Rhetoric and the fate of budgeting

Abstract:

This study focuses on the roles of rhetoric and of the various actors in institutionalisation and deinstitutionalisation attempts. Our paper jointly investigates the process whereby budgeting became institutionalised between 1930 and 1960 and the attempts of the CAM-I to deinstitutionalise it from 1990. Paradoxically, the same two arguments have been used to support the institutionalisation of and the attempts to deinstitutionalise budgets. Firstly, in the 1930's the turbulence of the environment is used a rhetorical argument to support the implementation of budgeting. Since 1990, the turbulence of the environment has generated a feeling that budgeting should be abandoned. Secondly in the 1930's and 1950's budgets contributed to the emancipation of managers, while since 1990 they have been deemed as rigid frameworks preventing managers from acting freely. These contradictions reveal that we can not explain such changes by the rhetorical schemes alone. The network of actors in which these schemes are embedded has a large part in the influence of rhetoric in the change from one institutional order to another. It is particularly the actors to whom these rhetorical schemes are addressed which give them their meanings. Finally, the similarities between the rhetoric used can be explained if we analyse it as the means to transcend the fluctuating contradictions of institutional logics.

Introduction

Following Zucker's contention (1991) that the process of institutionalisation had largely remained a "black box". Since this research Cooper et al. (2008) show that many studies have been conducted on this theme. The rhetoric strategies developed by the actors are one of the mechanisms of the institutionalisation of managerial concepts or ideas (Phillips et al. 2004, Suddaby & Greenwood, 2005, Maguire & Hardy, 2006, Greenwood et al. 2008). Rhetoric strategies are the "speech and writings that subconsciously reflect and deliberately manipulate the values and ideologies of a particular discourse community" (Suddaby & Greenwood, 2005, 40) Further to the institutionalisation process, certain managerial concepts are thus taken for granted. According to Scott (1987) individuals come to accept a shared definition of social reality. Discussions on the characteristics of these concepts may thus develop without it being necessary to refer to the underlying practices (Phillips et al. 2004).

Previous stream of research was not however conducted in order to understand the deinstitutionalization process, that is to say the changes which allow a switch from one institutional order to another (Greenwood et al., 2002, Maguire & Hardy, 2009). Is this process symmetrical to the process of institutionalisation? Are the same mechanisms involved? What is the role of the actors and of the rhetoric developed by them to destabilise an institution?

In response to these questions, we propose to study in parallel the rhetoric used to institutionalise and to attempt to deinstitutionalise the concept of budget. We could expect the rhetoric used to destabilise the concept of budget to use different arguments, which may be either opposing or symmetrical, to those used to institutionalise it.

The budget is a typical example of an institutionalised accounting concept (Covaleski, Dirsmith, 1983, 1988, Fernandez-Revuelta & Robson, 1999, Berland & Boyns, 2002, Ezzamel et al. 2007b, Berland & Chiapello, 2009) which is taken for granted. Budgeting as an institution has however for some years been the subject of deinstitutionalising attempts through critical discourse. Jack Welch, former CEO of General Electric contends that.

> *The budget is the bane of corporate America. It never should have existed… Making a budget is an exercise in minimalisation. You're always getting the lowest out of people, because everyone is negotiating to get the lowest number* (Loeb, 1995: 5).

It was in answer to such viewpoints that CAM-I[1] (Hope & Fraser 2003a et b) set up a think tank known as the BBRT (*Beyond Budgeting Roundtable*), in order to "eliminate budgeting". This deinstitutionalisation attempt thus permits the rhetoric used by the BBRT to be compared with that used at the time budgeting was institutionalised. Paradoxically, the same rhetorical schemes were developed to support the institutionalisation and the attempts to deinstitutionalise budgets. We are going to focus on two of these rhetorical schemes. The first argues that turbulence of the environment required the implementation of budgeting in the 1930s. Likewise, since 1990, the turbulence of the environment has generated a feeling that budgeting should be abandoned. According to the second rhetoric, in the 1950s, budgets contributed to the emancipation of managers. Since 1990, they have been deemed as rigid frameworks preventing managers from acting freely. This apparent symmetry is a means of understanding how the rhetorical arguments used by actors in the institutionalization process operate. Stemming from this is the research question which we have endeavoured to answer: how apparently identical rhetorical schemes could be used to justify the birth and the death of the institutional form which is the concept of the budget?

The first section presents the theoretical framework of our research, which focuses in particular on the role of rhetorical devices and actors. The second sets out the methodology for our research. The third is an empirical presentation of the two periods studied: the history of the concepts, the content of the rhetorical devices and the role of the main actors using them. The fourth section is a discussion of the results of our research.

1. Theoretical framework

The framework of neo-institutional sociology (NIS) helps to explain the adoption by organisations of institutionalized forms that legitimise their survival (Greenwood et al., 2008). Many studies have concerned the mechanisms of institutionalisation, that is to say the process by which 'social processes, obligations, or actualities come to take on a rule-like status in social thought and action' (Meyer & Rowan, 1977, 341). Thess research describe how discourse on ambiguous or non-existent concepts or practices can end up being taken for granted (Hopwood, 1983).

1.1 Rhetorical schemes, discourse and managerial concepts

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[1] "CAM-I is an international consortium of manufacturing and service companies, government organizations, consultancies, and academic and professional bodies who have elected to work cooperatively in a pre-competitive environment to solve management problems and critical business issues that are common to the group" website CAM-I.

Institutionalisation can be observed at three levels: discursive, organisational and practical levels (Friedland & Alford, 1991; Jepperson, 1991). In the context of our research, we will not consider either practices or organizations, but rather the discursive forms developed by actors on management concepts that are taken for granted. This institutionalisation process results in *"frameworks of programs or rules establishing identities and activity scripts for such identities"* (Jepperson, 1991:146). Accordingly, institutionalisation should not be regarded as the mere translation of such scripts into practical actions. Indeed, institutionalisation can only concern discursive forms and concepts that become institutionalised independently of their actual and effective practices. In fact, discourses, organisational structures and individual practices should be decoupled and regarded as three different dimensions of institutionalisation. Friedland & Alford (1991) and Powell (1991) consider that organisational structures and practices have been the most obvious levels of institutionalisation so far. However, agreeing with Jepperson, they call for further research at the discursive level. "The discourses not only constitute individuals, they seem to determine them. Statements […] constitute both subjects and objects […] As a result, we do not understand the process of how people ended up in these normalising organisations, or the choices through which people became participants in these historically variant discourses and thereby contributed to that history. Without actors, without subjectivity, there is no way to account for change" (Frieldand & Alford, 1991: 253-254).

Subsequently, rhetorical schemes and the networks of actors in which they operate are part of the institutionalisation process. Thus, Phillips et al (2004) argue "we can see institutions are not just social constructions but social constructions constituted through discourse". Consequently, management concepts like institutionalised discourse are themselves the product of rhetorical devices that we will call rhetorical schemes. If these rhetorical schemes are convincing, then a managerial concepts will have even more chance of being institutionalised (Phillips et al. 2004, 645).

But this research leaves unanswered a number of theoretical questions that have not been sufficiently, or at all, developed. Our research seeks to explore three issues involved in our research question. Firstly, how do we change from one institution to another and more to the point how does deinstitutionalisation come about? Secondly, what are the roles of rhetorical devices in the above two processes. Thirdly, what roles do the actors have in these processes, and more particularly, how can we relate them to one type of rhetoric or another?

1.2. Changing from one institution to another

Neo-institutional sociology has been more concerned with stability and the search for conformity than with change and the switching from one institutional equilibrium to another (Phillips & Namrata, 2008). To use the terms of Greenwood et al. (2002), while NIS has explored change, it has not paid sufficient attention to models of non-isomorphic change.

While much has been written about institutionalisation, there has been much less exploration of deinstitutionalisation (Dacin, & Dacin, 2008; Greenwood et al., 2002, Dacin, et al., 2002; Oliver, 1992). According to Scott (2001: 182), deinstitutionalisation is the "process by which institutions weaken and disappear". The best-known pieces of research on the subject are those of Oliver (1992), Zucker (1991) or Hardy & Maguire (2009). Whereas institutionalisation unconsciously stems from the pervasion of the environment, deinstitutionalisation openly challenges an existing institution.

The total disappearance of a management concept is no doubt a purely theoretical viewpoint as is underlined by Dacin & Dacin (2008: 348) insofar as "institutionalised [concepts] are rarely ever completely extinguished" or at least die out very slowly. Institutionalised concepts can also change. DiMaggio (1988) for example, considers that an institution is composed of core and ancillary elements. The former may continue to exist while the latter adapt according to external changes. This is a problem we will encounter in our empirical study, as while the BBRT speaks of doing away with budgeting, we find it hard to see how such basic components of the budgeting process (forecasts, estimated/actual comparisons, action plans, etc.) could completely disappear.

Greenwood et al. (2002) propose a model of institutional change that takes into account the complete process of institutional change, from deinstitutionalisation and the things that trigger reinstitutionalisation.
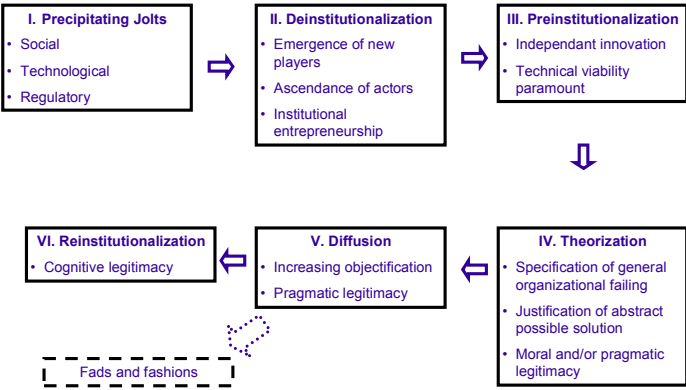
Although we take this model as a starting point, our own research will deviate from it. We will analyse a highly institutionalised situation and will only focused phase 2 of this model which we will compare with the previous institutionalizing phases.

1.3. The role of rhetorical schemes in the institutionalising process

For Greenwood et al. (2002), the process of deinstitutionalisation is brought about by jolts (phase 1 of their model). As Munir (2005) points out however, these events alone are not enough as they need to be problematised by the actors in order to be accepted. The theoretical framework of the NIS underlines the role of rhetoric in the dissemination and institutionalisation process (Phillips et al, 2004). Rhetoric legitimises managerial concepts so that they become taken for granted. "Rhetoric is a type of instrumental discourse used to persuade audiences, reach reliable judgements or decisions, and coordinate social action" (Green, 2004: 654). Rhetoric thus shapes our aims and means. It constructs meanings, identities and the world.

Rhetoric problematises change. Several series of research studies have shown how rhetoric allows institutionalisation. Maguire & Hardy (2006) show how new discourse can lead to the creation of new institutions. Rhetoric can be the first step in the codification of institutions. Hasselbladh & Kallinikos (2000) examine how general ideas infiltrate discourse which in turn has an effect on management techniques. According to them, the process of objectification takes place in three stages, from oral discourse, to writings and then to more formal codification. Rhetoric can also have an impact through emotions. Green (2004) describes how rhetoric moulds practices. Pathos type rhetoric which appeals to the emotions (fear for example). Logos which refer to logical considerations (e.g. the advantages to be found). And finally ethos which appeals to morality and ethics (e.g. honour, tradition, justice). Finally, Ezzamel et al. (2007a) analyse how a discourse on accountability, in the context of school reforms, allows schools to be re-institutionalised as a new institution combined with old models. Numerous studies have demonstrated the communicative dynamics that accompany the de-legitimatising of highly institutionalised forms (Hoffman, 1999, Arndt & Bigelow, 2000, Human & Prevan, 2000, Greenwood, Suddaby & Hinings, 2002, Covaleski, Dirsmisth & Rittenberg, 2003). In the end, it would appear that the way rhetoric operates in the creation of an institution is a rich and relatively unexplored field of research.

Rhetorical schemes do not develop in an intellectual vaccum. They are part of the social and political contexts that they help to extend into the field of management. Firstly, rhetoric can be used in pre-formatted forms and categories which make it ready for use. For example, Norreklit (2003) analysed how the Balanced Scorecard became institutionalised through uses

of metaphors and analogies borrowed from scientific fields or supposedly the information age revolution. This study is of particular interest to us as it applies to the same "management guru genre", to an accounting tool, on the same period and using similar wording (i.e. information age). It shows in particular how use of imprecise and abstract concepts can be used to draw a maximum number of actors. Secondly, Rose & Miller (1992), Miller & Rose (1990), Miller & O'Leary (2007) underlined, even if their terminology and focus was somewhat distinct, the importance of relations between discursive forms used to define government programmes and technologies: "The governing of conduct, it was argued, was achieved through the interplay between programmes and technologies, between the discursive and the instrumental" (Miller & O'Leary, 2007: 707). The relationship between managerial rhetoric and rhetoric of a more general nature must also be considered in order to understand better how and why rhetorical schemes work.

1.4. Roles of rhetoric and agency

Traditionally, the role of institutions is often passive and over-socialised and ignores their roles of agencies or political deviances and adaptations (Green, 2004). The theory of NIS even sometimes presents the actors as irrational beings who simply respond to stimuli, reproducing forms that already exist and thus contributing to making the world even more homogeneous (Lounsbury, 2008). Contrary to this actor-free vision, Lounsbury (2008: 351) proposes "a much more penetrating examination of actors and practices".

Some studies have looked at the nature of the actors that use rhetoric (Phillips et al, 2004). Dacin & Dacin (2008) show how deinstitutionalisation is accompanied by a change in the composition of the stakeholders. The new actors concerned by the institution give it new values and thus change its nature. Certain ideas become popular, not because of their content, but because of the actors who convey and support them and the way in which they are packaged, formulated and timed (Sahlin & Wedlin, 2008). The role of the actors can be taken into account via the rhetorical strategies they put in place to construct or dismantle institutions. They rationalise or give rhetorical reasons for actions. Rhetorical schemes thus have a central role in the dissemination of managerial concepts.

There have been few studies that have looked into the actors to whom the rhetoric is addressed. They may be particular classes of stakeholders, or they may be non-human[2] such as categories of artefacts assumed to be homogeneous (customers, financial markets) for whom rhetoric is constructed. It is also important to examine the context and forums in which

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[2] These are artefacts, ideas, theories or methods (Latour, 2005).

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an institution is discussed (Suddaby & Greenwood, 2005) and contested. The actors also have a role to play as soon as they begin to resist any changes to the institution. The custodians of the old institutions deploy resistance stratagems which change the course of the deinstitutionalisation process studied.

Institutional logics provide a link between individual agency and cognition and socially constructed institutional practices and rule structures (Thornton & Ocasio, 2008). But we know little about the way the shifts in institutional logics come about (Suddaby &Greewood, 2005). Institutional logics are "the socially constructed, historical patterns of material practices, assumptions, values, beliefs and rules by which individuals produce and reproduce their material subsistence, organise time and space, and provide meanings to their social reality" (Thornton & Ocasio, 2008, 101). According to Rao, Monin & Durand (2003) institutional logics are mutable to the extent that they rely on ambiguous language that can be appropriated. Institutional logics are full of contradictions that are resolved by "actors who have an interest in particular institutional arrangements and who leverage resources to create new institutions or to transform existing ones" (Hardy & Maguire, 1998, 198). Known as *institutional entrepreneurs*, these actors use these contradictions to promote new institutions via their rhetorical schemes (Seo & Creed, 2002, Suddaby & Greewood, 2005, Hardy & Maguire, 2008). The institutions thus take on new meanings owing to the rhetoric developed by the institutional entrepreneurs, not without some clashes of interpretations. The development of market logic over thirty years illustrates these changes in institutional logic (Rueff, 1999, quoted in Thornton & Ocasio ,2008).

Lounsbury (2008), Sahlin & Wedlin (2008), Battilana, Leca & Boxenbaum (2009) propose to put the actor and the agency back at the centre of the analysis of the institutionalisation process and in particular suggests use of the Actor-Network Theory (Callon, 1986; Latour, 1999; Law & Hassard, 1999). ANT introduces concepts that are useful for understanding how reality is formed. Rhetoric and controversy developed by actors occupy a central place. Via a phenomenon of translation, ie problematisation, interressement, enrolment and mobilisation (Callon, 1986), and incorporation of human and non-human allies, they succeed in bonding together a network of actors that defines the nature of the concepts studied.

Maguire & Hardy (2009) conducted a study based on these different dimensions. They questioned how abandonment of institutions results from "problematisation" that – through subsequent "translation" - changes discourse in ways that undermine the institutional pillars supporting practices. This occurs through new subject positions from which actors speak and act in support of problematisations.

Rhetoric is one of the means used by institutional entrepreneurs to institutionalise and deinstitutionalise managerial discourse. While the rhetoric of institutionalisation has been the subject of much research, the rhetoric connected with deinstitutionalisation has been much less studied. We may nevertheless ask ourselves what are the connections between the two streams of rhetoric. The way these rhetorical devices work is also a subject to be treated with caution. Different rhetorical strategies and different ways of taking action have been revealed by scientific literature. But while these studies underline the importance of rhetoric, they do not give a clear image of their ways of taking action. Finally, institutional entrepreneurs use rhetoric to rephrase the contradictions that exist in institutional logics and to give meaning to discourse and practices. They problematise in a way that calls for further study, particularly to know who problematising and with what type of arguments.

We will therefore challenge the theories on rhetoric strategy. In the example of budgeting and the BBRT, similar rhetorical schemes are used to institutionalise and to deinstitutionalise. The purpose of our paper is to show how two streams of rhetoric that are similar in appearance are used in both the institutionalisation and deinstitutionalisation process. It strives to answer the research question of why two apparently identical forms of rhetoric have been developed to justify the birth and the death of a symbolic form of management. As it stands, this question is very similar to the one posed by Suddaby & Greenwood (2005): Are the rhetorical devices used to construct legitimacy the same as those used to deny it?

2. Data and evidence

In answer to our research question, we studied the rhetorical schemes that accompanied the development of budgetary control in France with that developed in the context of the BBRT on international settings. The rhetorical schemes used in two different periods were studied in order to reveal their similarities and differences. The fact that this rhetoric concerned two different geographical zones could however be more problematic in terms of our methodology, as the comparison could lack some homogeneity. We have solved this problem of methodology in two ways. Firstly, our historical study of France was backed up by comparative international studies on the USA and Great Britain. This allowed us to put the local French rhetoric in an international context and thus ensure it was representative. It is also important to note the extraordinary mobility of budget-related discourse from one country to another during the thirties and fifties, both through conferences and foreign authors cited in French papers or visits to the USA by French speakers (Berland, 1998). As regards

the second period, the BBRT takes examples of companies, one of the main ones of which is French. The example of this company is one of the three examples given in the book by Hope & Fraser (2003a). The discourse produced by the BBRT therefore occupies a place on the international scene and has definite repercussions in France, particularly in large firms who are informed about the discourse produced in international spheres. In spite of the different geographical areas, we can but think that there is considerable homogeneity and a high degree of permeability between the geographical zones in each of the two periods.

Our historical and Beyond Budgeting data consists of public writings that accompanied the development or demise of budgeting (textbooks, articles, conference papers, etc). From these documents we selected extracts taking a more general look at the development of budgeting. We also collected public writings and some pieces of internal CAM-I documentation to back up our research.

Two corpuses of texts were gathered. One concerns the 1930-1950 period and the second one 1998-2009 (see appendix). The texts selected are by authors who are central to each of the two periods (recurring authors who are highly active promoters of budgetary control, or often cited) and significant in terms of size (writings longer than one page). The importance of the chosen extracts calls for two remarks. First, in terms of volume, the set of extracts containing programmatic elements is small compared to the total sum of purely technical extracts, which are longer and more detailed: the social and political commentaries are often found in forewords, prefaces, introductions and conclusions of articles and books with the body of texts being mainly technical. In terms of social significance, however, the selected texts are important, all the more so as an underlying political rationale common to all can be identified. The rhetoric schemes are compared to those developed in the BBRT movement.

3. Institutionalisation and the attempt to deinstitutionalise budgeting - some aspects of the rhetoric used

We will begin by putting the history of budgeting and the BBRT back into context. We will then show that rhetoric occupies a central place in this history. We will finally present the content of these rhetorical schemes in order to show for whom these messages are or are not intended.

3.1. From the birth to the 'death' of the budget

While the history of the budget is now well known and has been widely studied under different theoretical angles, both Chandlerian (Chandler, 1962, 1977, Chandler & Deams,

1979, Kaplan, 1984, Johnson & Kaplan, 1987; Berland et Boyns, 2002, Berland & Chiapello, 2009), and Foucauldian (Miller & O'Leary, 1987) or from the perspective of the labour process (Tyson (1992), Fleischman (2000) and Fleischman & Tyson (2007) …, the position of the BBRT (Beyond Budgeting Roundtable) is such that we need to take a closer look at it.

Budgeting and budgetary control[3] developed from the 1920's first in the USA and then quite rapidly in the early 1930's in Great Britain and in France, following a similar pattern (Berland and Boyns, 2002). The introduction of budgeting was justified by micromanagement problems that companies might experience. But it was also problematisation at a political and macro level that bound budgetary control and macro economic and social discourses.

For Kaplan (1984), after Chandler (1962, 1977), it was the increasing size of companies that pushed them to adopt new structural forms such as the M-Form and to put in place the appropriate management tools such as budgeting. But alternatives explanations can be provided. Thus the Slump of the 1930s had led to increased turmoil in the running of businesses, by squeezing profit margins, by causing bankruptcies and by forcing businessmen to review their management methods. More generally and from a political French standpoint, businessmen of that period were looking for a "third way" between capitalism, which seemed to be collapsing across the Atlantic, and communism, which seemed to be triumphant in the Soviet Union. Budgetary control thus sprang from the need to respond to the industrial and political crises of the period and it then developed along with them (Berland & Chiapello, 2009). Miller et O'Leary (1987), Rose & Miller (1992) demonstrated how such managerial technologies as budgeting developed as the vector of the political programmes and reasoning upheld by certain committed actors. Budgeting was seen as a management device that reflected the societal issues which justified its being adopted.

From the end of the 1950's, certain critical discourses called into question the practice of budgeting. First of all via Argyris (1952) or Hofstede (1967) and then in a more practical manner via zero based budgeting (Pyhrr, 1973) which had a slight impact on practices before falling into oblivion. Hopwood (1972, 1974) and the paper by Barrett & Fraser (1977) belonged to the same movement. But it was particularly since the 1990's that there has been a surge of critical discourse within the BBRT and the CAM-I. The CAM-I (a union of consultants, practitioners and academics) suggested, in the 1990s, different alternative management control devices[4]. The position of Beyond Budgeting is thus a natural

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[3] The two terms will be used with the same meaning throughout this paper.
[4] CAM-I was already acknowledged as one of the networks involved in the development of Activity-Based Costing in the late 1980s (Jones and Dugdale, 2002).

continuation from the ideas launched in the 1980's. The network has been kept alive by a number of consultants who have based their businesses on this theme. But it also has outposts abroad where networks are growing in Germany, Australia, South and North America. This network includes information technology allies who promote Beyond Budgeting management systems, such as in SAP. The network is structured around partners, business associates and auditors. Books have been published (one by the Harvard Business Press, Hope & Fraser, 2003a), and papers have been published in a great many reviews (including the Harvard Business Review).

The BBRT proposes to do away with budgeting and claims a membership of around thirty in 1998, sixty in 2007 and over 150 between 1999 and 2007 (Becker et al., 2009) although we do not know if these members have effectively stopped using a budget or are simply interested in the idea. The recommendations of the BBRT are not always clear: While they call for major structural reforms in which employee empowerment has an important place, the responses range from rolling forecasts to balanced scorecards and new management principles. The various stakeholders even appear to differ in opinion or at least differ on how they understand Beyond Budgeting. Some of the responses have developed independently from BBRT which is no longer their reference, sometimes simply to set themselves apart. For example, the McKinsey consulting (Aktem et al., 2005) firm has questioned the usefulness of the budget, based on the themes developed by the BBRT, but has not quoted them. Others created the Beyond Budget Transformation Network (BBTN) (Becker et al., 2009) in order to emphasise their conviction that the initial project has gone completely off course!

Hope and Fraser (2003a, b) acknowledge at least three companies that effectively have gone Beyond Budgeting: Boeralis, Rhodia and Svenska Handelsbanken. The latter is explicitly introduced as "the" model to be followed. Despite this, budgets are unlikely to disappear easily. The solutions that the BBRT suggests are still to be defined. BBRT nevertheless poses some good questions about budgeting.

For BBRT promoters (CAM-I, 1999), budgetary control developed in a context where the markets and value chains were stable, where one knew who our competitors were and could predict their actions, where lack of available capital was the main hindrance to growth and learning, where business structures were centralised and their coordination had an essentially pyramid-shaped structure, where the life cycle of products and business strategies were spread over a longer period of time, and finally, where operatives were required to comply with the rules. At best, it favoured incremental innovation (and sometimes immobility) but it did not allow radical changes to be considered.

Budgeting gives more consideration to the constraints involved in production than in customer satisfaction. In this respect, budgetary control is a tool for managing a supply market rather than a demand market. In the same vein, the creation of wealth was not a result of optimisation but of innovation. Finally, budgeting allowed capital to be rationed (allocation of resources) whereas today the resource that is considered rare is no longer capital but know-how, knowledge-sharing and optimisation.

Furthermore, budgeting does not reveal good performance indicators (CAM-I, 1999). While the important thing for a business is to maximize value for the shareholders, budgeting focuses too much on accounting indicators, whose limits are all well known when we are seeking to measure the creation of value. In other words, budgeting allows us to control costs while what we should be controlling is value.

Finally, to favour innovation in business, managers seek to tap the available energy and creativity. But budgeting has completely the opposite effect (CAM-I, 1999) by imposing a strict hierarchical structure necessary for strong coordination. There is therefore a need to switch between control exercised from the centre (general management), which predominates in budgeting, and the increased freedom managers need to increase the value of the business. It is the concept of decentralisation that is questioned here (CAM-I, 1999).

These ideas also have repercussions in France in companies such as Rhodia (often mentioned by the BBRT), Bull and Carnaudmetalbox directed by Jean-Marie Descarpentrie. Other firms show interest in the problematic, but do not dare take the plunge and put the ideas into practice. It is true that the practical side of the issue is not always clearly presented in the discourse of the BBRT.

These critiques need to be analysed in terms of the calling into question of a practice that has been taken for granted and their contribution to a better understanding of the phenomenon of change in neo-institutional sociology. While NIS usually focuses on the stability and permanence of certain phenonema, what we are exploring here are these moments of change when an accepted, institutionalised practice is called into question. It is no doubt too early to speak of successful deinstitutionalisation (supposing that it actually exists, Dacin & Dacin, 2008) but it is an attempt in that direction that we are witnessing with the BBRT.

3.2. The central role of rhetoric in both periods

When budgeting was first disseminated, this took place in three phases: some initial practices, large-scale dissemination of discursive arguments in the form of rhetoric justifying the need for budgeting and budgetary control, and the subsequent generalisation of budgeting practices.

We again find the same process with the BBRT, which supports our having placed rhetoric at the centre of our analysis.

Whereas budgeting appeared quite early in business practices, it was only used to a limited degree and by a small number of firms. It was only in the 1950's and especially the 1960's that there was a significant number of experiments with budgeting both in the USA and in Europe (Berland & Boyns, 2002). By the 1960's, budget and budgeting control had become concepts or even practices that were highly institutionalised and taken for granted.

In the meantime, there was a lot written and said about budgeting (always by the same actors from the same firms. Dissemination of the idea of budgetary control occurred in both France and Britain during the interwar years and following World War II. Taking the literature first, books were written on the subject, and so too were articles, appearing in both mainstream accounting journals and specialist trade and business journals [5]. The lack of any comprehensive bibliography of publications on the topic of budgetary control for either France or Britain, and the variety of forms that such work could take, makes it difficult to determine precisely the pace of dissemination of information on budgetary control. Nevertheless, the bibliography by Satet (1936), although clearly incomplete, particularly in respect of British writings, indicates that, in the 1920s, European progress in this respect was slow compared to that in the USA, though it did pick up in the early 1930s.

This rhetoric, in the form of articles and conferences, appeared several years before the institutionalisation of practices had become definitive. We can see the same patterns as those observed by other research into practices where rhetoric had preceded implementation (Bjornenak, 1997). This rhetoric contributed to the process of institutionalisation by offering examples of implementations and above all accounts justifying the use of the technique. Budgetary control is an innovation that was seized upon by a network composed of many spokespersons and allies who had an interest in promoting it. In France we have the American consultants Clark & White who write about the connections between different countries and the basic practices of businesses. We also have professionals such as Benoit from the firm *Pechiney* or Loeb of *Le Printemps* giving first hand accounts of their experiences. Surprisingly, it is always the same firms that are given as an example. There are also academics or what we would now call researchers, such as Satet, who has produced around fifty publications on the topic over a period of 20 years. Between the wars, the group of

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[5] In Britain, these included *The Cost Accountant*, *The Accountant*, *The Engineer*, *The Engineering Magazine*, *The Mechanical Engineer*, *Cassier's Magazine* (later *Industrial Management*), while in France there were *La Comptabilité*, *Mon Bureau*, *Organisation*, *Méthodes*, *Le Commerce*, *L'Usine*, etc.

individuals most actively engaged in the processes of disseminating and diffusing budgetary control in both Britain and France, amongst whom were accountants, consultants and those who had been engaged in managing firms where the technique had been introduced, was a relatively small one. Although individuals such as Benjamin Seebohm Rowntree, Lyndall Urwick and Charles Renold in Britain and Robert Satet, Paul Loeb and Gaston Commesnil in France, were highly active and part of a relatively tight-knit group, both nationally and internationally, their number was small, reducing their impact. Apart from such individuals, we can not ignore the role played by interest groups in management and trade who met regularly through professional associations who served as intermediaries between different networks. The most well-known of these actants are the Commission d'Etudes Générales d'Organisation du Travail (Cégos - a group of practitioners who promoted benchmarks), the Comité National de l'Organisation Française (CNOF - a group of practitioners who met Fayol and Taylor's disciples), and the Union des Industries Métallurgiques et Minières (UIMM - a branch of the coal and steel employers' federation). These ever-evolving networks penetrated each other and had numerous members in common who acted as spokespersons to spread the "gospel", build hard facts and stabilise them thanks to numerous implementations in diverse companies. This situation could also be found in other countries. In Britain, where the management movement was very fragmented before the Second World War (Brech, 1997), some organisations did provide a forum for discussions on budgetary control, most notably the Management Research Groups (MRGs), established under the auspices of Benjamin Seebohm Rowntree and Lyndall Urwick in the late 1920s (Boyns, 1998a), and the Institute of Industrial Administration (IIA) founded by E.T. Elbourne c.1919-21.

In symmetry with what we have seen when budgeting was institutionalised, we again see with the BBRT that rhetoric seems to precede practice. While only a limited number of firms have actually eliminated budgeting according to a great number of surveys (Ekholm., & Wallin, 2000; Libby & Lindsay, 2010; Østergren & Stensaker, 2010), there have been a great many writings giving practical examples[6] and justifying the need and possibility of managing a business without budgetary control (Becker et al., 2009). It is these writings, discursive forms and rhetoric that are the subject of our research. At this stage, it could be argued that rhetoric preceded practice. We can observe the same pattern during the first stages of institutionalisation: we have some isolated applications followed by an abundance of rhetoric.

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[6] Always the same ones, and in particular Svenska Handelsbanken which was the counterpart of General Motors in Beyond Budgeting!

The possible outcome, ie practices, of this is of no importance. Our study effectively only concerns the first two phases of the institutionalisation process.

The network of actors engaged in promoting the BBRT is very similar to what we observed during the 1930's in Europe. We can but list the main actors who mirror their predecessors. Robin Fraser, Director of International Operations is a management consultant, formerly a partner in the UK with Coopers & Lybrand. Jeremy Hope, Research Director is the author of a number of articles and books on performance management and associated leadership issues. His article on Beyond Budgeting with Robin Fraser won the IFAC award for best management accounting article of 1998. Peter Bunce, Director BBRT Europe is Director of BBRT Europe and a co-founder of the BBRT. Prior to the BBRT, Peter Bunce managed several CAM-I Programs relating to computer-aided process planning, geometric modelling, factory management and sculptured surfaces. He spent 13 years in industry in Manufacturing Engineering working at various levels for several companies, both large and small. He was awarded a PhD for research into the practical applications of Group Technology (Cellular Manufacturing).

Besides this team of three high-profile personalities, there were other members came from the world of consulting or business and (to a lesser degree) from the academic world. For example, Steve Player, Director BBRT North America serves as the North American Program Director for the Beyond Budgeting Round Table and is the CEO of The Player Group, a Dallas, Texas based consulting firm. Niels Pflaeging, BBRT Director South America is located in São Paulo, Brazil. He is president of MetaManagement Group, a management consulting firm serving clients in Europe and South America. Franz Röösli, Director BBRT DACH (German speaking countries) is the Beyond Budgeting Round Table Director for the German-speaking countries (BBRT DACH). He is located in Basel, Switzerland, where he is professor for controlling and management processes at the University of Applied Sciences Northwestern Switzerland (FHNW).

Many individuals from the business world were asked to contribute, either as auditors (CAM-I acting as a sort of training centre here) or as third parties who came to speak of their experiences. By the time of the June 2002 White Paper, CAM-I declared having contributions from 60 businesses. Certain participants are qualified as Business Associates, others are Academic Associates. The network also includes Partner Links.

We are thus working on a symmetrical situation in which the rhetoric of the thirties and fifties supported budgeting and that of the nineties supported its abandonment. In both cases, the rhetoric preceded practice and sought to justify it. The rhetoric of the two periods was backed

up by networks that were organised in a similar way. We therefore have a similar market for each type of rhetoric.

We will now examine the rhetoric developed by the actors to justify the adoption or the abandonment of budgeting. There is a striking similarity between the arguments put forward against budgeting and those in support of it, as we will see in the following sections. There are two arguments that are particularly characteristic of this similar rhetoric: a) the turbulence of the environment and b) the need to release available energy and decentralise management. The same arguments seem to be used to justify both stances.

3.3. The similarities of rhetorical schemes

We will study two similar rhetorical schemes that support the institutionalisation and deinstitutionalisation of budgeting: turbulence and emancipation. These rhetoric schemes have been chosen owing to their recurrence in the literature of both periods. They pose the question of their role in justifying one thing and its opposite. One concerns the 1930's and the other the 1950's with regard to the birth of budgeting. Both rhetoric schemes are re-used by the BBRT.

Turbulent markets – the argument for and against budgeting

Environment turbulences were invoked to justify budgeting in the 1930s. Following the great depression, some actors considered that budgeting would be a solution to the crisis.

Various promoters of budgeting were thus engaged in diverse organisations as CNOF, Cegos… where political and economic answers to the crisis were devised jointly (Berland & Chiapello, 2009). They endeavoured to persuade the French élite and governments of the necessity to develop national and corporate planning. However after WWII this justification disappeared. It left room for a second stream of rhetorical schemes based on decentralisation.

During the 1990's, CAM-I members used the turbulence of the environment as an argument for suppressing budgets. This was considered as an inconvenient device in a context where reactions and continuous adaptations are the definitive solution to management issues. The new market power of customers, competitor reactions and technical progress have made planning impossible. On the contrary, managing without budget would allow developing rolling forecasts in order to adapt better to an ever-changing market. New critical value drivers would supposedly replace economies of scale, e.g. velocity, organisational learning, customer relationships.

Budgeting appeared as being unsuitable for its "new" environment. According to CAM-I and its supporters, budgeting belonged to an era where the competition was stable and predictable:

"The golden age of planning and control: market conditions and value chains were stable, competitors were known and their actions were predictable, capital was the primary constraint on growth and improvement, centralisation and hierarchy was the chosen management form, strategy and product lifecycles were lengthy, the management behaviour required was one of compliance with rules and procedures." (CAM-I, 1999: 23)

"For many years, the traditional budgeting model did the job reasonably well. It worked well when market conditions were stable, competitors were known and their actions were predictable, decisions were made at corporate headquarters, prices reflected internal costs, strategy and product life cycles were fairly lengthy, customers had limited choices, and the priority of shareholders was good stewardship. But, as you are keenly aware, these conditions no longer apply." (Doc SAP, 2001: 5)

The "new" business environment, deemed to be more turbulent, marked by increased competition and the impossibility to make reliable forecasts, had "become" incompatible with budgeting…

"Many other weaknesses of budgeting are well known. For example, they assume a stable planning cycle of at least twelve months – an unlikely prospect for most firms in today's turbulent world." (CAM-I, 1999: 11)

"[Budgets] fail to provide the CEO with reliable numbers, both current and forecast. Budgets are typically extrapolations of existing trends with little attention being paid to anticipatory models. […] Budgets as a basis for forecasting are incapable of providing the information managers now need to anticipate future events and test strategic alternatives. […] Budgets were an excellent tool for planning and controlling performance and managing resources when the competitive climate was relatively stable and firms could reasonably plan a year or more ahead." (CAM-I, 1999: 41-44)

… or rather, budgeting was not a tool that was appropriate for the turbulent business environment, contrary to Beyond Budgeting:

"[Good control systems] should be concerned with helping managers anticipate the future and ensuring that the right questios are asked and the right decisions taken that add maximum long-term value. It is hard to see how these changes can be managed successfully while leaving the traditional budgeting and control systems in place." (CAM-I, 1999: 22)

In this "new environment", businesses need to control new keys to success, such as innovation, speed of execution, customer relations, learning:

"It is now clear that companies can no longer plan and control their way in the future. To be successful in the new economy, managers need to learn to think in different ways. They must systematically challenge management orthodoxies, most of which are taken as a given or constraint […]. The new performance management model has, therefore, to focus on innovation, speed, customers, and learning, rather than planning and control." (CAM-I, 1999: 12)

"Today's competitive climate is far more uncertain, the pace of innovation is increasing, costs reflect market pressures, customers are fickle, and shareholders more demanding." (Andersen Business Consulting, 2001: 5).

It is *rolling forecasts* that now allow businesses to adapt to their new environment:

"The proacted annual planning cycle disappears as flexible event-driven strategies and rolling forecasts become the springboard for rapid action. Managers aim for 'stretch' targets as these are divorced from performance and rewards. And investment and improvement programs are committed as and when the time is right rather than being squeezed into some artificial window of time." (CAM-I, 1999: 13).

"Although most firms use regular forecasts, these tend to be geared to estimating year-end performance and thus become shorter and shorter the nearer the year-end becomes. In other words, they are focused on achieving budgeted numbers and not helping managers to anticipate future events. […] Forecasts must be seen as a tool for strategic management and learning, not control." (CAM-I, 1999: 115).

But budgeting had also been introduced as an answer to economic instability. Although criticised by the supporters of CAM-I for its so-called incompatibility with the turbulence that characterised the "new" economic environment of the late 1990's, budgeting had been introduced in the 1930's as an answer to the increasing uncertainty of the market.

"It can be argued that it is easier said than done, that in particular it is not possible to make reliable forecasts especially during such times as those we are currently experiencing." (Penglaou, 1934: 511-515).

"The present recession grants special importance to economic factors, and to the economic balancing of industrial affairs." (Germain, 1932a: 6).

In the face of such growing uncertainty that was characteristic of the economic environment of the 1930's, budgeting procedures were seen as an efficient solution to "restore order" to a business.

"From one essential viewpoint, the main aim of budgeting is to provide a way of controlling, restricting and stabilizing the fluctuating volume of business which would otherwise be irregular." (Ludwig, 1930a: 390).

"We can't stress enough the importance for businesses of maintaining their stability and their organization, and the continuity in the way they are run." (Musil, 1930: 398)

It is also interesting to note that, from the time it was first introduced, budgeting was not presented as needing to be very precise and detailed:

"We can see that the results are by definition approximate. But this information, regardless of its inaccuracy, is preferable to an intuitive vision unsupported by any experience." (Pengalou, 1931: 623)

"The accuracy of this data is secondary; nobody is requiring it to be precise. It is even doubtful that it corresponds, globally, to any future reality. Can a financier guess how sales are going to develop?" (Ludwig, 1930b: 1)

First presented as a tool to help businesses to adapt, budgeting is even considered by some as a reaction to the turbulence of the outside environment of a business, a way of restricting or even dominating it:

"We can define budgeting as an attempt to predict and take measures to use all reliable information available and limit the speculative effects of capitalism." (Pulvermann, 1930: 400)

"I think that, if budgeting had been generalised in industry worldwide, we would not have had the irrational excessive production we are seeing in most sectors and as a result, the present recession would not have had the catastrophic intensity we are experiencing." (Jadot, 1931: 293)

The actors propose to use budgeting to help them to face up to an increasingly turbulent environment, knowing that the world in which they work is not easy and that making forecasts is not simple:

"One of the main objections concerns the value of economic forecasts. In this matter, we should not be afraid to say that any attempt to anticipate the future is a precarious exercise. [ ] there remains the possibility of using internal statistics which, when they exist [ ] can and must provide useful information to delimit at least the not too distant future. […] Everything finally depends on the individual company. In some companies changes can occur very quickly. But for the majority, it must be said that prognostics can be made judiciously and usefully providing that no absolute value is accorded to these forecasts." (Pengalou, 1935: 66).

It is perhaps even this that is paradoxical: if the forecasts are simple to make, they have no use, but if on the other hand they are difficult to make, and thus involve an amount of prudence, they are more likely to be useful:

"If we are unable to make forecasts, this does not always mean that we haven't done the job properly. We first of all need to find the reasons. What a manager must check above all, is how much effort has been put into them." (Wiliquet, 1947: 50)

"In any case, especially at the beginning, there will always be a difference between the forecasts and the actual figures. These divergences are necessary as they have an intrinsic advantage: during a financial year, a great many internal or external factors will change, thus bringing about differences that need to be analysed in order to gain from them" (Satet, 1936: 60).

Paradoxically, from the 1930's we find the idea that forecasts serve to promote the need to constantly adapt, or to compare oneself with competitors as a benchmark for improvement. We may say then that we are very close to such practices as *rolling forecasting* and *benchmarking* promoted by CAM-I.

"We have said that budgeting methods need to be flexible enough to adapt, if necessary, to a new order of things. If we have to take care that all employees carry out the programs defined ultimately by the management, it is not possible to prevent individual initiatives and prevent certain events that have not been perceived or that are perhaps even unforeseeable, from occurring. In fact, a true budgeting system not only involves forecasting and controlling, but continual adaptation." (Pengalou, 1934: 70-71).

"What do we expect from a budget? Not rigorous accuracy, which is very difficult or even impossible to achieve, but sufficient accuracy to be able to monitor and control the activity of each autonomous workstation. They have a role of offering comparative scales of values with regard to the results recorded during the financial year. Each item of expenditure carefully calculated beforehand offers an overview of the next financial year whose trends are thus perceptible" (Satet, 1936: 56)

The history of budgeting thus shows that it was put in place in the 1930's because the environment was already perceived as being turbulent. At that time, it was already difficult to draw up a precise budget, but the act of doing so was also, and above all, seen as a means of disciplining management practices and more broadly, capitalism.

For or against budgeting as a means of liberating employees?

During the 1950s, budgeting was considered as a way of emancipating managers from the traditional hierarchy. This rhetorical scheme appeared during the 1930s but remained limited to the exceptional Bata case. This rhetorical scheme exploded after WWII. Since then, managers had become their own boss. They had been leading their business thanks to their budget, i.e. their own income statement. Productivity missions supported the development of such a rhetorical scheme. These were to react to WWII dictatorships.

Emancipation is also the rhetorical scheme adopted by BBRT members to justify the abandonment of budgeting. According to them, budgets have trapped people in bureaucratic business and have prevented from them reacting to new challenges adequately. Devolution has been the key concept for analysing this situation. From then on, empowerment has supposedly resulted in managers exploiting all their capabilities.

CAM-I promoted "devolution" or "radical" decentralisation as the answer to budgeting issues. Abandoning the budget can release the energies of actors hidebound in avoidable administrative constraints:

> "[Budgets] encourage centralised planning and incremental thinking. […] They reinforce the command and control management model and thus undermine attempts at organisational change such as team working, delegation and empowerment." (CAM-I, 1999: 11 and 41)

> "Many companies have, of course, decentralised their operations. But this is where we must be careful with words (like *decentralisation*). In many organisations this simply means creating lower levels of centralised decision-making, for example, at the divisional or large business unit level." (CAM-I, 1999: 31)

> This new found freedom of managers is expressed through the concept of "*devolution*" which revisits that of decentralisation:

> "Finding the right balance between top-down control and bottom-up empowerment is at the heart of the beyond budgeting model. […] To delegate decision-making to a level that enables managers to run their part of the business effectively and respond rapidly to market forces. […] Redefine management roles around the need to support devolution, not around support for the organisational hierarchy. […] Real devolution means being 'non-centralised' rather than 'decentralised'." (CAM-I, 1999: 12)

It means giving more freedom to the actors in order to empower them more:

> "Give managers the responsibility and freedom to act and deliver results, don't micro-manage them. […] There also needs to be a set of principles governing how business

and work units operate both independently and together as a coherent set of units working for the good of the whole firm. […] unit managers [should] stop fighting each other and start fighting the external competition. […] it means the devolution of power and authority within a sort of federal network of autonomous units […]. Small independent units also stimulate entrepreneurial activity." (CAM-I, 1999: 23)

The introduction of budgeting in the 1930's already had the goal of giving employees more freedom. This rhetoric of the time, which we can observe in the *verbatims* of the following actors only accentuated after the Second World War (Berland & Chiapello, 2009):

"This system, which results in a certain "decentralization" of management responsibilities, often desirable, will be of interest." (Germain, 1932b: 33)

"It is what we may call "remote steering" to use a colourful expression borrowed from Mr Edmond Landauer, or in our case "remote control". (Pengalou, 1931: 729)

"We can assert that we consider to be just the principle recommending, to avoid unpleasant friction, that budget figures be determined with the help of the sales staff, by asking for their opinions and binding them by their own information. […] Budgeting incites responsibility. » (Ludwig, 1930b: 20).

The image of this sought-after decentralisation is extreme as it aims to transform each employee into an autonomous "manager":

"Each department will have its own accounting system, as if it were a separate firm. It will keep its books, draw up its profit and loss account and monthly operating account." (Commesnil, 1935: 55).

"Each employee of the management departments must learn to count in terms of capital, they must all know the capital locked as a result of the decisions they make."

"These budgets create the accounting autonomy of the departments and workshops and, without necessarily going so far as the Thomas Bat'a method in which each workshop sells its production to the next workshop, who checks that the products meet the specified requirements, we can not recommend more the autonomy of each group, as autonomy generates responsibility. But "autonomy" does not mean "bulkheads", nor does it mean rivalities between departments." (Satet, 1936: 17)

This model, which paints the employee as being his own "boss" reached its apogee during the 1930's in the Bat'a firm[7]. This example illustrates particularly well how ideology can form the basis for business practices. The Czech shoemaking firm is no doubt the most admired model,

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[7] Or "Bata" pronounced Batja according to our peers.

or at least the model most cited as a model of organisation, particularly by those who supported the development of budgetary control. Thus according to Landauer (1933), Thomas Bat'a, the founder of the company, made a dual contribution. He first placed an emphasis on sales and related techniques, in order to ensure the highest volume of business possible. He then develops the organisation, by defining homogeneous centres of responsibility. These two achievements can not be considered outside the social concerns of the company owner. Bat'a wished to ensure the material livelihood of his workers. Having himself began his career as a worker, he was very sensitive to their living conditions. He thus engaged in actions which may at first sight be qualified as paternalistic, building hospitals, schools, encouraging home-ownership, etc.

But Bat'a's motivation went further than this. His "main idea is to change workers' mentalities from those of the worker to those of the entrepreneur" (Landauer, 1933). At the head of each workshop, he places a supervisor who works for the firm but who, with his workers, forms an autonomous team. The various workshops communicate by means of an internal selling price system. The purpose was to make the workers as autonomous as possible and to "put them in the boss's shoes" inspired by the method developed in France by Lucien Rosengart and known by the name of the "little boss method" (Landauer, 1933). In addition, with particular appeal for the French, this allowed Cartesian principles to be applied to business issues in order to reduce the complexity facing company owners (Dubreuil, 1937). If work had already been broken down with regard to the workers, design and organisation were still centralised. It was indeed the aim of Bat'a to give more responsibility to the actors of a firm.

In the end, we do not exactly know if budgeting frees workers or actually locks them inside absurd structures. If both sets of arguments are valid, what could have happened between the two eras which enables us to understand the similarity of the arguments put forwards?

3.4. Actors, allies and problematisation

The actors and networks supporting the institutionalisation of budgeting and the BBRT do not differ much from one period to the other. In support of institutionalising budgeting were some individuals as Clark, Héranger, KB White, Satet… while Hope & Fraser are advocates of BBRT. Professionals and businesses were called upon in both periods (Alsthom, Pechiney, Le Printemps, Electricité de Strasbourg, etc. as regards budgeting and Svenska Handelsbanken, Rhodia, Borealis, etc. as regards BBRT). It is worth noting that the firms quoted as examples continue to be small in number and are often cited by the promoters. In both cases, identical

institutional vectors in the form of think tanks were involved (Cegos, Cnof then CAM-I and BBRT). And of course, the same rhetoric is used to argue either for or against budgets.

These rhetoric schemes, however similar their content and means of dissemination may be, are not however addressed to the same category of actors. The discourse is in fact problematised for an auditorium which, while not acting directly, certainly has a guiding role in the actions taken. These "passive" actors are those in whose name the budget is, symbolically speaking at least, institutionalised, and on behalf of whom an attempt to deinstitutionalise it is being made. These allies are called upon and enrolled by the rhetoric of the "active" supporters. The rhetoric developed aims to reduce the contradictions contained in the old institutional logics.

Reducing uncertainty for sharholders and the financial markets

During the 1930's, there was a wish to domesticate the growing uncertainty, as it was perceived, of the business environment in order to optimise their internal production processes. As can be seen from *verbatim* company reports, firms and their executives were seeking a way of working so as to have predictable horizons that were compatible with their own specific management methods.

Budgeting "technology" was thus integrated into more general "programmes" and "problematisations" which contributed to give their present meaning to them (Miller et Rose, 1990; Miller et O'Leary, 1994). Turbulence was a macro-economic problem that had to be controlled. We are not far away from Keynesian theory which was just taking off at that time. The development of a statistics-based industry also generated some hope that the uncertainty of the markets could be increasingly controlled (Desrosières, 1998). In addition, the degree of accuracy of the forecasts did not appear particularly important. Forecasts do not need to be exact to be useful. They are simply a steering aid that helps us to know where we are going and what to do.

In the 1990's however, what the actors wanted were certitudes, regarding the financial markets in particular. It was fear of uncertainty rather than the effects of inaccurate forecasting on budgeting that prevailed at this time. Is this not what all shareholders dream of, not to be faced with bad news when the quarterly results come out? In the 1930's, it was accepted that the forecasts were not perfectly accurate by the very actors to whom they were mainly intended. But in the 1990's, it is as if the entities for whom these forecasts are intended, now external to the firm, were unable to accept any uncertainty.

It would appear through verbatim that it is not uncertainty, whether real or perceived, that matters, but rather those who are at the receiving end of the discourse. In the 1930's,

budgeting aimed to overcome uncertainty for the common good. In the 1990's, uncertainty is something to be feared and avoided so as not to lose face with shareholders and have to publish profit warnings. In more general terms, it would appear that this shows a preference on the part of the actors for the present time and for short term management.

Get rid of the boss simply to fall under the tyranny of the markets

Budgeting was presented in the 1930's as a means to liberate managers and turn them into "little bosses" according to the terms used at that time. It was pressure from the top that was seen as an increasingly unbearable constraint. The oppression of the foreman, the head of department or owner-manager was omnipresent. Budgeting made it possible to envisage a change from direct supervision to remote supervision. While direct top down management relaxed a little with the institutionalising of budgeting, this did not however mean that there was no longer any pressure. The problem of Beyond Budgeting appears to involve three types of pressure:

The financial markets. As we explained above, Beyond Budgeting is justified with regard to external stakeholders seeking greater visibility. Nothing is worse than failing to meet one's budget estimates. Beyond Budget management no longer serves to set internal targets so much as to provide forecasts. Confusion between forecasts and targets thus creates a tension that is directly felt by the managers.

Customers. They have needs and demands that complicate budgeting. By demanding new products that are custom-designed and highly specific, they make standardised production impossible and thus make budgeting more complicated. The key to competitiveness is no longer planning but flexibility and the ability to constantly adapt, which are light years from budget stability. Budgeting is a straightjacket that prevents managers from adapting and again creates tension for them.

Competitors. Firms that put in place budgetary control in the 1930's did so in an environment that they had succeeded in appeasing. Paradoxically, while budgeting was supposed to reduce uncertainty, it was only technically possible when forecasting became possible (Berland, 1999). The 1990's saw all the facilities companies had enjoyed in the 1930's disappear. There were no longer any cartels, the economy was one of demand rather than supply and borders had disappeared; all this made it more necessary to monitor competitor reactions.

Pressure and the sense of being handcuffed no longer came from within the firm via the boss, but rather from what was going on outside the firm: financial markets, customers and competitors. The feeling of oppression from which release was sought was no longer the same and concerned different realities or networks of actors.

In the 1990's, while budgeting ensnares managers in bureaucratic processes, it is no longer with regard to the boss that the constraints are felt. It is the customer, the shareholder or the competitor that exerts their power over managers by imposing their choices on them. Budgeting however, which is solely directed towards the internal optimisation of a business, does not aid in adapting to these demands. The actors are now the customer, the shareholder or the competitor, new actors that were not part of the rhetoric of the 1930's.

4. Discussion

Our research contributes firstly to the exploration of the role of rhetoric in the institutionalisation process. Secondly, it extends this exploration to deinstitutionalisation processes. Our observations thirdly enable various postulations to be made to elaborate on current theory on the above processes.

Our research contributes to existing studies of the role of rhetoric in institutionalisation/deinstitutionalisation processes. Rhetoric content alone can not explain observed changes. This idea is not however obvious to everybody. According to Maguire & Hardy (2009, 2006), Munir (2005), Phillips et al. (2004), for institutions to change, the discourse must change too. But we have shown that the same rhetoric can result in institutionalisation and in the opposite effect. The rhetoric at work in the two periods studied is indeed very similar. The words used have of course evolved over the seventy years that separate the two periods. But the ideas behind the two processes remain astonishingly similar and are borrowed from standard rhetoric. The need to put budgeting in place or to eliminate it is justified by evoking increasing uncertainty and the need to give managers more freedom. There is more going on than simply words and ideas. For Munir (2005), new institutions require new rhetoric to support them. The situation would appear a little more complex in our case. Old rhetoric is used to justify an attempted change. It is true that budgeting has not yet been abandoned as an institution, and it may never be so, but the institutional black box has been opened under the impulsion of a rhetoric that is very similar to that which brought about its institutionalisation. Use of rhetoric thus appears to be a necessary condition, but is not sufficient to explain the change. It would appear that the aim of the rhetoric is to arouse the emotions of actors by appealing to their pathos (Green, 2004). The rhetoric such as that developed by the management gurus seems to be steeped in registers that do not change over time. As argued by Clark & Greatbatch (2002), these gurus invariably develop rhetoric to

obtain greater certainty, control and predictability in order to reassure actors operating in a world that appears chaotic, unstable and increasingly uncertain.

Proposition 1: the content of the rhetoric used to justify change is not sufficient to explain the institutionalisation/deinstitutionalisation process

The problematisation of management concepts is not merely the expression of an idea. Above and beyond the words, it is the context, together with its actors, in which rhetoric is used that needs to be studied. Contrary to what has been postulated (Phillips et al. 2004), the important thing is not the actors that vehicle the rhetoric, but rather those to whom it is addressed in order to enrol them. It is they who are the real actors differentiating the two periods. Meaning is not given by the content of the rhetoric, but it is problematised by institutional entrepreneurs as argued by Maguire & Hardy (2006) according to the actors enrolled. This negotiation does not depend so much on words as on the network of stakeholders involved in each period.

In each periods, both the institutional entrepreneurs seeking to promote budgeting and the BBRT have very similar characteristics. Each time, consultants lead networks (Cnof, Cegos, BBRT) in which professionals offer their own experiences. The media of rhetoric are articles, books and conferences. The determining actors are passive, or even non-human (Latour, 2005): capitalism to be regulated, financial markets, managers to be liberated in both cases, clients… In the latter two cases, the non-human characteristic also applies as it is the categories of "customer", "shareholder" or "manager" that are the targets rather than named individuals. It is in their name that the change is proposed. In this case, it is of no importance that the rhetoric is the same or not, as it is not designed to convince the same public. Even if these non-human actors have no voice or physical presence and have no doubt made no demands, it is on their behalf that the supporting discourse is constructed. They become the spokespeople of others wishing to express their own needs.

The turbulence and oppression evoked as supporting arguments can be resolved on behalf of certain categories of actors. Rhetoric may perhaps permit new subject positions to be created (Maguire & Hardy, 2009) in which non-humans have an important place. Identical discourses can develop in different contexts and periods because the actors in whose name the discourse is spoken are different.

The actors in question are not therefore institutional entrepreneurs because they do not act directly. But non-human allies are enrolled and a problematisation of management issues put forward by institutional entrepreneurs is articulated through them. The enrolment of non-

human actors by institutional entrepreneurs is sufficient to direct the institutionalisation/deinstitutionalisation process one way or another.

> **Proposition 2:** To understand the similarities between the rhetoric schemes used, the enrolment of the non-human actors to whom the rhetoric is addressed is more important than those using the rhetoric.

As regards the mechanisms that institutional entrepreneurs use to create new and modify old institutions, they use rhetorical strategies or 'institutional vocabularies" to discredit the dominant institutional logic which defined the legitimacy of organisational forms to reinterpret and manipulate symbols and practices. Although at first sight it may appear paradoxical, the rhetorical devices used to construct legitimacy are often the same as those used to deny it. The study by Suddaby & Greenwood (2005) who worked on the Big Five accounting firms shows that it is not paradoxical that similar rhetorical devices are used in the process to construct or deny legitimacy. They are similar processes that draw on the same resources: contradictions embedded in different institutional logics. "In seeking to justify or defend such dramatic alterations in institutional arrangements, entrepreneurs must construct their innovation or opposition to an innovation in a manner consistent with broader myths, narratives, or cultural accounts" (Suddaby & Greenwood, 2005, 59). The article by Jones & Livne-Tarandach (2008), discusses the way in which architect firms use keywords as rhetorical strategies when competing for projects from clients; they "use the same word having multiple meanings and combine unique keywords from distinct logics to appeal to multiple, diverse interests in their audience" (Jones & Livne-Tarandach, 2008, p. 1075).

As regards budgeting, we have witnessed a shift in institutional logics between the two periods studied. When budgeting was institutionalised, the aim was to promote an economic and social balance within organisations, whereas in the deinstitutionalisation phase new logics have been introduced which are now external to organisations, such as shareholders, customers, etc. The turbulence resulting from market speculation affecting production has been replaced by the turbulence of customers affecting shareholders. The pressure of 'little bosses' on managers has vanished in the face of the dictatorship of the financial markets and customers. With similar rhetorical devices addressed to different actors, there are no longer any contradictions. The rhetorical devices used to construct legitimacy are the same as those used to deny it , since it is the actors to whom they are addressed that have changed.

Therefore, contrary to what certain authors such as Green (2004) have asserted, rhetoric schemes do not create institutional logics but give them coherence and meaning.

Proposition 3: similar rhetorical devices used in support of institutionalisation and deinstitutionalisation are coherent in that the same resources are used to restore some meaning to the contradictions embedded in institutional logics.

Conclusion

Our research contributes to a better understanding of how rhetoric is used by actors in the institutionalisation/deinstitutionalisation processes. Starting from an apparent paradox that similar rhetorical schemes appear to be used to defend an institutionalised discursive form (budgeting), we show that the content of the rhetoric alone does not suffice to understand its influence. It is important to consider the network of actors, not so much the network of institutional entrepreneurs that disseminate the rhetoric, as that of the non-human actors to whom the rhetoric is addressed. On this basis, any contradictions of discourse are only contradictory in appearance since this highly general discourse above all aims to solve the problems of contradictions in institutional logics that have changed.

The budget, a highly institutionalised managerial form, and the BBRT, the calling into question of this highly institutionalised form, thus provides a stimulating framework for understanding the dynamics at work.

The similarities between the rhetoric used could make one think that there are universal forms of rhetoric (Norreklit, 2003) that gurus can use like incantations to bring about change. Our observations have brought us to some more moderate conclusions. While the ideas may be the same, they are problematised to different actors in order to solve the problems of contradictions between the institutional logics that differ according to the era.

The institutionalisation process is not simply discursive, as shown by Lounsbury & Crumley (2007). It opens up new avenues of research as we now need to analyse rhetoric in their social and economic context in order to have a better understanding of the mechanisms at work. Furthermore, the contradictions embedded in institutional logics are worthy of analysis in the framework of the critical sociology of Boltanski & Chiapello (2005). These contradictions are indeed part of a more political perspective and need to be analysed at a different level to that of this paper.

APPENDIX: CORPUSES OF REFERENCE TEXTS

1930s

The starting point for budgetary control in France and Europe is certainly the international conference held in Geneva from July 10th-12th 1930 on the theme of budgetary control organised by the IIOST. There are two sources for consulting the speakers' presentations made to the Geneva conference:

- IIOST (1930), *Conférence internationale du contrôle budgétaire*, Genève, rapports de la conférence, 2 volumes available for consultation at the French *Bibliothèque Nationale*.
- Special issues summarising the conference was also published in the business journal *Mon Bureau* in August and September 1930, quoting the following:

Coes (1930), Difficultés et résistances fréquemment rencontrées dans l'instauration de la procédure budgétaire, *Mon bureau*, Septembre, 389-392.

Jadot (1931), Le contrôle et la gestion des entreprises à l'aide du budget, *Mon bureau*, May, 291-293

Landauer E. (1930), Les bases d'un budget des dépenses, *Mon bureau*, August , 349-350.

Musil M.F. (1930), Principes et méthodes du contrôle budgétaire - Ses aspects généraux, *Mon Bureau*, Septembre, 398-9

Pulvermann H. (1930), Les organismes centraux de l'administration industrielle et le contrôle budgétaire, *Mon Bureau*, Septembre, p. 400-1

Schmidt M. (1930), Le budget d'investissement, les affectations de capital et le système budgétaire, *Mon bureau*, August , 351-352.

Serruys D. (1930), Le système budgétaire et l'organisation économique nationale et internationale, *Mon Bureau*, Sept, 395-397.

Ludwig H.(1930a), « Le contrôle budgétaire du capital d'exploitation », Mon Bureau, septembre, Paris.

Ludwig H.(1930b), *Le contrôle budgétaire dans les entreprises industrielles*, Librairie française de documentation G. Claisse, Paris,.

Satet R. (1930), *La Conférence Internationale du contrôle budgétaire*, IUMM, Genève.

Penglaou C. (1931), «Le budget considéré comme base de la détermination et du contrôle des crédits accordés par les banques», *Mon Bureau*, Octobre et novembre, p. 621 and 716.

Saint-Pulgent (de) T. (1934), «Le contrôle budgétaire aux grands magasins du Printemps», Cégos, Document OA7, 8 p.

Penglaou C. (1935), «Le contrôle budgétaire - Son introduction dans les entreprises», *L'Organisation*, Feb, 65-68.

Penglaou C.(1934), « Le budget général », *L'Organisation*, Décembre, p. 511-515.

Penglaou C.(1935), « Le contrôle budgétaire - Essai de statistique appliquée à la gestion des entreprises », *Journal de la Société de statistique de Paris*, Juillet-Août-Septembre, p. 232-250.

Satet R. (1936), *Le contrôle budgétaire*, Dunod, Paris.

Reitell C. et Lugrin J.P. (1936), «Le contrôle des frais d'exploitation par la méthode des taux standards et du budget variable», *Bulletin du Comité National Belge de l'Organisation Scientifique*, Oct, 265-275.

Bourquin M. (1937), *Méthodes modernes de répartition et de contrôle des frais généraux dans l'industrie*, Dunod, Paris.

Mareuse M. (1938), *Le contrôle de gestion dans les entreprises*, Dunod, Paris.

Commesnil G.(1935), « Le rôle du comptable dans le problème budgétaire - Méthodes comptables et contrôle budgétaire », *Congrès National des Comptabilités de Marseille*, 20-22 septembre.

Germain P. (1932b), « Contrôle budgétaire d'une entreprise », *L'usine*, 29 janvier, p. 33.

Germain P.(1932a), « Contrôle budgétaire des entreprise », *L'usine*, 12 février, p. 6.

Wiliquet S. (1947), *Le contrôle budgétaire dans une grande entreprise industrielle*, Chambre Belge des Comptables, Bruxelles.

About the case of the Czech shoe manufacturer Bat'a (or Bata), we quoted:

Coutrot J. (1936), *L'humanisme économique - Les leçons de juin 1936*, Editions du centre polytechnicien d'études économiques, Paris.

Dubreuil H. (1936) *L'exemple de Bat'a. La libération des initiatives individuelles dans une entreprise géante.* Paris, B. Grasset

Landauer E. (1933), L'oeuvre de Thomas Bat'a, *Bulletin du CNOF*, june, 177-185.

Rimailho E. (1936), *L'organisation à la française*, Paris.

1950s

We quote the following report produced by the productivity missions:

OECCA (1951), La comptabilité au service de la productivité aux Etats-Unis - Rapport préliminaire de la mission française des experts comptables, AFAP-OECCA, Paris.

Among all the works of Jean Benoit, we quote:.

Benoit J. (1954), Contrôle à l'usage de la direction, Xe International congress on scientific management (*Congrès international de l'organisation scientifique*), *Bulletin du CNOF*, May, 22-25.

Benoit J (1956), La prévision de le contrôle budgétaire, Workshop, January 20th-21th, Rennes, 29 p. (in Pechiney archives 001-7-30994)

Benoit J (1958). La gestion des entreprises et son évolution, A lecture given at La Sorbonne University, (in Pechiney archives 001-7-30994)

Many others conferences are stored in the Pechiney archives 001-7-30994., the "Jean Benoit Lectures", for instance:

1951. *La productivité, expérience dans l'industrie,* A lecture given at the Institut des Hautes Etudes de Défense Nationale.

1952. *Le contrôle budgétaire français en 6 expériences.* CEGOS workshop of May 5th-7th 1952. Benoit gave three talks, on "Budgetary control in the United States", "The management indicators used by general managers in the US" and "The role of the management controller"1953. Internal memo from Pechiney

1955. *A general manager's tableau de bord,* Speech given by Raoul Vitry, CEO of Pechiney, but written by Jean Benoit.

1958. *Reflection on the organisation*, A lecture given to the Naval Warfare College (*Ecole de guerre navale)*. This lecture was given several years in succession until Benoit's death in 1962.

1960. A large firm's experience in organisation and methods. Army organisation committee (*Comité d'organisation de l'armée de terre*).

1961. Lecture to the Regional productivity committee, Lyon

Comité National de la Productivité (1952), *Votre meilleur outil, le budget - Le budget par la comptabilité pour la productivité*, Société auxilliaire pour la diffusion des éditions de productivité, Paris.

Charmont C. (1952), *Un homme nouveau dans l'entreprise, le contrôleur de gestion*, Hommes et Techniques, May, 23-26.

CEGOS (1953), *Le contrôle budgétaire, 6 expériences françaises.* Paris,Hommes et Techniques

Loeb P. (1956), *Le budget de l'entreprise*, Paris, PUF

Guillaume M. (1958), *La gestion budgétaire des entreprises*, Anvers, Editions Nauwelaerts

Parenteau J. (1959), *Contrôle de gestion par méthode budgétaire*, Paris,Hommes et Techniques

Satet R. (1942), *Le contrôle budgétaire - Cours de l'Ecole d'Organisation Scientifique du Travail*, Ecole d'Organisation Scientifique du Travail, Paris.

Parenteau, J. (1945) Calcul des prix de revient et comptabilité industrielle, Paris: Cegos

Parenteau J. (1949), La comptabilité, le contrôle budgétaire et les prix standards, *Hommes et Techniques*, , 53 Mai, 27-29.

Collective (1965), EOST, l'Ecole d'Organisation Scientifique du Travail, *Bulletin du CNOF*, special issue, CNOF, Août-septembre.

1990s-2000s

Andersen Business Consulting (2001), « Beyond Budgeting ».

CAM-I. (1999), *The BBRT guide to managing without budget*, Release V3.01, 8 December.

Doc SAP (2001), « Beyond Budgeting », Document publicitaire de l'entreprise SAP.

Q&A White Paper - October 2001

White Paper - June 2002

CAM-I (2002), *Beyond Budgeting*, White Paper - June 2002.

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Who Needs Budgets? - *Harvard Business Review, February 2003*.

Beyond Budgeting...breaking through the barrier to the "the third wave" - *Management Accounting, December 1997* - Initial paper

Measuring performance in the new organisation model - *Management Accounting June 1998*.

Beyond budgeting ... building a new management model for the information age

Management Accounting January 1999 - report on the conclusions and next step in the BBRT

Budgets - The Hidden Barrier to Success in the Information Age - Part 1

Accounting in Business, March 1999

Budgets - How to Manage Without them - Part 2, *Accounting in Business, April 1999*

Time to Bin the Budget (Editorial) - *CFO Europe, May 1999*

Tool of repression and a barrier to change, *Financial Times 18 May 1999*.

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