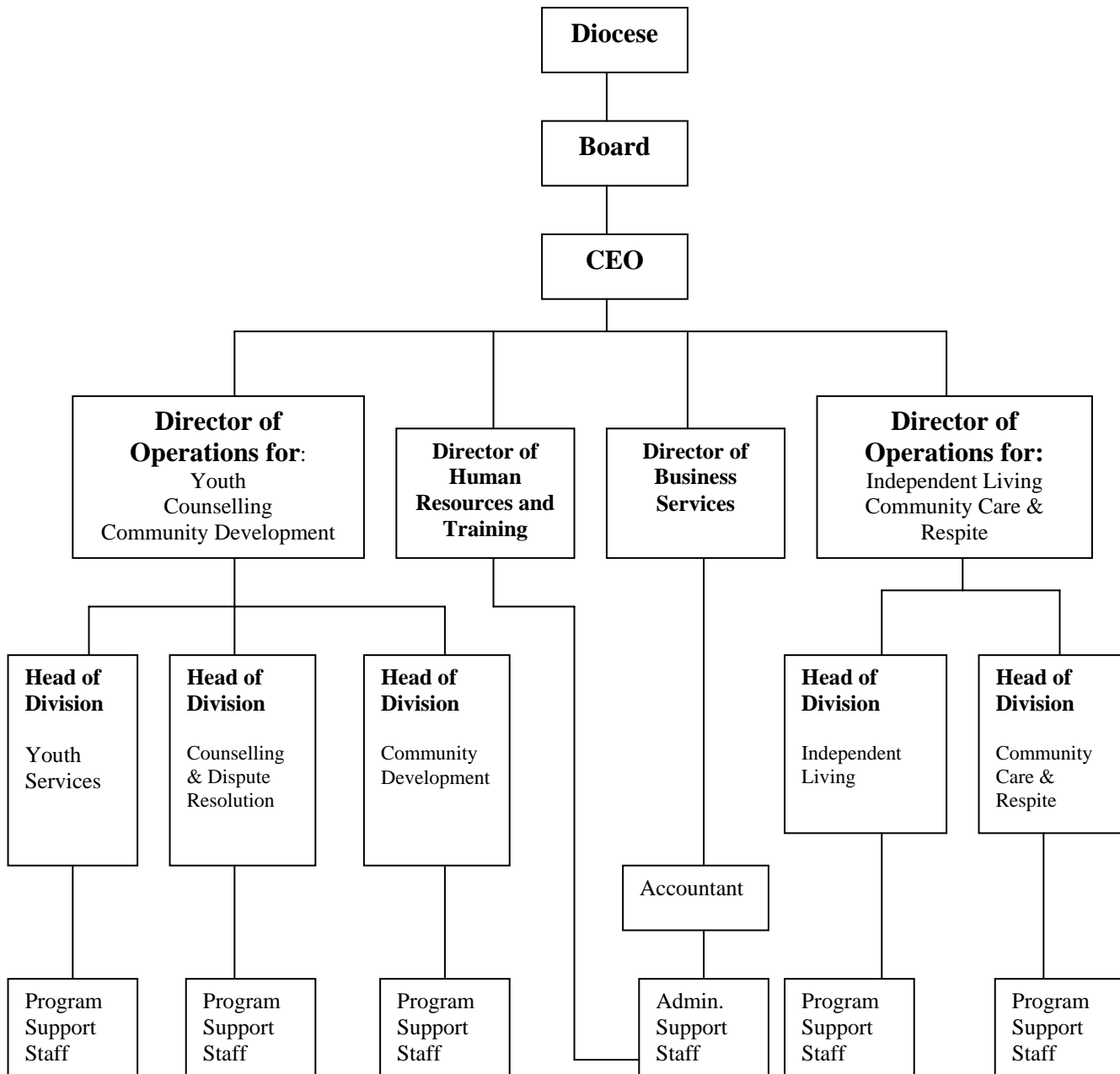


Table 1

New management control systems and impact on organizational activities

New Systems and Changes	Explanation
Strategic Plan Recently developed document to lay down framework for 2004 to 2007	A framework to give general direction for the amalgamated organization
Delegations Document As part of the development of clear policies to accommodate amalgamation	New document currently being fine-tuned that sets down clear and concise delegations per levels within the hierarchy. Cuts back previous freedom and responsibility levels and puts in place tighter control measures
Budgeting Processes Changes to the formal budgeting process	Previously HODs prepared managed and monitored budgets. Procedure now also involves relevant Director of Operations, Director of Business Services and CEO
Centralized Accounting System Expansion of Darwin accounting system to incorporate Alice Springs	Heavier workload and more complex administration. Complications arising out of consolidating the two different systems.
Centralized Payroll Consolidation of payroll system to incorporate Alice Springs	Heavier workload and complications with consolidating levels to achieve parity.
New Accounting Software New system to cater for centralized structure and provide analysis of divisions, diverse programs and other internal requirements	New coding structure, different look and feel for users. New procedures to learn and document. Retraining of staff and appointment of new staff for back log of work and higher skill levels
HR matters and Training Director appointed to put in place a framework to achieve best practices	High volume of work required to bring about a comprehensive and well documented HR system and to introduce and implement a training program across organization
Program Reporting New internal reporting requirements to consolidate program outcomes quarterly	Specific information to be generated in addition to comprehensively documented and presented program reports prepared by HODs
Marketing Plan Initially to bring about awareness of the new structure. Development of a marketing plan to be known and appreciated in the NT	Strategies are in the developmental stages
Volunteering Development To consolidate and coordinate volunteering as a unit. Program needs to be sensitive to demands of the clients and promoted to bring about awareness	Database being developed across NT.
Infrastructure/Facilities Management Ongoing review and maintenance program for Darwin and Alice	Centralized coordination with high volume of maintenance to accommodation buildings. Documentation of all assets in progress, assets package to be purchased and implemented to enable a complete record of assets with ongoing update program

Source: Developed by authors from field data

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Appendix A: Interview Questions

Commencing time:

Date:

Participant name:

Position/Title:

Consent Form Number:

PART 1: ORGANIZATIONAL QUESTIONS

1. In your own words, what is your organization's mission?
2. From your experience and knowledge of your organization, what would you consider the strengths of the organization in terms of achievement in line with the mission statement?
3. What would you consider to be the shortcomings or weaknesses in relation to the achievement of the key elements of the mission statement?
4. What do you believe to be the two key services that your organization provides?
5. How would you describe the management strategies currently in place?
6. Comment on how these management strategies assist in the achievement of your organization's mission.
7. What performance indicators are currently in place? What management accounting systems currently in place?
8. Can you suggest alternative performance measures that may be more relevant for your organization or certain divisions therein, and how they may better achieve the desired outcomes?
9. Comment on funding body imposed performance measures compared to internally desirable performance measures. (Determine compatibility of funding body performance measures)
10. How do you perceive the organisational balance of power?

Diocese	___%
Board	___%
Government	___%
CEO	___%
Directors	___%
Other	___%
11. What do you believe the restructuring has achieved?
12. How have management accounting and strategy changed as a result of the restructure?
13. What changes, management, accounting, administrative or operational would you suggest to enhance existing management strategies
14. What do you consider to be the important management focus for the future?
15. Comment on how the divisions within the organization interact with one another?
16. Would you consider that the divisions are independent or dependent on one another?
17. What documentation, accounting/management reports or accounting information do you use to make decisions?
18. Comment on accounting information distribution from the point of view of: relevance, reliability and timeliness.

19. What role do you believe information technology currently plays in the organization?
20. Comment on how information technology could enhance your or your division's achievement of organisational goals.
21. Do you believe that training activity levels are satisfactory across the organization?
22. What type of training do you believe would be beneficial to you or your staff?

PART 2: OTHER QUESTIONS

1. How would you describe your position?
2. What are the three key words that would be the underlying objectives of your position?
3. Where do you sit in terms of your achievement in your position? (low, low to medium, medium, medium to high, high)
4. What type of constraints or issues prevent you from achieving your desired goals and objectives - in the workplace?
5. Do you believe that the lines of responsibility are clearly known in the organization? How could they be clarified to minimize confusion/conflict? Consider role clarity/ambiguity/conflict.
6. Discuss your feelings with respect to how you perceive you are trusted by your subordinates and other workers and also the level of trust you feel towards your senior managers/board/diocese.
7. To what extent do you think power plays a role in the organization? Do you think it is positive or negative?
8. What types of tensions exist in the organization?
9. What types of crises tend to occur?
10. Comment on organisational culture and organisational environment.
11. Do you believe that any of the following factors impact the organization, and to what extent, in large, medium or small way - explain?
 - Contextual/setting
 - Political
 - Government ideology and intervention