The Influence of Institutions, Agency and Power on A Change of Management Accounting Practice (The Balanced Scorecard): The Case of A Saudi Organisation

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Abstract

The debate over the changing nature of management accounting has become a critical topic in recent years. Due to a changing business environment (i.e. increased competition and uncertainty), adopting advanced management accounting practices has become essential for many organisations in order to provide better information for decision makers, allowing them to make informed decisions. Increasingly prominent among these is the management accounting practice known as the balanced scorecard.

However, comparatively little research attention has been paid to understanding how the process of management accounting practice change has emerged (or failed to emerge) through time, especially in developing countries. This study investigates the decision to introduce the balanced scorecard in a Saudi telecoms company, as well as the implementation process and the outcomes of its introduction, with particular regard for the impacts of agency and institutions, both endogenous and exogenous.

The study involves a longitudinal case study of a company combined with an interpretive approach to allow for sufficient depth in the investigation. Following a processual/contextualist view of change, a recently developed meta-theoretical institutionalist framework, the extension of the Burns and Scapens framework (2018), was applied to provide rich understandings and a clear explanation of a change of management accounting practice in a Saudi organisational setting. Qualitative data from face-to-face interviews was combined with documentation and observations.

This thesis analyses the situated nature of management accounting change in a developing country, Saudi Arabia. Empirical findings drawn from the telecoms company indicate that the dynamics of change in the company are influenced by the inter-connection of external and internal institutions in specific situations, encompassing issues of power, politics and culture. Selecting accounting practices is not only dependent on context; it also relies on the situated nature of accounting practices within the company. The adoption of the balanced scorecard was for instrumental purposes and led to revolutionary change. The institutionalisation of the balanced scorecard within the company implanted and strengthened the company's culture.

This study provides four main contributions to knowledge. Firstly, the study contributes to neo-institutional theory literature (i.e. Ter-Bogt and Scapens, 2018) by demonstrating how a multiplicity of institutions shape individual rationalities in a specific situation within a specific organisation, and how these institutions and norms of behaviour are used by

individuals to develop the new system and to gain legitimacy for it. Secondly, the study not only supports the argument of Ter-Bogt and Scapens (2018) in general, but also refines it by illuminating the power of mobilisation used by powerful people in bringing about change. The study complements the recent interest in using neo-institutional theory to understand how agents are shaped by a multiplicity of institutions in contributing to institutional change. Thirdly, the study sheds new light on religion as one of the institutions at the societal level, and how the logic of this institution has the potential to influence management accounting change among actors even in a non-religious organisation. This thesis highlights how the traditions and values of the Saudi context can play a vital role in making the process of change smoother. Finally, the study contributes to the emerging literature on accounting practices and organisational culture. The study shows how implementing the balanced scorecard successfully influences staff ways of thinking and doing which enable the implanting of a new organisational culture.

Keywords: balanced scorecard, institutions, management accounting change, Saudi Arabia

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Acknowledgments

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Dedication

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اهدي هذه الأطروحة الي امي وابي "لحبهم وتشجيعهم ودعهم الذي لانهاية له"
الي زوجتي ساره واولادي إبراهيم وخالد لحبهم وصبرهم الذي لا حدود له والذي جعل ذلك ممكن
اقدم من أعماق قلبي شكري لكل من ساعدني في هذه المرحلة الأكاديمية من البحث بالتحديد اخواني واخواتي لإيمانهم بقدراتي ودعمي المستمر وفر لي الثقة في متابعه اهدافي
شكرا جزيلا لجميع الأقارب والأصدقاء للدعاء الخاص والدعم المقدم التي لا تعد ولا تحصى

Conferences Attended for this Thesis

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Presentation at BAFA annual Conference, London, April 2018

Declaration

I declare that, except where explicit reference is made to the contribution of others, this dissertation is the result of my own work and has not been submitted for any other degree at the University of Brighton or any other institution.

Printed name: Mohammed Ibrahim Bu haya

Signed:

Dated:

Chapter 1: Introduction

1.1 Background and Motivation for the Study

Business organisations are the backbone of any economy; they not only generate capital but also provide job opportunities. If these organisations are run on modern lines, it results in greater capital generation and increases the competence of an organisation. However, nowadays, the business environment is becoming more turbulent, with organisations across the globe facing greater challenges, such as increased competition, more demanding customers and the harsh consequences of a global recession. Wanderley and Cullen (2013) argue that the global recession and competitive environment are considered the main reasons that have pushed scholars to develop new management accounting techniques aimed at providing better information in order to enable "better" decision-making.

In the late 1980s, an argument was raised by Johnson and Kaplan for changing management accounting tools. In their book *Relevance Lost: The Rise and Fall of Management Accounting*, Johnson and Kaplan questioned the relevance of management accounting practices and called for innovation in management accounting. Since the 1990s, several tools have been developed as accounting techniques, including for example economic value added and activity-based costing; the current study, however, is focused on a method that is one of the most widely used by organisations and which has been extensively investigated by researchers: the balanced scorecard (Cooper et al., 2017).

The balanced scorecard, which was created in 1992 by Kaplan and Norton, refers to a tool that is used for strategic performance management, for semi-standard reporting based on design, methods and implementation, and for execution and monitoring of staff activities in order to measure the performance of organisations (Neely, 2008). The balanced scorecard is an advanced management accounting practice, and it combines financial and non-financial measures: the financial perspective, the customer perspective, internal business processes, and learning and growth in an organisation.

Since the idea of the balanced scorecard was developed, thousands of organisations, whether private, public or non-profit, have implemented it. For instance, in studies conducted by Bain & Company (2009; 2011) to examine the management tools that are used in organisations around the world, the results show that 53% of international executives reported using the balanced scorecard in 2009. In 2011, the balanced scorecard

was one of the top five most widely used management tools globally, with satisfaction rated high by managers (Rigby, 2009; Rigby and Bilodeau, 2011). Moreover, the balanced scorecard has not only received great interest from practitioners; researchers have also paid considerable attention to this tool from different perspectives and different nations, and this is obvious in the publications on the balanced scorecard.

Reviewing the existing body of knowledge regarding the balanced scorecard, it is clear that publications in management accounting research are considerable (e.g. Banker, 2004; Bracci et al., 2017; Busco and Quattrone, 2015; Campbell et al., 2015; Cardinaels et al., 2010; Chang, 2007; Chen et al., 2016; Cooper et al., 2017; Humphreys et al., 2016; Kasperskaya, 2008; Kasurinen, 2002; Ittner et al., 2003; Johnson et al., 2014; Maran et al., 2018). However, the majority of these studies were conducted in developed countries; little attention has been paid to understanding the introduction, implementation and use of the balanced scorecard in less developed nations (Bobe et al., 2017; Hopper et al., 2016; Sutheewasinnon et al., 2016). Hopper et al. (2009) investigated the management accounting research in less developed countries up to 2008. They found that most research in less developed countries concerns financial accounting. Accordingly, they suggested that research on management accounting is a growing area, and more investigations into management accounting practices and culture in such countries are required. Likewise, Hoque (2014) demonstrates considerable progress in exploring the status of research into the balanced scorecard; his study covered the period from 1992 to 2012 and used 25 highly ranked accounting journals as well as 67 highly ranked business and management journals.[1] He found that most of the studies were conducted on developed countries. This is to say that although the pressure to adopt advanced management accounting practices such as the balanced scorecard has increased in emerging economies (a result of globalisation), to date there has been little empirical analysis of this phenomenon in developing countries.

In addition to the above, investigation of the process of change in terms of the introduction of the balanced scorecard as a management accounting practice from an institutional perspective, considering agency as well as institutions at the macro and micro levels, is lacking in the existing literature in general and is even more notable in less developed nations (Hopper and Bui, 2016). In other words, to date there is little understanding of the complexity of the processes of change in particular contexts, or of how individuals' rationality is shaped by both internal and external institutions in

[1] Appendix A lists accounting and business and management journals and other sources used in the review.

response to (management) accounting change. Moreover, the majority of existing studies of the balanced scorecard (e.g. Cardinaels et al., 2010; Chen et al., 2016; Mass and Verdoorn, 2017) focus on one level of the organisational hierarchy, whether the corporate or, more commonly, the business levels. Thus, more exploration of the influence of different institutions and agency in developing nations is needed in regards to the process of implementing the balanced scorecard, with consideration of the evolution of the balanced scorecard at all organisational levels.

It is important for the field of accounting to explain management accounting change and pay attention to the intricate social and political dynamics involved, and their implications for management accounting practice, in order to understand the processes involved. It is also worthwhile to explore the interactions between the implementation of the balanced scorecard as an advanced management accounting practice and organisational culture. Although the introduction of a number of successful management accounting practices, including the balanced scorecard, over several decades has generated a considerable amount of research, there is limited knowledge about the effect of the balanced scorecard on organisation culture. Several researchers have argued that emerging systems of management accounting can evolve simultaneously with organisational culture (Busco et al., 2002; Busco and Scapens, 2011; Janićijević and Milikić, 2011). A number of studies suggest that more understanding of the influence of the balanced scorecard on organisational culture is needed (Bititci et al., 2004; 2006; Dechow, 2012; Janićijević and Milikić, 2011). Janićijević and Milikić (2011), for instance, argue theoretically that implementing the balanced scorecard successfully will have an impact on organisational culture sooner or later. To the best of the researcher's knowledge, this issue has still not been studied empirically.

Investigating management accounting practices in other parts of the world is clearly needed (Bobe et al., 2017; Hopper et al., 2016; Sutheewasinnon et al., 2016). The current study helps fill this need and contributes to the limited number studies of the process of management accounting practice change in less developed nations.

This study focuses on a developing nation, Saudi Arabia,[2] because its uniqueness compared to the contexts previously studied might provide useful insights into the process of management accounting change. Saudi Arabia is the largest country in the Middle East.

[2] According to World Economic Situation and Prospects (WESP) (2018), Saudi Arabia is classified as a developing country. Indonesia, Malaysia, Ethiopia, Thailand and Egypt are also classified as developing countries.

It has never been colonized by any other country and consequently it has developed its own society, built based on tribes' traditions and values, and on Islam (Al Hareth et al., 2015). In other words, religious and traditional values constitute the most significant forces shaping Saudi society, and thus this uniqueness provides an opportunity for understanding how actors' rationality is shaped by institutions at the social level (e.g. family, community, religion, profession and the market), interconnected with embedded institutions within an organisation, in the process of management accounting change. Moreover, the governmental system of Saudi Arabia is a monarchy, in which the King has wide-reaching authority and power. This authority and power, along with Saudi bureaucracy, provide a unique context for understanding how governmental regulations might influence an organisational setting, since this study covers the periods of two kings. The value of obedience and deference to those people at the top of the hierarchy is embedded in Saudi culture, as in other Arab countries (Al Harbi et al., 2017; Barakat, 1993; Hofstede, 1984), and thus Saudis are usually obedient and loyal to more highly ranked staff. This might help explain how Saudis perceive the change of management accounting practice, since the introduction of a new system is usually imposed by powerful people (i.e. those with hierarchal power). Accordingly, the uniqueness of the Saudi context provides important insights into how such institutions influence the process of change.

In addition to the above, Saudi Arabia is a rich country and one of the of the Group of Twenty (G20). It main source of national income is oil. However, due to this dependence on oil, any reduction in the price of the latter will reflect negatively on the Saudi market. Moreover, being a member of the G20, the World Trade Organization (WTO), as well as allowing foreign companies to enter the Saudi market with 100 per cent ownership, means the Saudi market is a highly competitive environment. This competitiveness compels organisations to adopt international accounting practices, such as the balanced scorecard, to provide information that is essential in order to be able to organise and monitor organisations' resources and processes, and to provide information in the decision-making process. Thereby, such external pressures might also influence the process of management accounting change in an organisational setting.

This study is conducted on a telecoms company, Mobily, as a case study. The Saudi telecoms market is a highly competitive market (Oxford Business Group, 2015), which might drive telecoms companies to ensure their operational businesses are run more effectively and efficiently. Mobily was established in 2004 by a consortium led by Emirates Telecommunication Corp. (Etisalat), the United Arab Emirates-based telecoms

conglomerate. The major shareholders in Mobily are Etisalat at 24.45 per cent and the General Organisation for Social Insurance (GOSI) at 11.85 per cent; the remaining shares are held by public investors. Holding 24.45 per cent of Mobily's shares means Etisalat has significant influence on Mobily's operations and policy decisions. Indeed, when the company was established, management personnel such as the CEO and other chiefs were transferred from Etisalat. Consequently, a case study of Mobily might be helpful in recognising how powerful actors, who accumulated stocks of experience beyond the organisation, can influence the operating and policy decisions of a company (in this case, introducing new management accounting practices).

In sum, it is significant to take stock of knowledge on management accounting as a social practice in developing nations in order to be able to provide an understanding of the changing nature of advanced management accounting practices in other parts of the world. This study is conducted on Saudi Arabia, which is a less developed country, to respond to those scholars (Bobe et al., 2017; Van Helden and Uddin, 2016; Hopper et al., 2009; Hoque, 2014) who recommend investigating management accounting change and increasing knowledge about the implications of developing countries and their cultures for management accounting practices. As mentioned earlier, Saudi Arabia represents a unique institutional environment that might influence the implementation process in regards to management accounting practices. A deeper and richer understanding of the process of management accounting practice change in context, as well as how it is influenced by agency and macro and micro institutions, will contribute to existing knowledge in the area of management accounting studies.

The next section (1.2) discusses the significance of the study. This is followed by a presentation of the aim of this study and the research questions (section 1.3). The subsequent sections briefly outline the research method employed (1.4) as well as the theoretical framework applied in this study (1.5). The next section (1.6) presents the expected contributions. Finally, the structure of the thesis is considered in section 1.7.

1.2 Significance of the Study

As discussed above, the research on this subject can provide more evidence to support theories and existing studies in management accounting, as well as making contribution for practitioners. Hopper and Bui (2016) claim that there is still much to be learnt about the influence of cultural beliefs, ideologies and the interests of more powerful agents on the process of management accounting change. The significance of this study can be

summarised in three main points: to learn in more detail how agency, in addition to culture and institutions (internal and external) can influence the process of management accounting change; to understand management accounting change in a developing country, as there is a shortage of comprehensive management accounting studies in this context; and to understand how a new management accounting practice (the balanced scorecard) can influence organisational culture. These three points are explained briefly below.

Regarding the first point, there is a scarcity of comprehensive management accounting studies. Some of the studies that have been conducted have investigated the process of change by focusing either on the micro or macro levels and neglecting agency, and only a few studies have explained the process of management accounting change from both levels, with consideration of the evolution of the balanced scorecard at all organisational levels. In this sense, this study investigates the process of management accounting change by understanding how a new accounting practice was adopted within a specific organisational context (at all organisational levels), and how agency and different institutions (internal and external) were applied in specific situations within the organisation. This research was carried out via a single case study, Mobily. Mobily, which is a recently established company, implemented the balanced scorecard in 2007. Since then the balanced scorecard has been modified twice to align it with the new situations. The study investigates the process of a change of management accounting practice during the period 2005 to 2016 within Mobily. The Mobily case offers insight into the dynamics of management accounting change in a relatively new company and how individuals' rationality is shaped by institutions at the macro and micro levels, and applied in specific situations.

Secondly, it has been suggested that different contexts might have different influences on management accounting change. A number of authors (e.g. Hopper et al., 2009; Hopper and Bui, 2016) have stressed that there are differences in terms of cultural beliefs, economics, politics, human behaviour and ideology between developed and developing countries. Since a limited number of studies have been conducted in developing countries, investigating management accounting change in Saudi Arabia will expand the knowledge of management accounting studies in developing countries. Thus, this study enriches the management accounting literature as a comprehensive study concerning management accounting change in a developing country, Saudi Arabia.

The third point is that previous management accounting studies have argued that implementing a new management accounting practice might reconstruct an organisation's

culture (e.g. Busco and Scapens, 2011; Yadifar et al., 2008). In terms of the balanced scorecard, several studies have investigated the influence of organisational culture on the balanced scorecard (e.g. Ax and Greve, 2017), but there is a scarcity of research into the influence of the balanced scorecard on organisational culture (Janićijević and Milikić, 2011). Thus, this research enriches existing studies of the interactions between the balanced scorecard and the processes through which organisational culture changes.

1.3 Aim and Research Questions of the Investigation

After considering the existing literature, the purpose of this study is to examine the decision to introduce the balanced scorecard, the implementation process and the outcomes of its introduction in a Saudi organisation, having particular regard for the impacts of agency and institutions, endogenous and exogenous. That is to say, this research investigates why and how the balanced scorecard emerged in Mobily, how it was implemented, and the possibility that it might become a taken-for-granted way of thinking in the company. If the balanced scorecard was successfully implemented, then this research aimed to investigate how it implanted and strengthened organisational culture. This will enhance understanding of how and why the adoption of a Western management accounting vehicle was influenced by non-Western institutions. Therefore, this study fills a gap in research on the balanced scorecard by focusing on the context of a developing country (Saudi Arabia) as well as adopting a process-oriented approach to explore the issue from a holistic perspective (i.e. institutions at the macro and micro levels), as well as considering agency and its effect on processes of change (i.e. introduction, implementation and use), and the influence of the implementation of the balanced scorecard on organisational culture. To achieve the aims of this study, the following six research questions are addressed:

1. Why did a Saudi organisation implement the balanced scorecard?
2. How was the balanced scorecard designed and implemented in Mobily?
3. How and to what extent was the balanced scorecard cascaded in Mobily?
4. How did institutions (internal and external) have an impact on the shaping of the dynamics of the process of change (i.e. adoption, (re)design, and use)?
5. How did powerful people legitimate the change and ensure the usage of the balanced scorecard, and what strategies did these actors use?
6. How has the balanced scorecard enhanced organisational culture?

The theoretical perspectives behind these questions can be categorised into three groups. The first group (the first three questions) is that a researcher examining management accounting change as a cumulative process needs to ask deeper and broader questions in respect to change; in particular, how and why things evolved as they did, and where the idea for this new management accounting practice was designed and implemented (e.g. Burns, 2013). The theoretical basis for the second group (the fourth and fifth questions) is that a number of scholars have emphasised the importance of studying change in the context of interconnected levels of analysis (Pettigrew, 1994). To be more specific, it is necessary to recognise the influence of institutions within an organisation and the agency of the individual actors therein (Ter-Bogt and Scapens, 2018). The theoretical perspective behind the last question relates to the question of how performance management systems contribute to the ongoing creation and redefinition of organisational knowledge (Janićijević and Milikić, 2011), or as Busco et al. (2002, p.43) put it, the need to "explore the interaction between performance measurement systems and the processes through which organisational cultures change".

1.4 Research Methodology

As illustrated above, it has been noticed that there is little understating of the process of how and why a new management accounting practice (the balanced scorecard) might emerge (or fail to emerge) in a particular company in general and developing nations in particular. Thus, this study represents interpretive research that aims to explain the process of management accounting change in a particular Saudi organisation. The reason behind using the interpretive approach is to explore and understand the implications of external and internal institutions for an agent's behaviour, as these play a vital part of the process of a change of management accounting practice. It has been argued that the interpretive approach is an essential tool for unpacking the informal and embedded behaviour that can influence management accounting change in a particular social setting (Modell, 2013; Siti-Nabiha and Scapens, 2005; Parker, 2012). In other words, using the interpretive approach is a useful tool for understanding the fundamental meanings and values involved in organisational life, which make the subjective elements useful in analysing and interpreting the social world (Parker, 2012). Moreover, conventional quantitative approach is too simplistic to be practically suitable to investigating the complex and dynamic real world of management accounting development and change, in

which people play vital roles (Burns ad Scapens, 2000; Yazdifar et al., 2008). Hence, this study applies the interpretive approach.

This research was conducted using a single case study, Mobily. A single case study was a beneficial strategy for this study in order to understand complex social phenomena in great depth and detail, because it allows the researcher to retain the holistic and meaningful features of real life, such as individual behaviour and organisational change (Ahrens and Chapman, 2006). The case study method has become quite a common approach in management accounting research (Baxter and Chua, 2003; Hooper and Bui, 2016; Ryan et al., 2002). In management accounting research, case studies are gaining acceptance as an appropriate research approach, as appears from the existing literature (e.g. Bobe et al., 2017; Burns, 2000; Busco and Quattrone, 2015; Kasurinen, 2002; Maran et al., 2018; Taylor and Scapens, 2016; Yazdifar et al., 2008). Since this study investigates the implementation of a new management accounting practice over time by means of a longitudinal case study (Pettigrew, 1990), an explanatory case study is used to explore the case. In short, the interpretative approach, as well as a single case study, were applied in this study.

The main qualitative evidence adopted in this study is face-to-face semi-structured interviews, in order to be able to recognise the taken-for-granted assumptions which exist at the cognitive level of the individuals, as argued by Ter-Bogt and Scapens (2018). Questions of “how” and “why” are needed to understand how institutions externally and internally shape individuals’ rationalities, which have an influence on the process of a change of management accounting practice. The data was gathered from all levels in Mobily (corporate, middle and operational levels) in order to have multiple stories from multiple actors, and to provide a better explanation of the issues at hand. Documentation and lived observations were also employed in order to enhance the plausibly of the findings.

In sum, the interest of this study is in understanding how and why a particular management accounting practice was introduced, how it was implemented and how it has changed over time, with consideration of the influences which are embedded within and which are beyond the boundary of an organisation in the Saudi setting. Applying an interpretive and case-based methodology provides a basis for explaining in depth subjective elements, such as Mobily employees’ values and beliefs, that might influence management accounting practice change.

1.5 Theoretical Framework of the Study

As outlined above, this study draws on a processual perspective through case study to investigate the implementation of the balanced scorecard in Mobily. Although the processual perspective of Pettigrew (1990) identifies the general approach to be taken, a theoretical framework is needed to focus the analysis and make sense of interrelated influences on the new management accounting practice. It has been argued that institutional theory has become the most appropriate choice for management accounting research to understand the processes in moving from one situation to another (Wanderley and Cullen, 2013). A number of accounting studies draw on Burns and Scapens's framework (2000) to explain how internal institutions shape management accounting practice within an organisation (e.g. Burns, 2000; Lukka, 2007). Other researchers, meanwhile, employ the old institutional economics and new institutional sociology theories in order to analyse the process of management accounting change from the perspective of both macro and micro levels (e.g. Hassan, 2005; Yazdifar et al., 2008). However, there are issues with these approaches, which will be discussed in chapter five. In addition, it has recently been argued that researchers interested in studying management accounting change need to look more closely at situated logic, which is applied in specific situations (e.g. Quattrone, 2015; Ter-Bogt and Scapens, 2018). Consequently, Ter-Bogt and Scapens (2018) extend the Burns and Scapens framework to provide a more helpful framework for examining the situated nature of management accounting change.

Ter-Bogt and Scapens's framework, also known as the extended Burns and Scapens framework, has the same purpose as the original, which assists researchers in studying change within organisations; however, it has been extended by recognising the existence of multiple institutions (internal/local and external/broader). Ter-Bogt and Scapens (2018) also introduce the concept of situated rationalities, and the role of deliberation and human agency, because it has been argued that one of the limitations of institutional theory is its failure to consider agency. It is useful for a researcher to identify the role of powerful individual or groups both outside and within an organisation, which might help the researcher to clarify why some changes become institutionalised, whilst other changes are not completely implemented or resisted by certain groups of people.

This study employs Ter-Bogt and Scapens's framework (2018) as a theoretical lens for the analysis. The reason for applying this framework was that it helped the researcher to discover more systematically how institutions at the macro level interact

with institutions at the micro level to shape situated rationalities within the Mobily case. Recognising the influence of institutions, internal and external, as well as the role of individuals as agents of change, assists in theorising such questions as why there is change and how the balanced scorecard is influenced by institutions at the micro and macro levels. In addition to this, by recognising the influence of institutions on forms of rationality, which influence agents' selection of the rules and routines to be used in specific situations, this framework was thus useful for conceptualising and explaining how and why a specific management accounting practice was influenced by specific situations in Mobily. Thus, the extension of Burns and Scapens's framework (2018) is applied in this study as a lens through which to attempt to understand the process of change in a change of management accounting practice within a particular organisation, unfolded through time.

1.6 Expected Contributions

This study contributes to the growing knowledge in the field of management accounting by exploring a change of management accounting practice (the introduction of the balanced scorecard) in a developing country. Providing contextually grounded insights into the process of adopting a new management accounting practice in a developing country raises interesting issues, since there are different political and cultural settings. Although prior research has investigated the adoption of the balanced scorecard, the implementation process of the balanced scorecard in an individual organisational setting, having particular regard for the impacts of agency and institutions, remains unexplored, and such creates the potential for an important contribution of the present study.

This study enriches the methodological literature on management accounting change in relation to the implementation of the balanced scorecard (Van Helden and Uddin, 2016; Hoque, 2014) by using the most recent and unexplored institutional framework, the Ter-Bogt and Scapens framework (2018). This framework is utilised to determine whether it can provide a good explanation or whether some alternative set of explanations needs to be developed which would make the generated findings comprehensible and mean they will have important implications for the field of management accounting.

Moreover, since most studies have examined the balanced scorecard with a focus only on the middle level of organisations, this study contributes to an understanding of the evolution of the balanced scorecard over a period of time at all levels of a company.

Exploring the interactions between management accounting practices and the processes of organisational cultural change will contribute to the existing literature, which has omitted this area.

This study also contributes towards the shortfall in our knowledge of the dynamic of management accounting change in a relatively newly established company (i.e. from the birth phase).

Finally, there are a number of Saudi organisations which have applied advanced management accounting practices, as argued by Joshi et al. (2011), who employed the survey method to explore how management accounting practices have been adopted and diffused by publicly listed firms in the Gulf Cooperation Council countries (GCC)[3]. Thus, the current study might aid business people, and practitioners in the Saudi market in particular, to understand current practice, which is the balanced scorecard, and to serve as a reference when implementing relevant (management) accounting practices.

1.7 Structure of the Thesis

The thesis is divided into ten chapters in order to achieve its aims and objectives (see Figure 1.1). The first chapter provides an overview of the research as well as the aims and scope of the study. Chapter two reviews the literature on the evolution of contemporary performance measurement systems, with specific focus on the balanced scorecard as one of the most popular tools in management accounting. Chapter three reviews the literature on management accounting change, particularly from the balanced scorecard perspective. Chapter four offers an overview of Saudi Arabia and the Saudi telecoms sector as the context of the study. This chapter aims to provide the background of Saudi Arabia, with consideration of the institutions of the societal and organisational field. Chapter five explains in detail the theoretical framework that is employed in explaining the research questions. This study applies the institutional perspective – specifically, the extended Burns and Scapens framework (2018) – to analyse the process of management accounting change through an examination of the interrelationships among institutions, individuals and organisations in the social system.

The sixth chapter discusses and justifies the research methodology and research approach adopted in this thesis. This study employs an interpretive approach that has the ability to examine in depth the complexities of accounting and organisational processes, and to provide a contextualised understanding of management accounting in action. The

[3] GCC includes all Arab states of the Arabic Gulf, except for Iraq.

data was collected through semi-structured interviews, formal and less formal observations, and documentation. Then the chapters of analysis are presented. Chapter seven explains the introduction of the balanced scorecard, with consideration of the inter-connections between macro and micro influences. Chapter eight continues the story of explaining the process of implementing the balanced scorecard. The last chapter of analysis explains the institutionalisation of the balanced scorecard at the organisational level. The thesis ends with a concluding chapter. This provides a summary of the study and its key findings, as well as its theoretical and methodological contributions and practical insights, and finally its limitations and suggestions for future research.

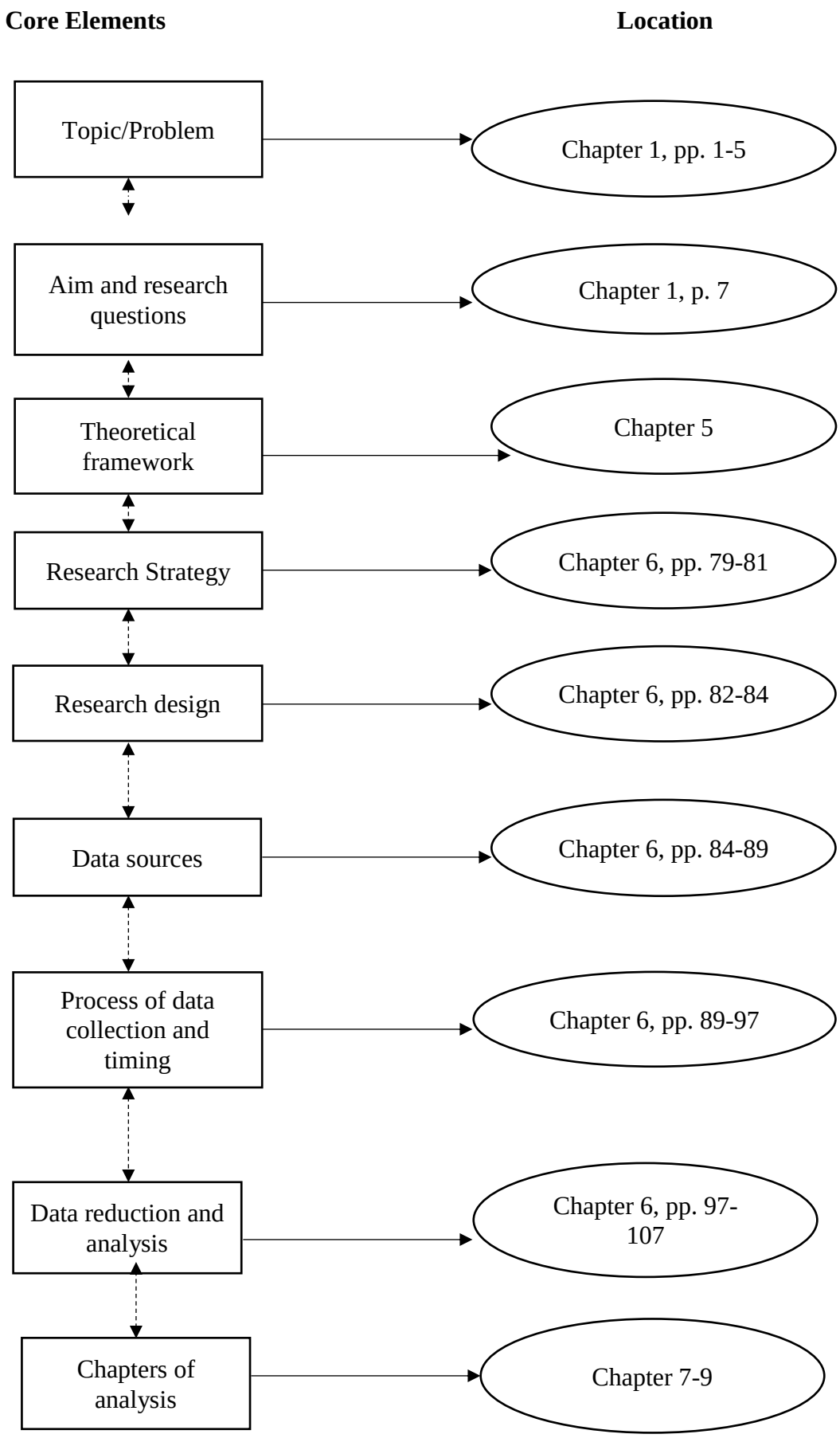

Figure 1. 1 Core Elements of This Research (Adopted from Blaikie, 2000, p.43)

2 Literature Review: The Balanced Scorecard

2.1 Introduction

The previous chapter presented a brief overview of this thesis. It began by introducing the research area and then discussed the background and the motivation for this study to the research questions. The purpose of this chapter and the next chapter is to review the literature on the balanced scorecard in order to identify the gap in this area of management accounting, building upon Hoque (2014).

As mentioned in the preceding chapter, Hoque (2014) reviews the state of research on the balanced scorecard from 1992 to 2012, using 25 highly ranked accounting journals and 67 highly ranked business and management journals. He also used the Google search engine to locate additional publications on the balanced scorecard. The terms used by Hoque are "Balanced scorecard", "Balanced Business Scorecard", "Scorecard" and "BSC". This thesis relies on his article as a basis and expands the review of the existing body of research on the balanced scorecard up to 2018[4]. The researcher reviewed the British Library Ethos website for the period 1992 to 2018 as well as ProQuest from 1992 to 2014. In addition to this, the researcher reviewed literature on the balanced scorecard from 2012 to 2018 by using the same terms and the same accounting journals used by Hoque, in order to conduct a comprehensive review of the literature of the balanced scorecard. These articles were reviewed according to two distinctive approaches to the design and operation of the performance management system, those of Ferreira and Otley (2009) and Broadbent and Laughlin (2009), to provide a tool to critically review the existing body of knowledge in the field of this management accounting practice (the balanced scorecard). These approaches, Ferreira and Otley (2009) and Broadbent and Laughlin (2009), can also enhance the researcher's understanding of how best to design a performance management system, i.e. the balanced scorecard.

This chapter is structured as follows. The first section outlines the evolution of the balanced scorecard. Sections 2.3.1 and 2.3.2, describe the approaches developed by Ferreira and Otley (2009) and Broadbent and Laughlin (2009) which are the theoretical structure that are used to review the literature of the balanced scorecard. In sections 2.3.1.1 and 2.3.2.1, the approaches of Ferreira and Otley and Broadbent and Laughlin are used to classify the existing body of literature on the balanced scorecard. The purpose of this chapter is to review the existing body of research on the balanced scorecard; after

[4] See Appendix A for more detail.

discussing the evolution of the balanced scorecard, the first approach is discussed and then used to classify the literature based on it and the same is applied for the second approach to make classification of these articles clearer. The chapter then concludes with a summary, 2.4.

2.2 Evolution of the Balanced Scorecard

The tool used by executives for articulating the strategy of the business, communicating the strategy of the business, and for helping to align individual, organisational and cross-departmental initiatives to achieve a common goal, is called the balanced scorecard (Kaplan and Norton, 1996, p. 56). A primary concern of accounting researchers was that traditional performance measurement is generally unsuitable to manage an organisation using only financial performance measures (Wanderley and Cullen, 2013). Therefore, Kaplan and Norton (1992) introduced the balanced scorecard as a tool to measure the performance of organisations through developing four dimensions or perspectives: financial, customer, internal business process, and learning and growth perspectives as illustrated in Figure 2.1. Kaplan and Norton claim that the balance between financial and non-financial measures would provide managers with a comprehensive view of their organisational performance.

The idea of the balanced scorecard depends on two main assumptions (Norreklit, 2000). The first is that non-financial performance has a causal link with financial performance. For instance, when an organisation improves its customer satisfaction (non-financial measure), that leads to an increase in its sales and revenue (financial measure). The second key assumption of Kaplan and Norton's concept is the cause-and-effect relationship among the four perspectives which drive performance outcomes. In other words, when an organisation trains its employees in order to improve their skills and knowledge, this should improve internal processes. By doing this, customer satisfaction and loyalty should be increased, thereby improving financial performance. The next section presents the four perspectives in detail.

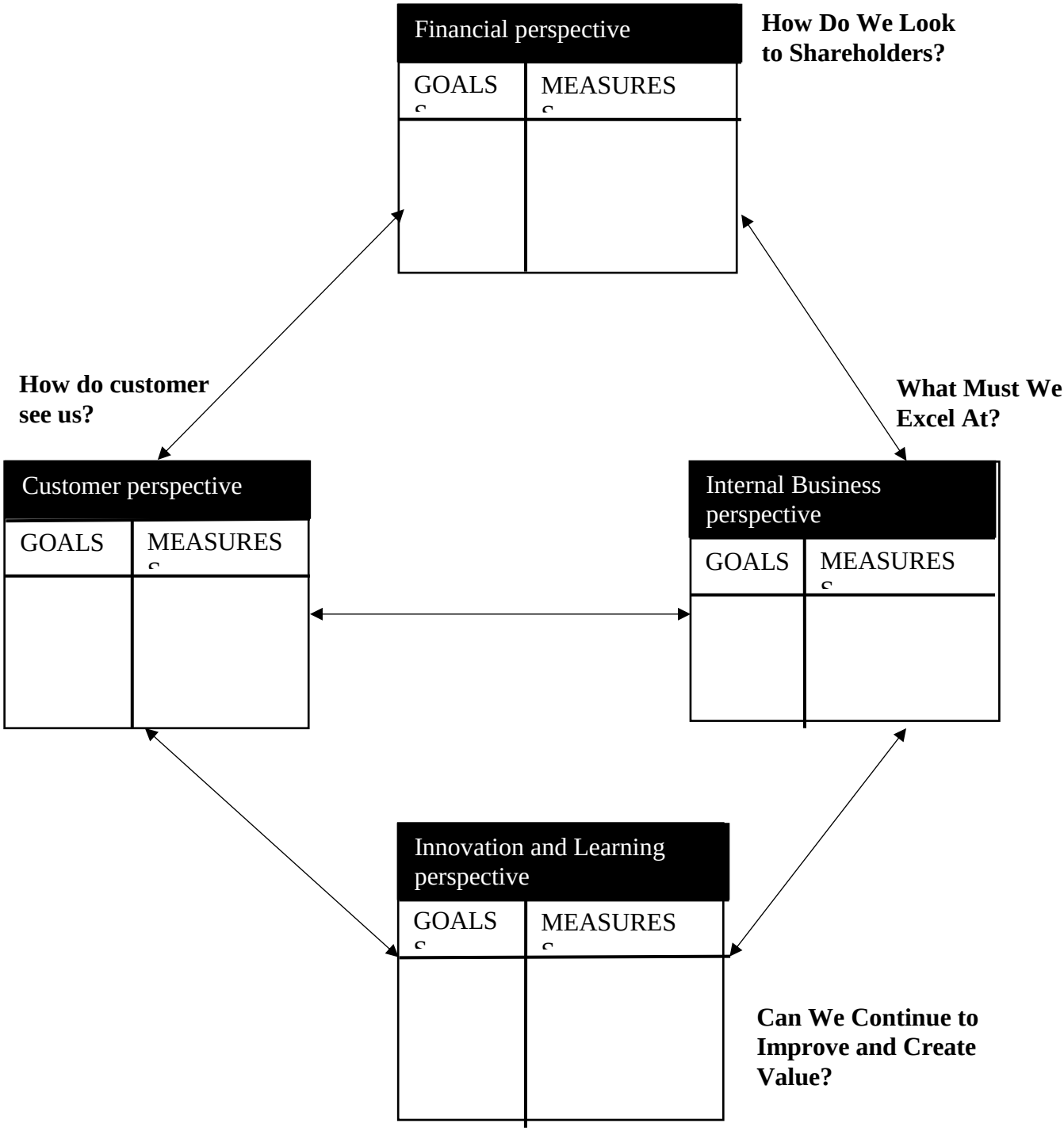

Figure 2. 1 The Four Perspectives of the Balanced Scorecard

Source: Kaplan and Norton 1992 (p.72)

2.2.1 The Four Perspectives

As shown above, the balanced scorecard has four perspectives. The first one is the financial perspective, which is known as a traditional measure. In general, this perspective deals with long-term objectives of the business unit as well as those factors that measure

economic outcomes, such as return on capital employed and profit margins (Kaplan and Norton, 1996b).

The second perspective of the balanced scorecard is the customer, which is one of the non-financial measures. This perspective can help organisations to achieve their vision by focusing on how to deliver value to customers. Organisations can measure the customer perspective through certain key measures after customising them to align with organisational needs, such as customer satisfaction and customer retention. The customer perspective can also help organisations to create a clear strategy in order to identify customers' needs and expectations by using measures such as new customer acquisition, customer profitability, and market and account share (Kaplan and Norton, 1996).

The third perspective of the balanced scorecard is the internal business process. This perspective deals with innovation in the business process and in the product itself in order to increase customer and shareholder satisfaction. Kaplan and Norton (1996) argue that organisations have to focus on three basic elements to improve internal business processes: innovation, operations and post-sales service. This means that these measures should be focused on so as to have the greatest impact on customer satisfaction, in turn leading to influence on organisations' financial objectives. Moreover, during organisational change, identifying the internal business process can help management to concentrate more on the key processes required to implement change efficiently and effectively.

The last perspective of the balanced scorecard is the learning and growth perspective. This perspective is critical to recognising what an organisation needs to change and improve in order to accomplish its financial, customer and internal process objectives and thus to achieve its vision. To implement a strategy successfully, organisations have to focus on three categories in this perspective: human capital by recognising and improving an organisation's employees' skills and knowledge, information capital such as organisations' databases, and organisational culture and leadership (Kaplan and Norton, 2004). By improving these categories and aligning them with an organisation's strategy, the gaps between existing skills and capability and those that are required will be addressed.

2.2.2 The Generations of the Balanced Scorecard

The balanced scorecard has been gradually developed from a performance measurement system to a strategic and performance management system (see Kaplan and Norton, 1992;

1994; 1996; 2000; 2001; 2004; 2006; 2008). Since the balanced scorecard was developed from a performance measurement to a performance management system, it is worthwhile to briefly present the difference between them. Melnyka et al. (2014, p.175) claim that performance measurement can be used as an instrument "to quantify the efficiency and/or effectiveness of action", and hence measure is considered both quantifiable and verifiable. According to Fryer et al. (2009, p.481), performance measurement systems comprise four aspects: 1) deciding what to measure; 2) how to measure it; 3) interpreting the data; and 4) communicating the results. Whereas a performance management system looks beyond the measurement of performance, and involves the management of results (ends) and the determination of those results (means) (Broadbent and Laughlin, 2009; Otley, 1999). Other researchers have used the concept of a performance measurement and management system, which embraces the two systems, "performance measurement" and "performance management" (e.g. Broadbent and Guthrie, 2008; Van Helden, 2005). However, since Kaplan and Norton later work refers to the balanced scorecard a performance management system, the present study will use the same term (the following section discusses the concept of performance management systems in detail).

Lawrie and Cobbold (2004) document that the balanced scorecard has been developed through three generations. The first generation was developed in 1992 when Kaplan and Norton introduced the balanced scorecard as a performance measurement system with four perspectives. The second generation was developed in 1996 when Kaplan and Norton reintroduced the balanced scorecard as a tool to link the four perspectives with the strategy of the business. This generation allowed managers not only to rely on short-term financial measures, used as indicators of organisational performance, but also to link long-term objectives with short-term action (cause-and-effect relationship). Thus, this generation has shown managers how the four perspectives influence each other. In the 2000s, Kaplan and Norton introduced a new framework to link intangible and tangible assets to create differentiating customer value propositions and to boost financial outcomes by developing "strategy maps", and this represents the third generation.

In summary, Kaplan and Norton developed and redeveloped the idea of the balanced scorecard over ten years, attempting to provide a "recipe" that would enable organisations to balance financial and non-financial measures and short- and long-term performance. Kaplan and Norton (1996) claim that integrating financial with non-financial perspectives (i.e. the balanced scorecard) can be seen as a device for delivering long-term strategic objectives.

2.3 Performance Management System's Approaches

Since the development of the balanced scorecard, a number of scholars have investigated this tool, which has been adopted by thousands of private, public and non-profit organisations worldwide, to explore its impact on these organisations (e.g. Chen et al., 2016; Humphreys and Trotman, 2016; Lipe and Salterio, 2000). Before reviewing these articles, which examine the balanced scorecard, it is worth discussing the recent approaches that form a useful research tool for those who intend to study the design and operation of any performance management system such as the balanced scorecard (Broadbent and Laughlin, 2009; Ferreira and Otley, 2009). A number of academics have maintained that, to provide a critical review of the existing body of knowledge in the field and to avoid producing "a furniture sale catalogue", a researcher has to use an analytical approach (Bell, 2014; Chapman, 1997; Collis and Hussey, 2009). In addition, Verma and Beard (1981, p. 10) state:

> The researcher must produce a concept or build a theoretical structure that can explain facts and the relationships between them… The importance of theory is to help the investigator summarise previous information and guide his future course of action.

Exploring the status of related research about the balanced scorecard, the approaches of Ferreira and Otley (2009) and Broadbent and Laughlin (2009), which were built based on diverse methodological approaches, provide a valuable research tool for comprehensively describing the structure and operation of performance management systems. Applying these approaches helps the researcher to review the existing literature critically, and to organise and classify findings based on a theoretical structure. The following section briefly outlines these approaches.

2.3.1 Ferreira and Otley's Approach

Before proceeding to discuss Ferreira and Otley's approach (2009), it will be useful to define a performance management system. A number of performance management system definitions have been submitted in recent years. According to Ferreira and Otley (2009, p. 264) the definition of performance management systems is:

> The evolving formal and informal mechanisms, processes, systems, and networks used by organizations for conveying the key objectives and goals elicited by management, for assisting the strategic process and ongoing management through analysis, planning, measurement, control, rewarding, and broadly managing performance, and for supporting and facilitating organizational learning and change.

Chapman (1997) described how Otley's approach (1999), which has been developed further twice (2005 and 2009), is considered a backbone in management accounting to provide systemic development of knowledge. The purpose of the first version of Otley's approach (1999) was to facilitate analysis of the operation of management control systems which highlight five main issues. These five issues (strategy, activities and processes, performance measurement, rewards system and information flow) address the process of developing a coherent structure for performance management systems.

However, after considering the criticisms of the need to adopt a more comprehensive approach to investigate performance management systems, Ferreira and Otley (2009) developed an approach to reflect a shift from the traditional compartmentalized approach to a comprehensive perspective on the role of control in managing organisational performance through integrating various dimensions of managerial activity with the control system. Ferreira and Otley's approach (2009) includes twelve questions. These questions[5] are briefly discussed here. The first eight questions are considered the core of performance management system design while the final four questions cover contextual factors and culture.

Question one, "vision and mission", focuses on how an organisation has established and communicated its value and goals as techniques to observe the influences on the behaviour of managers at all levels. To answer question one, an organisation has to answer question two, which relates to key success factors, to determine prerequisites to activities, attributes, and skills. That helps the organisation to progress towards its vision. Understanding key success factors help an organisation to build its organisational structure (this is the third question), through determining the responsibilities and accountabilities of every organisation member. There are various forms of organisational structure, and they contain choices regarding decentralisation/centralisation, differentiation/ standardisation, and the level of formalisation of rules and processes, as well as configuration (Johnson et al., 2005).

According to question four, "strategies and plans", the organisations need to improve their strategy and internal processes to match with their key success factors (Sousa de Vasconcellos e Sá and Hambrick, 1989). Moreover, after the organisation has developed its strategies and plans, the fifth question has to be answered, which relates to key performance measures. This question helps the organisation to understand how to

[5] Appendix B listed the twelve questions of Ferreira and Otley 2009 framework

measure its common and unique measures at every level. Although performance measurement is considered an important element in putting an organisation on the right track, target setting (the sixth question) is also a critical element of performance management, assisting the organisation in properly answering questions seven and eight.

Ferreira and Otley (2009) attempt to explain the processes of performance evaluation (question seven). Performance evaluation can be subjective, objective, or in between both. Ferreira and Otley believe that performance evaluation includes organisations as a whole, and does not focus exclusively on individual performance. The last question relates to the core of a performance management system, which is its reward systems. It is basically the result of the link between target setting and performance evaluation, whether in regards to financial or non-financial rewards. In sum, questions one, five, six, and part of two, are interested in the organisation's results while questions three, four, seven, eight, and part of two concentrate on the means (techniques) of accomplishing them.

In question nine, which is the first question related to contextual factors and culture, and which concerns information flow systems and networks, Ferreira and Otley (2009) try to clarify how information flow assists organisations in improving their performance by using feedback and feed-forward tools. The authors believe that information flow resembles "the nervous systems in the human body" (p. 273). One of the important questions here, surprisingly neglected by Otley (1999), is performance management system use (question 10). This question assists organisations in evaluating the use of control information. It helps an organisation to assess its strategic validity. The eleventh question concerns performance management system change. Since an organisation and its environment often change, performance management systems also have to be changed, whether the change applies to the design infrastructure or to the way it is used in order to be relevant and useful. The last question of Ferreira and Otley's (2009) framework is strength and coherence. A performance management system is a huge system, and therefore they believe that such systems have different components that need to be aligned and coordinated for the entire organisation to bring about more efficient and effective outcomes.

Identifying fundamental questions to ask when designing any performance management accounting system would, according to Ferreira and Otley, provide "a heuristic tool to facilitate the rapid description of significant aspects of control system design and operation" (2009, p. 267).

The authors, however, do not explicitly include cultural and contextual factors as elements that can influence a performance management system. Ferreira and Otley (2009, p. 267) state:

> We have not included these factors within the formwork as we view them more as contingent variables that might explain why certain patterns of control are more or less effective, rather than characteristics of the control system that needs to be incorporated into a description.

In other words, they explicitly acknowledge that they focus on performance management system design and use rather than trying to capture the relationship between context and culture and such design and use.

The concept of the balanced scorecard has attracted considerable attention within the academic community; thus, it is important to contextualise findings and to provide a more systematic development of knowledge in regards to the balanced scorecard (Chapman, 1997). As mentioned above, Ferreira and Otley (2009) developed an approach to reflect a shift from the compartmentalised approach (i.e. focusing only on specific aspects of a performance management system, the balanced scorecard) to a comprehensive perspective (integrating various dimensions of managerial activity with the control system, 12 questions). These approaches (compartmentalised and comprehensive) can be used to classify the existing literature on the balanced scorecard. Hence, the Ferreira and Otley approach is used in the next section to identify studies of the balanced scorecard that employed a compartmentalised or comprehensive approach to the existing body of knowledge regarding the balanced scorecard.

2.3.1.1 Empirical studies of the Balanced Scorecard Based on Compartmentalised and Comprehensive Approaches

2.3.1.1.1 Compartmentalised Approach

A number of studies can be classified as employing a compartmentalised or a comprehensive approach, and the classification is dependent on the purpose of the study. For instance, there are some studies (e.g. Banker et al., 2004; Chen et al., 2016; Hoque and James, 2000; 2011; Humphreys and Trotman, 2016; Kaplan and Wisner, 2009; Libby et al., 2004; Liedtka et al., 2008; Lipe and Salterio, 2000; Maas et al., 2017; Roberts et al., 2004; Schauß et al., 2014; Tayler, 2010; Wing et al., 2007) that have attempted to empirically investigate the balanced scorecard by analysing specific components (e.g. performance measurements, performance evaluation and/or target setting); accordingly, such studies will be classified under the compartmentalised approach.

The main components of the balanced scorecard that have been investigated are financial and non-financial measures or the fifth question (performance measurements) in terms of Ferreira and Otley's (2009) approach. In their publications, Kaplan and Norton argued that organisations have to balance financial and non-financial measures in order to be able to improve organisational performance. Some researchers argue that the using of non-financial performance measures are more reliable indicators of management effort and predict reasons for future financial performance, and that the focus and emphasis of financial performance measures are only on the short term (Banker et al., 2000; Ittner and Larcker, 1998). This argument is also supported by Hoque (2005), who analyses performance measurements focusing on non-financial measures. By using the questionnaire method and focusing on the corporate level, Hoque reveals that non-financial performance measurement, which focuses on an organisation's long-term success factors, plays a significant role in organisational performance, particularly with environmental uncertainty.

However, other studies have found different results. For instance, Lipe and Salterio (2000) investigate the judgmental impacts of the balanced scorecard by focusing on three elements: performance measurement, performance evaluation and the use of the balanced scorecard. The experimental method was employed by focusing on managers at business units. They reveal that management uses more financial performance measures than non-financial measures in performance evaluation because of two issues. The first is that management disregarded the non-financial performance measures at the ex-post, which may lead to ignoring the ex-ante. Secondly, non-financial performance is not included in the evaluation and compensation of employees.

By using the same method (the experimental method), Banker et al. (2004) criticise Lipe and Salterio's (2000) study because they did not examine the effect of common and unique measures on evaluation of business units regarding strategic linkage. Therefore, their results did not provide clear-cut evidence regarding whether managers rely on common or unique measures. By concentrating on business strategy, performance evaluation, performance measurements and the use of the balanced scorecard, the results of Banker et al.'s study support Lipe and Salterio's (2000) suggestion that evaluators rely more on common measures than unique measures. However, the results also revealed that managers, who have knowledge about the strategy, will depend more on strategically linked performance measures than those with less knowledge of strategy, and this finding is consistent with Humphreys and Trotman (2011) and Chen et al. (2016). This is a fundamental idea of the balanced scorecard. Kaplan and Norton (1996) emphasise that

there must be a link between an organisation's strategy and its management control systems in order to achieve its expected results.

In the same vein, Cardinaels et al. (2010) investigate how management weight financial and non-financial information in performance evaluation, whether in a formatted or unformatted scorecard. The results of the experimental method show that the format of the performance scorecard is based on grouping and labelling measures, which may help evaluators to recognise financial information more easily and may influence their opinions of the relative significance of the financial information. On the other hand, the unformatted scorecard leaves the measures without labels and without a particular order. In the financial category, the results show that if organisations use a formatted scorecard, it may place more emphasis on the financial category than an unformatted scorecard. In a non-financial category, however, whether a balanced scorecard is formatted or unformatted has no impact.

From the discussion above, it is obvious that organisations have a bias toward common measures and need to find a way to reduce this bias. In fact, after Lipe and Salterio (2000) raised the issue of the common measures bias of top managers, a number of researchers have investigated how they can reduce this bias (e.g. Ding and Beaulieu, 2011; Ittner et al., 2003; Kaplan and Wisner, 2009; Kang and Fredin, 2012; Libby et al., 2004; Liedtka et al., 2008; Roberts et al., 2004; Wing et al., 2007). All these studies used a quantitative method (the majority of them used the experimental method) and focused on one level of an organisation, the middle level. For example, Ding and Beaulieu (2011) apply an experimental approach and consider specific elements of the balanced scorecard (performance evaluation, performance measurement, reward system and the use of the balanced scorecard) to examine a way to eliminate the common measures bias in performance evaluation. The results show that if there is a definite link between performance evaluations and compensation, and these measures are supported by the overall performance evaluations (common and unique), the bias can be eliminated. However, they argue that accounting measures should not exceed 16 measures, because the complexity of the balanced scorecard in performance evaluation influences decision makers' as well as employees' mood, which leads them to rely on common measures.

Moreover, Wing et al. (2007) and Kang and Fredin (2012) attempt to assess bias in balanced scorecard evaluations and then examine the effective mechanism to reduce top management bias. To reduce the bias, they focused on one more aspect of the balanced scorecard, information flow. Their results revealed that evaluation bias exists, which may lead to conflict between top management and divisional managers. Therefore, they

suggest that organisations can reduce this bias through increasing top managements' awareness of the importance of obtaining feedback information about the strategy from participants, before top management evaluate the performance. The participants in the process of implementing the strategy may be led to positively increase the impact of the organisational performance. This finding is in line with Kaplan and Norton (2001b), who document that in order to obtain high contributions for adopting the strategy effectively, employees must learn and understand the strategy before implementation.

2.3.1.1.2 Comprehensive Approach

In contrast to studies such as those by Chen et al. (2016) and Kohlmeyer III and Samuels (2017) (and others cited above), which tend to study the balanced scorecard by following a compartmentalised approach, other studies can be classified under the comprehensive approach, since they consider all the components of the balanced scorecard as a performance management system. For example, Bracci et al. (2017) studied the design and the implementation of the balanced scorecard in two Italian public organisations. Bracci et al. describe the balanced scorecard's development process through considering Otley's questions. The findings of this study support previous studies (e.g. Arnaboldi et al., 2015; Ferreira and Otley, 2009) which call for investigation of a performance management system from a holistic view, and suggest the need for greater integration of the balanced scorecard's components with contextual factors externally (political and social) and internally (organisational culture). However, the authors criticized Ferreira and Otley's (2009) and Broadbent and Laughlin's approaches (2009) (which will be discussed in the next section), arguing that the external environment needs to be more explicit.

In summary, there is a large volume of published studies on the balanced scorecard, derived from the compartmentalised approach and conducted on developed countries. This means that researchers have attempted to focus only on specific aspects (answering from one to a maximum of five questions), which is the opposite of adopting a more comprehensive and integrated approach. According to Chenhall (2003), lacking a complete description of all the aspects of a control system leads to potentially conflicting findings, and this is obvious from the above studies (e.g., Banker et a., 2000; Hoque, 20005; Lipe and Salterio, 2000). In addition, the novelty of the balanced scorecard is its consideration of non-financial measures, which were overlooked in traditional performance measurement systems. However, the findings of the above-mentioned studies show that although the idea of the balanced scorecard is to balance financial and

non-financial measures in order to improve organisational performance, the focus and the use of the system is more on the financial measures.

The above studies apply functionalist perspectives (the majority of them use experimental and survey research methods) to examine the balanced scorecard, without considering context, which might influence the design and use of such a system. Ferreira and Otley's (2009) approach provides a useful tool for describing significant aspects of performance management systems; however, a limitation of this approach is that cultural and contextual factors and their influence on the nature of any performance management system were intentionally ignored. Thus, the following section discusses Broadbent and Laughlin's (2009) study, which takes context into account.

2.3.2 Broadbent and Laughlin's Approach

Broadbent and Laughlin (2009) agree with Ferreira and Otley (2009) that the first eight questions (which discussed in section 2.3.1) need be asked and answered to provide key insights into the nature of any performance management system. However, Broadbent and Laughlin (2009) criticise Ferreira and Otley's (2009) approach and argue that their approach has some weaknesses, particularly in questions 9, 10, 11 and 12[6]. They state that the 2009 approach intentionally fails to address cultural and contextual factors. From this point, Broadbent and Laughlin (2009) extend their approach, which is called "models of rationality", to address these issues. Broadbent and Laughlin give particular attention to considering the underlying factors that influence the nature of any performance management system, something which Ferreira and Otley (2005; 2009) address only to a limited extent in their model. In terms of context, it refers to the nature of the organisation or part of the organisation which the performance management system is attempting to control (Broadbent and Laughlin, 2009, p. 290). Broadbent and Laughlin, argue that organisational context plays a vital part in shaping the performance management system. The differences in the context depend significantly on history, purpose, people, environment, etc. It has been argued that the most significant part of the Broadbent and Laughlin approach is the relationship between context and performance management systems (Conrad and Uslu, 2012).

The development of Broadbent and Laughlin's conceptualisation of models of rationality as an alternative nature of the performance management system, lies on a

[6] Questions 9, 10, 11 and 12 are information flows, systems and networks, performance management systems use, performance management systems change, and strength and coherence, respectively.

continuum from two ideal types, “transactional” at one end to “relational” at the other, which respectively build on underlying instrumental and communicative rationality. The focus of their approach is a concern for how the ends (e.g. objectives and targets) are determined and how the means to achieve them (e.g. performance evaluation and rewards) are decided, and the outcome of actual performance management system design can be referred to as either instrumental or communitive rationality. To clarify the distinction between the ideal types, Table 2.1 shows the characteristics of each of them. The actual performance management system design will be different based on those rationalities that are operative. Accordingly, the result can be stated as transactional or relational performance management systems. For instance, the transactional type is likely to define the end “result” and may specify the means / “mechanism” used to achieve those ends; and accordingly, the followers of the instrumental rationality approach design and operate their performance management system without a negotiation between their stakeholders. Alternatively, relational mechanisms are based on negotiation and communication between stakeholders. For example, if KPIs are determined that fairly reflect the values and concerns of stakeholders to the balanced scorecard, this means that the KPIs are designed based on substantive rationality (communicative rationality). Whereas if the KPIs are designed primarily based on calculation-oriented and therefore impose a set of values upon people to be managed based on those KPIs, formal rationality (instrumental rationality) has been applied.

Table 2. 1 Contrasting ‘Ideal Type’ Rationalities in PMS Design

Underlying rationalities description	**Instrumental rationality**	**Communicative rationality**
Ends defined derived using	Instrumental rationality	Communicative rationality
Performance indicators (PIs) derived using	Formal rationality	Substantive rationality
Choice of means to use to achieve the objectives and PIs using	Theoretical rationality	Practical rationality
Probability of different stakeholders owing ends and means	Likely to be low	Likely to be high
Underlying authority structure	Legal- rationality	Reflexive

Source: Broadbent and Laughlin (2009, p. 287)

It can be argued that there is a connection between the Broadbent and Laughlin approach (2009) and the third generation of the balanced scorecard. For instance, Broadbent and Laughlin's approach supports Kaplan and Norton in saying that culture and context have to be taken into account because of their influence on framing the nature of any performance management system. Kaplan and Norton (2001, 2004a) state that culture is considered a complex factor; accordingly, designing a balanced scorecard and making it a valid practice depends on the organisational and environmental context. Also, the third generation of the balanced scorecard tends towards communicative rationality, they argue, because people's engagement and teamwork can minimise forthcoming obstacles.

2.3.2.1 Empirical Studies of the balanced scorecard Based on Instrumental and Communicative Rationality

2.3.2.1.1 Instrumental Rationality

Applying the Broadbent and Laughlin (2009) approach helps the researcher to understand the rationality that drives the existing literature of the balanced scorecard. After understanding how the rationalities might influence the design and operation of any performance management system, the empirical studies that investigate the influence of organisational context on the balanced scorecard have been classified into two streams: instrumental or communicative rationality. This classification is dependent on the rationalities that actually designed and operated the balanced scorecard by using contrasting ideal type, Table 2.1. For instance, if a study's results show that stakeholders' values and concerns were reflected in the design of performance indicators, then the study is more likely to be classified under communicative rationality, while designing performance indicators based on rational economy – i.e. being "calculation-oriented" (Conrad and Uslu, 2012) – means the study is more likely to be classified under instrumental rationality.

In terms of instrumental rationality, for example, Malina and Selto (2001) examine the impact of the balanced scorecard as a communication and control tool on organisational performance in a US company. To obtain rich data to analyse, the authors used a qualitative research method and conducted interviews. The study revealed that the company designed the balanced scorecard based on benchmarks and ignored

stakeholders' concerns and values. Depending only on benchmarks made the measures inaccurate. Although the benchmarks were inappropriate, they were nevertheless used for the evaluation. This created significant conflict and tension between top and middle management regarding performance evaluation because of the huge differences between their values. Therefore, the authors suggest that a simple solution to successfully designing, implementing and using the balanced scorecard is to improve discourse between related parties and to choose the ends and means of the balanced scorecard through negotiation.

Kraus and Lind (2010) examine the impact of the corporate balanced scorecard on control of business units using a qualitative method. The study was conducted in 15 of Sweden's largest multinational companies. The authors state that since most studies have focused on the business level and ignored the linkages between the corporate and business levels, they examined the interaction between corporate and business levels. Kraus and Lind found that the balanced scorecard was designed based on internal and external benchmarks with limited information available for management. The results reveal that because management faced difficulty in using the balanced scorecard, it had little impact on organisations and corporate control. It can be said that adopting standards and measures based on theoretical rationality meant the implementation of the balanced scorecard had a low impact on the organisation (Broadbent and Laughlin, 2009). Further, they agreed with Lipe and Salterio (2000) that financial performance measures are more weighted than non-financial performance measures.

In the same vein, Chang (2007) investigated the limitations and the impact of the balanced scorecard in the NHS. Semi-structured interviews were applied to understand the influence of local performance improvement. The results revealed that performance indicators within the balanced scorecard failed to link the NHS's operations with central government's long-term targets because the indicators were at too high a level in regards to local services. Central government attempted to use high-level performance indicators to secure support from the public. Chang (2007) argues that those who suggest using the balanced scorecard as strategic management mechanism in the public sector (Kapalan and Norton, 2001) built their claim based on rational instrumentalism without considering the political context that a public-sector organisation faces.

2.3.2.1.2 Communicative Rationality

While some studies of the balanced scorecard were classified under instrumental rationality, other studies can be categorised as communicative rationality. For example,

Chang (2007) claims that the balanced scorecard should not be isolated from its political context, in order to get the advantage of implementing of the balanced scorecard as a strategic performance management tool in the public sector. Although Chang's results showed that NHS failed to link central government's long-term targets and local services (as mentioned above), local health authorities succeeded when they attempted to adopt the balanced scorecard to integrate various stakeholders' interests. Chang found that the balanced scorecard helped to achieve local stakeholders' interest as well as central government's performance objectives. In fact, NHS managers believed that their responsibilities were not only limited to recognising central government's requirements but also involved meeting local stakeholders' needs, and thus it is essential to work cooperatively.

In the same vein, Kasperskaya (2008) examined the experienced of two Spanish city councils (organisation A and B) with implementing the balanced scorecard. Kasperskaya revealed that there was participation and engagement in both organisations in designing their balanced scorecard, which means substantive rationality was applied in these organisations. For instance, the management was involved in selecting balanced scorecard indicators. However, the results obtained were significantly different for the two organisations. The procedures applied by management such as follow-up meetings influenced the use of the balanced scorecard.

Designing the balanced scorecard though communicative rationality does not always have a significant influence on an organisation as argued by Broadbent and Laughlin (2009). For example, Al Thunaian (2014) investigated the implementation of the balanced scorecard from an organisational behaviour perspective in the King Faisal Specialist Hospital and Research Central (KFSH-RC) in Saudi Arabia as a case study. The results show that the consultant's rationality influenced the shaping of KFSH-RC's performance management system, and this finding is supported by Said (2014) and Sutheewasinnon et al. (2016), who argue that Western consultants play a vital role in management accounting change in developing countries. Although the consultancy firm implemented the balanced scorecard through communicative rationality, Al Thunaian discovered that the implementation of the balanced scorecard had no significant impact on performance. He also revealed the employees did not have any interest in the balanced scorecard; therefore, employees' understanding of it was insufficient. A number of senior managers found some difficulties in understanding the balanced scorecard perspectives because they did not "adequately digest" them.

It is common sense that the designing of a performance management system in the private sector will follow instrumental rationality (e.g., Kraus and Lind, 2010); however, it can also follow communicative rationality. It can be argued that private companies have begun to move from a transactional to a relational approach. Cobbold et al. (2004) describe the design and implementation of the third generation of the balanced scorecard in a manufacturing company in Saudi Arabia. They claim that the third generation of the balanced scorecard enhances the ability to align the organisational outputs with the strategic goals developed by the management. The study revealed that objectives, measures and targets were designed after dialogue and interaction between stakeholders through workshops. This established a strong level of ownership in both means and ends. In other words, Cobbold et al. support Broadbent and Laughlin's (2009) suggestion that stakeholders have to determine or agree on the performance indicators, means, and outcomes through conducting workshops with managers and other stakeholders, which might lead to an increase in the possibility of fulfilling the determined objectives.

In sum, as already indicated, the Broadbent and Laughlin approach (2009) is a valuable tool that not only provides a way of gaining a deeper understanding of actual practices but also provides a critique of these practices by proposing alternatives. In other words, it raises a broader question about appropriateness. Also, the approach pays attention to the complexity of contextual issues and their likely impact on designing a performance management system, understood as part of a social and cultural process.

With Broadbent and Laughlin's (2009) and Ferreria and Otley's (2009) approaches, some researchers have attempted to investigate the consequences of their approach to understanding the design and use of performance management systems (e.g. Broadbent et al., 2010; Conrad and Uslu, 2012). Conrad and Uslu (2012) use the approaches to investigate the consequences of the design and use of the performance management system in two NHS trusts in the UK health sector. They supported Broadbent and Laughlin's (2009) suggestion that it is crucial to consider context in implementing a performance management system. It is essential to take into account context and agency when designing and operating a performance management system. Regarding steering mechanisms, they revealed that the agency has the ability to achieve an organisation's targets when they are designing a performance management system based on instrumental rationality, but the implementation tends to be more likely to involve communicative rationality. Besides, developing and operating the performance management system

based on instrumental rather than communicative rationality may misinterpret the organisations' targets and thus miss the point.

2.4 Summary

Recalling, the aim of this chapter is to critically review the existing body of knowledge in the field of the balanced scorecard by using different approaches which are built based on diverse methodological perspectives. This chapter has briefly discussed Ferreira and Otley's approach (2009) and Broadbent and Laughlin's approach (2009), and consequently their sense of what is the key issue that drives the design also differs (Conrad and Uslu, 2012). These conceptual approaches also extend the understanding of how the performance management system has been designed and used in organisations.

Employing the Ferreira and Otley approach reveals that the majority of the existing literature on the balanced scorecard apply quantitative method and attempts to investigate and focus on one level of an organisation and on specific aspects. Moreover, although the idea of adopting the balanced scorecard is to balance financial and non-financial measures in order to improve organisational performance, empirical studies show that financial measures are weighted and used more than non-financial. One of the weaknesses of these studies is that most of those which focus on analysing the components of the balanced scorecard follow a compartmentalised approach, which is the opposite of Ferreira and Otley's recommendation (applying a comprehensive approach). Besides, following a compartmentalised approach leads to potentially conflicting findings, as argued by Chenhall (2003). In addition to this issue, investigating the balanced scorecard by focusing only on one level of a company (i.e. the corporate or business level) might prevent a researcher from providing a comprehensive view of the evolution of the application of the balanced scorecard at all organisational levels. While Ferreira and Otley (2009) provide a template to help a researcher to describe the key aspects of any performance management system, the main issue of their approach and that of the majority of the existing literature (e.g. Chen et al., 2016; Humphreys and Trotman, 2016; Kaplan and Wisner, 2009; Libby et al., 2004; Tayler, 2010) is that they ignore context. Omitting context and culture pushed Broadbent and Laughlin (2009) to extend their approach by highlighting cultural and contextual factors that mould the nature of any performance management system.

According to Broadbent and Laughlin, their approach provides a way of enhancing an understanding of the design and operation of any performance management

system, and a way of developing a critical understanding of areas that are involved in a performance management system by providing alternative rationalities, instrumental and communicative. By using this conceptual approach, the literature that analyses the design and use of the balanced scorecard was classified into two streams, instrumental rationality and communicative. The empirical studies (e.g. Kraus and Lind, 2010; Malina and Selto, 2001) show that designing the balanced scorecard in an instrumental manner usually influences its practices and, consequently, might limit organisations in achieving its aims. Thus, it can be argued that the design of the balanced scorecard through communicative rationality, whether in the private or public sectors, might make the targets and measures suitable to the context. Furthermore, the achievement of organisations' aims is most likely to be high. However, designing the new system though communicative rationality does not always guarantee "success" in implementing the balanced scorecard (Al Thunaian, 2014). Involving stakeholders in formulating targets is important, but other procedures, such as follow-up meetings, are important as well and might enhance the use of the balanced scorecard within an organisation. Moreover, studies (e.g. Chang, 2007; Conrad and Uslu, 2012) show that it is crucial to consider context since it plays an important role in shaping the nature of a performance management system.

As mentioned above, the majority of the existing studies employ a quantitative approach, which means that these studies view the balanced scorecard as a fixed object and separated from the external subject. Viewing the balanced scorecard as a fixed object means that researchers should expect similar practices in the organisations adopting it. However, the findings of Broadbent and Laughlin, as discussed earlier, suggest otherwise. Empirical studies show that the balanced scorecard has been designed and used differently among organisations. Thus, the implementation of management accounting practices such as the balanced scorecard, I suggest, should not be seen as a static phenomenon by scholars. Rather, it should be examined as a social practice (Hopwood, 1987). Therefore, the next chapter continues to discuss the literature on the balanced scorecard, with a focus on management accounting change from an interpretive perspective.

3 Literature Review: Management Accounting Change

3.1 Introduction

The previous chapter presented a review of the existing literature on the balanced scorecard. A considerable amount of research has been published on the subject. These studies have documented that the balanced scorecard is one of the most significant developments in management accounting, a tool that is widely used in organisations around the world. By considering the approaches of Ferreira and Otley (2009) and Broadbent and Laughlin (2009), it was demonstrated that the majority of studies investigate specific aspects of the balanced scorecard from functionalist perspectives and omit context. Some scholars continue to criticise viewing accounting as a fixed object and argue that to understand accounting change we need to focus on the non-technical aspects, the "external and internal environment of the organisation". The aim of this chapter is to briefly review the main aspects of management accounting change and studies that investigate change in management accounting practice from non-functionalist perspectives, with a particular focus on the balanced scorecard, to identify the gap in this area of management accounting.

This chapter is divided into four sections. Section 3.2 presents an overview of management accounting change. This section divides management accounting change into two streams: influencing factors and the process of change. Section 3.2.1 describes the influencing factors and this is followed by a review of studies that examine influencing factors on the balanced scorecard. Section 3.2.2 sheds light on the process-oriented approach. This section includes three threads. The first thread reviews internal institutions and then follows this by reviewing empirical studies that study internal institutions. The second thread presents theoretical and empirical studies that examine external institutions, via new institutional sociology (section 3.2.2.2), while the third presents studies that combine external and internal institutions to examine the process of management accounting change (3.2.2.3). Section 3.3 reviews studies that investigate the influence of the balanced scorecard on organisational culture. The chapter then concludes with a discussion of the implications of the literature review for the research questions.

3.2 Management Accounting Change

"Organisations change all the time, each and every day" (Burke, 2014, p. 1). During the past few decades, organisations have faced intensive pressure to change, either externally, internally or both. The discipline of management accounting research has become a

significant subject because practitioners and scholars have begun to recognise that the information it provides is crucial for organisations to survive in a competitive environment, which has forced organisations to implement advanced performance management systems such as the balanced scorecard and activity-based-costing to assist them in achieving their goals (Wanderley and Cullen, 2013). Parallel to the emergence of novel management accounting practices, researchers who were interested in studying management accounting change became more concerned with studying the challenge involved in managing accounting change from functionalist perspectives (Modell, 2007).

For instance, prior to the early 1980s, most studies of management accounting change were based on a static approach predicated on the idea of optimal management accounting solutions at a given point in time, while in-depth empirical studies of the social factors and processes involved in changing management accounting practices were rare. Accounting scholars have been concerned with studying accounting as static and based on functionalist/mainstream thought. The initial call to investigate accounting change as a process rather than a static phenomenon began in the late 1980s (e.g. Hopwood, 1987). Hopwood (1987) emphasises that accounting is not a static phenomenon and thus we should focus on the organisational setting and the broader context in which it exists in order to investigate the implementation of (management) accounting practices.

Since then, the discussion of the nature of management accounting change, especially in developed countries, has been supported by a wide array of research (e.g. Cooper et al., 2017; Järvinen, 2016; Kasurinen, 2002; Maran et al., 2018; Taylor and Scapens, 2016; Vaivio, 1999; Yazdifar et al., 2008). Closer investigation of management accounting change is still needed, however (Hopper and Bui, 2016; Van Helden and Uddin, 2016). The debate surrounding management accounting change has been divided into two streams: the examination of factors influencing change and the process of change (Modell, 2007; Wanderley and Cullen, 2013). The following section discusses the first stream of research on manging accounting change.

3.2.1 Influencing Factors

This stream attempts to recognise the factors that might contribute to or restrain management accounting change. In other words, by examining the growing use of contemporary management accounting practices, this stream of research aimed to identify what organisational and contextual factors contribute to or hamper successful implementation of management accounting practices. The studies are normally

influenced by the contingency approach to the study of a change of management accounting practices (Wanderley and Cullen, 2013; Modell, 2007). This stream can be found in two strands. The first is concerned with the implementation of activity-based-costing and relies mainly on surveys (e.g. Anderson and Young, 1999; Shields, 1995), while the second is based on case studies and has established a general framework for understanding management accounting change (e.g. Kasurinen, 2002). For example, by using the survey method, Shield (1995) argues that there are seven important organisational factors that drive effective implementation of activity-based costing. These are top management support for the systems, linking of the systems to competitive strategies, linking of the systems to performance evaluation and reward systems, sufficient internal resources (e.g. money and employees' time) invested in the implementation of the systems, training in the design, use, and implementation of the systems, non-accounting 'ownership' of the systems, and consensus about, and clarity of, the objectives of the systems. These factor-based studies provide some explanation of the general factors which might influence the change process. The following section continues the discussion of factor-based studies with particular focus on studies of the balanced scorecard.

3.2.1.1 Empirical Examination of Factor Studies on the Balanced Scorecard

A number of researchers investigate factors that influence changes in management accounting (e.g. Al Thunaian, 2014; Chan, 2004; Greatbanks and Tapp, 2007; Kasurinen, 2002). For instance, in his case study of the implementation of management accounting change, Kasurinen (2002) identifies three factors or barriers that influence the role of the balanced scorecard in the process of change. Kasurinen calls the barriers *confusers*, *frustrators* and *delayers*. He argues that *confusers* increase when there is uncertainty about the future role of the balanced scorecard, as well as if organisational levels have different views on change, whereas *frustrators* increase when an organisation attempts to change organisational culture, existing reporting systems or the power distribution between the levels (such as the division and business unit management, in the author's case). The last of the barriers are *delayers*, which are considered the most significant barriers delaying management accounting change. This factor emerges when organisations have a lack of clear-cut strategies, which leads the balanced scorecard to lack focus. Another element which can increase *delayers* is inadequate "technical" information systems. Kasurinen claimed that organisations underestimate the force of structural factors such as organisational culture and power distribution, and, therefore, he

suggests that it is important to analyse the context of change at an early stage, to circumvent the barriers in management accounting practice.

In the same vein, Greatbanks and Tapp (2007) investigate the impact of implementing and using the balanced scorecard within a public service, specifically a city council environment, and how it has influenced internal processes. The study revealed that the balanced scorecard changed the organisational structure as well as the behaviour of both employers and employees after they accepted the change. Greatbanks and Tapp stated that the reason for the acceptance of the balanced scorecard was due to the method of introducing and the implementing the new system. A team responsible for implementing the balanced scorecard was introduced through a structured process, which included discussions with team leaders, support staff and team managers. This type of discussion meant the change of management accounting practice (the balanced scorecard) had a positive impact on the city council's environmental performance. In other words, understanding the balanced scorecard led to it being implemented smoothly. These findings are supported by research undertaken by Conrad and Uslu (2012).

Moreover, it has been argued that there are other factors that are necessary to be considered for implementing the balanced scorecard successfully. For instance, Chang (2004) claims that the most important factor that needs be considered is buy-in by top management. Administrators should set their priorities to implement the balanced scorecard. Also, the leadership should support the implementation while simultaneously seeking participation and buy-in of management and employees. This result is supported by Dyball et al. (2011) and Assiri et al. (2006), who found that the main factor that influences implementation of the balanced scorecard is commitment by executives and senior managers. They recommend that senior management should be actively responsible for and involved in implementation of the balanced scorecard at the ground level. Chang (2004) also argues that linking the balanced scorecard with employees' rewards, training and education makes the balanced scorecard easy to use and understand. Dyball et al. (2011) also argue that this is a critical factor in implementing the balanced scorecard successfully.

The context of the organisational culture may also have a significant impact on the adoption of the balanced scorecard (Antony et al., 2002; Ax and Greve, 2017; Länsiluoto and Järvenpää, 2010; Saltmarshe et al., 2003). Länsiluoto and Järvenpää (2010) suggest that organisational culture should be carefully taken into account when an adopter implements performance measurement systems such as the balanced scorecard. This argument is in line with Kaplan and Norton (2004a), who documented that culture

is considered the most complex element to analyse and evaluate because it includes an extensive range of behaviour. Therefore, in order to understand an organisation's culture, a combination of values, symbols, rituals and role models need to be explored.

The factors-based approach has also investigated management accounting change according to a broad range of cultural and contextual factors. For instance, Mooraj et al. (1999) reveal that national culture, occupational culture and organisational culture might affect the implementation of the balanced scorecard. In his thesis, Behery (2005) explores the influence of national culture (Egyptian culture) and organisational culture on the adoption of the balanced scorecard. Since the original context of the balanced scorecard is the United States, he compared American culture and Egyptian culture and revealed that there are salient differences between them, which unsurprisingly led to different practices. Thus, he does not recommend the "blind" transfer of management accounting practices such as the balanced scorecard from developed countries to developing countries, and suggests a culture-fit for smoothing a successful adoption. Moreover, although there may be commonalities and similarities between the contextual society and organisations, the study exposed that cultural diversities and contradictions influence the adoption of the balanced scorecard and make it more complex. Behery emphasised that an organisation has to recognise the diversity and complexity of these cultures (national and organisational) in order to carry out implementation of the balanced scorecard successfully. Another finding of this study was that culture plays a significant role in the form and development of a management accounting practice.

In the same vein, using Hofstede's dimensions (power distance, individualism, masculinity, uncertainty avoidance) in order to explore the influence of Saudi cultural issues on the implementation of the balanced scorecard, Al Thunaian (2014) states that one of the factors that made the KFSH-RC in Saudi Arabia fail to implement the balanced scorecard was culture. He used two of Hofstede's dimensions, power distance and uncertainty avoidance, to clarify the reasons for the failure to adopt the balanced scorecard at KFSH-RC. However, it can be debated that using Hofstede's dimensions and cultural values and norms might lead to opposite views. For instance, Hofstede (1984) argues that people are obedient to the people who are at the top of hierarchy. This cultural norm can be considered as a factor which might have a positive influence on the implementation of a new management accounting practice. Also, the masculinity dimension for example indicates the Saudi society is driven by accomplishment, competition and success, which means that "people live in order to work" (Hofstede, 2001; 2010). Thus, Saudi culture can play a vital role in the success of a management

accounting change if powerful people understand how they can use the culture's value and norms to assist them in managing the change.

As shown above, these factor-based studies provide a list of general factors that might influence the successful implementation of management accounting practices. However, factor-based studies have several limitations. These studies ignore the socio-political aspects of organisational life and their effect on management accounting practices. Secondly, little attention is paid to understanding conflicts of interest that might explain the direction and process of change (Wanderley and Cullen, 2013). Another issue with the factors approach is that it is hard to identify all possible factors that affect the implementation of management accounting practices (Malmi, 1997). Thus, in order to have an in-depth understanding of the underlying conflicts of interest that might explain management accounting change, management accounting researchers turn to a more process-oriented approach to studying this phenomenon.

3.2.2 Process-Oriented Approach

Other researchers have analysed management accounting change by employing social science theories to investigate the process of change (e.g. Bobe et al., 2017; Burns and Vaivio, 2001; Busco and Quattrone, 2015; Cooper et al., 2017; Hassan, 2005; Maran et al., 2018; Modell, 2002). This kind of research is called 'alternative' management accounting research, and concerns the wider social and political ramifications of the process of change (Modell, 2007). This stream of research provides valuable insights into issues such as resistance, local meaning and values, and the power relations in the organisation, and has important implications for the change and, ultimately, for the meaning of 'successful implementation'. Studying management accounting change as a process is a complex phenomenon and thus several researchers have proposed a guideline to help researchers to examine the process of management accounting change (e.g. Burns and Vaivio, 2001; Busco et al., 2007).

For instance, Busco et al. (2007) propose a guideline for systematising the analysis of management accounting change along with key dimensions: the agents and object of change; the forms and ratio of change; the space and time of change; and the interplay between change and stability. The authors also provide a set of opening questions as a building block for researchers (e.g. *what* and *who* drives management accounting change) to help understand the influence of agency and contextual and institutional forces on management accounting change as a complex phenomenon.

Moreover, Busco et al. (2007) discuss research methods in management accounting change and stress that a longitudinal case study is portrayed by the literature on management accounting change as the most adequate research method to investigate the process of change.

Based on the process-oriented approach, a number of studies have applied institutional theory to investigate the process of management accounting change within an organisation by using the old institutional economics, while other researchers apply new institutional sociology to examine the influence of extra-organisational institutions (social, economic and political) on accounting practice. Since each of these methods focuses on a specific level (micro and macro), some investigators have attempted to apply the old institutional economics and the new institutional sociology to improve the understanding of the process of management accounting change (this will be discussed later in this chapter). The section below presents an overview of the old institutional economics, with a focus on Burns and Scapens' framework (2000).

3.2.2.1 Old Institutional Economics

Old institutional economics was introduced in the nineteenth century, most prominently in 1898 by Thorstein Veblen. He disagreed with the mainstream theories (rational economics) because their assumptions emphasised rational systems and ignored the implications of sociology, politics and law on organisations' performance. The most common definition of old institutional economics used is "a way of thought or action of some prevalence and permanence, which is embedded in the habits of a group or the customs of people" (Hamilton, 1932, p. 84).

As discussed above, researchers have rejected studying accounting as static and argued that we need to investigate management accounting change as a *process* rather than as an *outcome* (see Covaleski et al., 1993). Studying management accounting change as a process requires a conceptualisation to study and understand how and why new management accounting practices evolve over time. By using old institutional economics, Burns and Scapens (2000) developed a framework for conceptualising management accounting change. This framework provides a starting point for researchers who are interested in studying management accounting change. In the old institutional economics view, management accounting practice change constitutes rules and routines, and is potentially institutionalised (Burns and Scapens, 2000). Becoming institutionalised means that management accounting practices in a particular organisation become the "taken-for-granted assumptions". Institutionalisation involves various levels, which

begin with rules, habits, routines and norms, and end with taken-for-granted assumptions (Hodgson, 1988). Thus, recognising institutional character is significant in order to understand the complexity of management accounting change (chapter five describes Burns and Scapens's framework in detail).

Burns and Scapens (2000) hold the view that the old institutional economics had three dichotomies of management accounting change processes: formal and informal, evolutionary and revolutionary, and regressive and progressive change. Formal change happens through introducing new rules and/or actions (conscious design), whilst informal change occurs through adopting new routines over time (tacit level). Formal management accounting change might face barriers when there is an absence of accompanying ways of thinking (Burns and Scapens, 2000). In his personal journey into understanding management accounting practices, Scapens (2006, p. 20) notes that any "attempt to introduce new management accounting systems and techniques, without careful consideration of the prevailing institutions within the organisation, is likely to encounter resistance". Therefore, it is preferable if the processes of informal change are adopted prior to the formal change processes.

The second dichotomy is evolutionary and revolutionary. This dichotomy of change depends on the potential impact on existing institutions. Consequently, it is likely that even when organisations perform a slight change in their management accounting this will be considered a revolutionary change because it might have a major impact on their institutions, and vice versa.

Regressive (ceremonial) and progressive (instrumental) are the last two types of management accounting process. Ceremonial behaviour emerges to preserve the status quo and the power of individuals/groups, whereas instrumental behaviour emerges to assist decision-making in seeking the best available knowledge and technology to solve problems (Siti-Nabiha and Scapens, 2005). Thus, how management accounting is practised and how accounting information is used depends on the institutions within the organisation.

Burns and Scapens (2000) emphasise the intra-organisational process of change (i.e. rules, routines and institutions) but did not ignore the extra-organisational institutional aspect (i.e. the broader social, economic and political institutions). They argue that it is necessary to recognise both internal and external institutions in order to understand the process of management accounting change. In summary, the framework of Burns and Scapens (2000) conceptualizes management accounting change through examining how new management accounting practice leads to rules, how rules become

routines and how routines become taken-for-granted assumptions, that is, institutionalised (Wanderley et al., 2011), which might be valuable in understanding the practice.

3.2.2.1.1 Empirical Examination of the Impact of Internal Institutions on the Balanced Scorecard

Several studies draw on Burns and Scapes's framework (e.g. Burns, 2000; Lukka, 2007; Van der Steen, 2009; 2011). For instance, Burns (2000) employs the framework and a framework of the power of mobilisation, which was developed by Hardy (1996), to help tease out the dynamics of the process of change in a UK chemical manufacturer. He found that the taken-for-granted ways of thinking and doing within the company, which were from a chemistry orientation, were not congruent with the newly imposed accounting practice, which were shaped by a results-orientation. The results show that by using the power of resources and decision making the new accounting practices became routinised. However, routinising the systems cannot guarantee the intended institutional change. Burns found that using the power of resources and decision making failed to instil the new ways of thinking and doing. He argued that without helping agents to fully understand the purpose behind the new system and questioning the old one, it is unlikely that institutional change will take place. In other words, imposing a new management accounting practice normally requires a careful and integrated approach, incorporating all three 'facilitating' dimensions of power mobilisation, the power of resources, decision making and meaning.

Lukka (2007) investigates how the change of management accounting can coexist with stability. The study was conducted on a Finnish organisation which operates its business in some 25 countries around the world (e.g. the US and France). The study reveals that in order to increase the standardisation of management accounting systems and link them with its rule systems, headquarters had to implement a new system. However, the study found that participants resisted the new rules because they believed that there were ambiguous goals, which led to a loose coupling between the new rules and the existing routines. In addition, the study suggests that the relationship between rules and routines in a limited period of time can be loose, and this loose coupling can play an important role in the legitimation of the formal rules as a solution, at least in the short run.

Although a number of balanced scorecard studies draw on institutional theory, as far as the researcher is aware, no study focusses only on internal institutions (i.e. Burns and Scapens's framework) to understand the process of accounting change. Having

discussed the old institutional economics, in particular Burns and Scapens's framework, the next section discusses institutions at the macro level.

3.2.2.2 New Institutional Sociology

New institutional sociology is another type of institutional theory which seeks to explain the homogeneity of organisational forms and practices in particular fields. The early researchers of the new institutional sociology claimed that organisational structures, procedures and accounting practices are mostly shaped by external pressures (institutional environment), rather than competitive rationality (DiMaggio and Powell, 1983; Moll et al., 2006). Competitive rationality assumes that organisations need appropriate means to achieve technical efficiency in their operations. The institutional environment embraces the rules, social norms and expectations of other outside organisations, in similar environmental settings, to use appropriate behaviour, including the design of internal structures and procedures (DiMaggio and Powell, 1983; Meyer and Rowan, 1977; Moll et al., 2006; Scapens, 2006).

Organisations thus acquire legitimacy from constituencies and stakeholders since their internal structures and procedures reflect society's values, beliefs and norms. As indicated earlier, the early researchers' dichotomies placed new institutional sociology into competitive environments and institutional environments, which is considered problematic, because some researchers have revealed that there are many interrelated aspects between these environments (Powell, 1991). For example, the implementation of the balanced scorecard may be motivated by competitive concerns and the desire to achieve organisational goals, but it may also be motivated by the desire to state to constituencies and stakeholders that the organisation has adopted a modern system, used by other successful organisations. Hence, researchers (e.g. Suautheewasinnon et al., 2016) have applied new institutional sociology to explain how the implementation of management accounting systems such as the balanced scorecard might be affected by external pressures (e.g. the policies of international bodies) in their structure and procedures as opposed to rational economics, which attempts to increase internal efficiency.

To understand the new institutional sociology, the differentiation between institutional isomorphic types has to be recognised: coercive, mimetic and normative. DiMaggio and Powell (1983) classified new institutional sociology into these types in order to explain organisational homogeneity. The first type is a coercive isomorphism. This occurs when an organisation adopts specific internal structures and procedures as a

result of both informal (e.g. culture) and formal (e.g. government policy, regulation, suppliers) pressure exerted upon it. The second type is a mimetic isomorphism. This occurs when organisations face uncertainty, for example when an organisation has poorly understood organisational technologies or ambiguous goals. This drives them to imitate other organisations. In this case, an organisation's response to the uncertainty would be through modelling internal structures and procedures which were implemented successfully by other organisations.

Normative pressure is the third source of institutional isomorphism. It stems primarily from professionalisation. Professionalisation means "The collective struggle of members of an occupation to define the conditions and methods of their work, to control 'the production of producers'… and to establish a cognitive base and legitimation for their occupational autonomy" (DiMaggio and Powell, 1983, p. 152). This type of institutional isomorphism occurs when an organisation implements a particular procedure as a result of pressure from dominant professions, professional bodies and/or consultants (Moll et al., 2006).

In sum, institutional pressures, divided into normative, coercive and mimetic, can influence a management accounting practice's development over time, and the outcomes of such pressures can be theorized as coupled, loosely coupled or decoupled (see DiMaggio and Powell, 1983; Meyer and Rowan, 1977; Weick, 1976).

3.2.2.2.1 Empirical Examination of the Impact of External Institutions on the Balanced Scorecard

A number of studies have employed the new institutional sociology to explain how external institutions influence management accounting change (e.g. Rautiainen, 2010; Sutheewasinnon et al., 2016; Yang and Modell, 2004, Yazdifar and Tsameyni, 2005). Rautiainen (2010) compares the balanced scorecard implementation process in two Finnish cities. The specific objective of this study was to investigate the influence of multiple (conflicting) institutional pressures on the balanced scorecard and to analyse the role of these pressures on the development and coupling of the performance management system's rules and routines in two relatively similar case cities (called East and West). Rautiainen argued that, if decision-makers are facing conflicting normative or social pressures, the rules and routines of the performance management system are more likely become decoupled, especially in the public sector, as in the case of East city, whereas the organisational rules and routines are coupled in West city because the conflicting normative and societal pressure among decision-makers is negligible. Moreover, the

study found that powerful individuals/groups have a pivotal role in facilitating and diminishing the complexity of conflicting institutional pressures. This finding supports the work of other studies in this area (Ribeiro and Scapens, 2006; Modell, 2004).

Another study, conducted in one of a developing country, China, by Yang and Modell (2013), explains the implementation of a performance management practice (the balanced scorecard) and how it was influenced by the institutions at the macro level and how individual managers exercise power to pursue organisational change. They categorized "power" as systemic or episodic power[7]. The study shows that managers in some circumstances comply with their habitual norms and practices (systemic power), but they also exercise professional standards in other circumstances (episodic power). This balance between various performance aspects pursues a degree of change. However, over time the balancing proves unsustainable because of changes in the expectation of the systemic power and increasing rigidity in the conception of performance. The researchers concluded that power plays a vital role in a change of performance management practice and argued that few studies have been analysed power that powerful people draw on to mobilise the change.

Sutheewasinnon et al. (2016) investigate the development of the balanced scorecard in a developing country context (Thailand). The authors state that due to the limited studies of management accounting practices in the context of developing countries, they were motivated to contribute to this area. The study revealed that the performance management system was influenced at each stage by different isomorphic drivers. Moreover, the authors emphasize that it is important to understand how to overcome the problem of embedded institutions in order to be able to bring about the change. They argue that bringing in a relative outsider from academia with significant social capital was able to overcome the challenge of the change. The study supports previous studies (e.g. Conrad and Usual, 2012) which argue that agents play an important role in bringing about change. Sutheewasinnon et al. (2016) suggest that to succeed in reform in the public sector in a developing country context, people must be convinced that the change is beneficial. It can be suggested that convincing people that the change is valuable for an organisation can play an important role in managing accounting change, not only in the public sector, as argued by Sutheewasinnon et al. (2016), but also in the

[7] Yang and Modell, 2013, p. 104) state that systemic power "refers to the constraining effects of extant institutional arrangements as these frame actors' beliefs and behaviour in a particular field", whereas episodic power "entails clearly identifiable acts of a more strategic nature by individual actors and is closely associated with their ability to influence or force other actors to comply with their interests".

private sector in developing countries. In other words, it can be argued that convincing people that the change is valuable can play an important role in both sectors (public and private) in developing countries, in regards to managing accounting change.

In term of agency, empirical findings showed that consultants play an important role in less developed countries (e.g. Bobe et al., 2017; Hopper et al., 2017; Sutheewasinnon et al., 2016). Consultants not only play a significant role in the diffusion of the balanced scorecard in developing countries but also have a pivotal role in designing and implementing management accounting practices (Said, 2014; Sutheewasinnon et al., 2016). Thus, consultants are valuable actors in the diffusion of a Western management accounting vehicle such as the balanced scorecard to non-Western nations such as Saudi Arabia, where this study was conducted.

Some researchers have combined different hybrid frameworks to investigate accounting change from macro and micro levels. The following section reviews empirical studies which combine internal and external institutions to investigate the process of management accounting change.

3.2.2.3 Empirical Examination of the Impact of Internal and External Institutions on the Balanced Scorecard

It has been noted in the literature on management accounting that a number of studies have attempted to examine either macro levels (by applying new institutional sociology) or micro levels (by employing old institutional economics), as shown above. Analysing management accounting change, either at the macro or micro level, raises critical limitations because each one provides only a partial explanation. Consequently, a number of researchers have combined old institutional economics and new institutional sociology to analyse management accounting change from a comprehensive viewpoint (e.g. Chang, 2015; Kasperskaya, 2008; McLaren et al., 2016; Siti-Nabiha and Scapens, 2005; Yazdifar et al., 2008).

For instance, Yazdifar et al. (2008) investigated the process of change, focusing on a parent-subsidiary context in the UK. The authors adopted (multi-) institutional theory (Burns and Scapens, 2000; DiMaggio and Powell, 1991; Scott, 2001) alongside a power mobilisation framework (Hardy, 1996). The findings show that the parent company exerted pressure (coercive isomorphism) on its subsidiary to adopt the new management accounting system (the group's system). The results of this study can be classified as successful implementation mainly because it paid attention to the shared taken-for-granted assumptions in the company and employed the three dimensions of power

(resources, decision-making process and meaning) to bring about institutional change. This finding supports Burns (2000). Burns claimed that management accounting practice normally requires the incorporation of all three facilitating dimensions of power mobilisation. In addition, Yazdifar et al. (2008) reveal interesting findings as they found that considering psychological issues (such as security) were important for people to make a change successful.

In fact, it has been argued that satisfying individuals' psychological needs can have a major influence on the process of change (e.g. Goldratt, 1990; Golemiewski, 1991). Goldratt (1990) argues that any process of change raises threats, real concerns and fears among employees, which leads to raising emotional resistance. This is especially true in the Arab world, as argued by Barakat (1993), who claims that people in the Arab world are more emotional. Fulfilling employees' psychological needs can tremendously enhance their commitment and responsibility in respect to following management's rules. Although Scapens and Roberts (1993) emphasise that it is important not to dismiss resistance as emotional, limited attention has been given to exploring how powerful individuals within (or even outside) organisations overcome the emotional resistance that could influence the process of accounting change. Thus, if, as Barakat claimed, the Arab world is more emotional, then emotional resistance might influence the process of management accounting change in Saudi Arabia, the place where the present study is conducted.

In an analysis of the intra-organisational process of change in regards to the adoption of the balanced scorecard of two Spanish city councils, Kasperskaya (2008) argues that to understand the change comprehensively, it is better to investigate the context from both macro and micro levels. He found that both city councils implemented the balanced scorecard as a reflection of coercive isomorphism. However, the design of the balanced scorecard showed features of mimetic and normative pressures. Nevertheless, the outcomes of adopting the new rules were different. The balanced scorecard in organisation B became its routines for measuring and reporting its activities, whereas the new rules were abandoned in organisation A for two reasons. Firstly, organisation A implemented the balanced scorecard largely to enhance its image and legitimize it in its social context, not for the sake of greater efficiency – i.e. in a "ceremonial manner" – while organisation B implemented it in an instrumental manner (Burns and Scapens, 2000). The second reason is that organisation B implemented strategic change steps that could mobilise the change as a follow-up implementation

process (or ‘power of processes’ as Hardy, 1996, state), which was overlooked in organisation A.

Said (2014) investigates the reasons for and the process of implementing the balanced scorecard in a Malaysian telecommunications company. To examine the phenomenon under study from a comprehensive perspective (macro and micro), the investigator employed new institutional theory, labour process theory and actor-network theory. The study reveals that implementing the balanced scorecard is the result of various institutional pressures. For instance, the mimetic pressure exerted itself when the organisation implemented the balanced scorecard to imitate other organisations outside Malaysia, while normative pressure arose from the external consultants when they proposed the balanced scorecard as a performance measurement tool. In addition, the coercive pressure was applied by the Malaysian government for privatisation and transformation to implement the balanced scorecard and to tie it to the reward system. Said also investigated the process of change on two hierarchical levels of employees, managers and operational employees. She reveals, surprisingly, that these two levels responded and mobilised differently. For instance, after implementing the balanced scorecard at the managerial level, managers accepted the new rules and the practice was embedded in their routines and became institutionalised. However, at the operational level, the employees rejected the balanced scorecard and followed the old performance measurement systems, supported by a powerful trade union. This led to decoupling. Said’s study is one of few studies that investigate the process of change by focusing on all organisational levels (top, middle and operational levels)

As mentioned earlier (section 3.2.2.2), the early researchers into the new institutional sociology (e.g. Meyer and Rowan, 1997; DiMaggio and Powell, 1983) emphasised coercive, normative and mimetic sources of isomorphism that can explain why organisations in a particular field seem to be similar. However, recently, some scholars (e.g. Friedland and Alford, 1991; Thornton and Ocasio, 1999, Thornton, et al., 2012) critiqued the isomorphism approach and created a new approach to analysing the institutions at the macro level, which they refer to as institutional logics; this is “neo-institutionalist theory”. Those scholars are concerned with how cultural rules and cognitive structures shape organisational structures. Nevertheless, the focus is no longer on isomorphism. Rather, the focus is on the effects of differentiated institutional logics on individuals and organisations in the form of multiple logics, including religion, family, market, community, corporation, profession, and state (Thornton et al., 2012). A number of recent studies of management accounting attempt to understand institutional change

and accounting practices' variation in institutional change through the notion of institutional logics (e.g. Busco et al., 2017; Carlsson et al., 2016; Ezzamel et al., 2012; Järvinen, 2016; Quattrone, 2015).

For instance, Ezzamel et al. (2012) focus on the introduction of budgeting practice to explore tensions that emerge between multiple (new and old) logics (i.e. new business logic, professional logic and governance logic) in the UK education field. The study not only shows how the influence of multiple logics as sources of tension can be managed but also highlights how the interplay between these logics produced variations in the education field. In a similar vein, Amans et al. (2015) explained how diverse and contradictory logics (i.e. artistic, managerial and political) are reflected in budgeting practices in two different French non-profit performing arts organisations. Järvinen (2016) explored the adoption of a management accounting system and how organisations use the new system to choose between or reconcile contradictory institutional logics in Finland's non-profit healthcare sector. The study illustrated how managed care and market logics were in conflict with charitable logic. In terms of the balanced scorecard, via a comparative study in two European countries, Finland and Spain, Rautiainen et al. (2017) argue that the selection of KPIs within organisations reflects the institutional logics. In addition, the use of the KPIs might also influence the institutional logics of policy work. Thus, researchers (Rautiainen et al., 2017 and others cited above) who use the institutional logics perspective have tended to focus primarily on institutional logics to explore institutional change.

In terms of the seven logics, empirical findings regarding the implementation of management accounting practices have shown how some of these logics (e.g. state, market, profession) influence design and use of new systems. However, the influence of community and more especially religion on the process of change within a specific organisation has not been explored previously. Thornton et al. (2012) state that vestiges of corporate leaders, who rely on religion to legitimate their power, are still present in the contemporary Western world and Islamic-theocratic countries. Despite Thornton et al.'s argument, the current studies of management accounting have not explored the interconnection between religion and accounting change. Tracey (2012) claims that the reason behind the continuous neglect of religion might be because researchers consider religion too far from commercial organisations that form the empirical focus of much work in the discipline, or because it is deemed too sensitive. For instance, Busco and Quattrone (2015) explore the implementation of the balanced scorecard in a large oil and gas corporation in the Middle East. They argue that the impact of Arab culture and the

Islamic religion is possible; however, they did not explore it. Thus, it seems that religion and Arab culture might influence the implementation process of management accounting practices in Saudi Arabia as a Middle Eastern country.

Overall, nowadays organisations of all kinds (government, private and non-profit) face intense pressure to change. A change of accounting practices inspires researchers to study management accounting change through applying a factor-based approach or a process-oriented approach. On the one hand, some researchers have applied a factor-based approach to analyse management accounting change, while others have employed a process-oriented approach. Those researchers who analyse management accounting change via a factor-based approach see that management accounting change can be hampered by external and internal environments of an organisation (Modell, 2007). With great respect to factor-based studies, this approach has critical limitations. It ignores the socio-political aspects of organisational life and how these aspects influence management accounting practices. Furthermore, it pays little attention to highlighting and understanding conflicts and interests - accounting change (Wanderley and Cullen, 2013). However, such limitations can be minimised by examining management accounting change from a process-oriented approach. The followers of the process-oriented approach view a change of management accounting practices as shaped by external factors such as society, technology and politics, or by internal factors such as the ways of thinking and doing within an organisation, individual habitudes of organisational participants, and the power relations within the organisation, or both internal and external factors.

By reviewing studies of the balanced scorecard, it was found that there are few studies focused on management accounting change from a process-oriented approach that employ institutional theory. Indeed, according to Hoque (2014), there are only nine (out of 114) articles that draw on institutional theory (focused on the macro level without any study focused on the micro level). Besides, the majority of studies of the balanced scorecard were conducted on developed countries (e.g. Cooper et al., 2017; Kasperskaya, 2008; Lukka, 2007; Maran et al., 2018; McLaren et al., 2016; Modell, 2002; Rautiainen, 2010; Rautiainen et al., 2017), and little attention has been paid to developing countries. Consequently, it has been recommended that less developed nations need to be studied (Bobe et al., 2017; Hopper and Bui, 2016; Hoque, 2014; Van Helden and Uddin, 2016).

Further, in studying the process of implementing a new management accounting practice, the existing literature explores management accounting change within organisations, whether examining parent-subsidiary relationships in terms of management accounting change (e.g. Yazdifar et al., 2008), or the processes of change in

privatised companies (e.g. Said, 2014; Al Naim, 2014), or other organisations which have been established for at least a decade. Since the present study is conducted on a relatively new company, the opportunity to investigate the challenges involved in managing accounting change might help in providing a better understanding of how and why new management accounting practices emerge (or fail to emerge) in relatively new companies.

The existing literature has discussed the adoption of the balanced scorecard conducted in the public sector in developing countries (e.g. Bobe et al., 2017; Sutheewasinnon et al., 2016; Al Thunaian, 2014). It is important to indicate that performance management systems in the public sector are different from the private sector, as a result of different stakeholders, as argued by Brignall and Modell (2000). They claim that the power and pressures exerted by different groups of stakeholders might affect the design and use of the new systems. For example, public sector performance measures are designed to sustain a focus on what is being accomplished and improving transparency, as well as financial accountability (Hoque and Adams, 2008; 2011). Whereas the private sector designed their measures to maximize the wealth of the shareholders of firms through developing customer loyalty and engaging suppliers and employees in the work of the firm (Moors, 2000). In other words, organisations in the private sector, non-profit sector and the public sector have different influences on the design and use of balanced scorecard.

It has been argued that focusing on individuals' actions and their everyday behaviour in an organisation in management accounting change studies has received less attention (Maran et al., 2018). A number of studies argue that it is important to examine the role of individuals and/or groups in explaining management accounting change (Bracci et al., 2017; Cooper et al., 2017; Järvenpää and Länsiluoto, 2016; Maran et al., 2018). Thus, it is important to consider human agency in relation to both stability and change of management accounting practices.

As shown above, few studies employ a process-oriented approach and, therefore, this study responds to the call for further exploration of the process of change in a change of management accounting practice, the balanced scorecard, having particular regard to agency as well as institutions, internal and external.

3.3 The Influence of the Balanced Scorecard on Organisational Culture

As the consequences of the implementation of the balanced scorecard have been analysed, it is now worthwhile to investigate the influence of the successful

implementation of a new accounting practice on organisational culture. A number of researchers, who view organisational culture as an institutionalised phenomenon developed through ongoing processes of social interaction, claim that implementing a new management accounting practice might reconstruct an organisation's culture (e.g. Busco et al., 2002; Busco and Scapens, 2011; Siti-Nabiha and Scapens, 2005; Yazdifar et al., 2008).

Dent (1991) examined the process of cultural change and found that a new accounting system helped Euro Rail to create a new organisational reality. In a longitudinal study, Yazdifar et al. (2008) reveal that there was a fundamental cultural change in the organisational setting after implementing a new management accounting practice and its becoming institutionalised. For instance, the concepts of time and contribution, as well as monitoring and evaluation, improve. Another important element in organisational culture is customer satisfaction, which is an externally vital component, and thus delivery and customer service were under control, and that made the company become customer-oriented. Hence, the authors claim that the new management accounting practice influenced staff ways of thinking about the business.

Several studies have investigated the influence of organisational culture on the balanced scorecard (e.g., Ax and Greve, 2017), but there has been very little empirical examination of the influence of the balanced scorecard on organisational culture (Janićijević and Milikić, 2011).

Janićijević and Milikić (2011) argue theoretically that the balanced scorecard influences organisational culture, whether through mechanisms of institutionalisation or cognitive dissonance. The process of institutionalisation, which leads to strengthening existing values and norms, occurs under two conditions: when the balanced scorecard is implemented successfully and when an organisation's culture is compatible with the balanced scorecard's assumptions. However, cognitive dissonance occurs when an organisation successfully implements the balanced scorecard, and simultaneously its organisational culture becomes incompatible with the balanced scorecard's assumptions and values. Consequently, organisational members are required to apply a behavioural pattern which is dissonant with existing cultural assumptions. This disharmony between the new behavioural pattern and the existing cultural assumptions emerges in two forms: a deinstitutionalisation of culture[8] and the irrationalisation of the system. At the beginning

[8] Janićijević and Milikić (2011, p. 13) state: "Deinstitutionalized of culture means that new systems and structures do not imply the existing cultural assumptions and values any more, and thereby they stop self-regenerating and a process of their erosion begins".

of a period of cognitive dissonance, staff members will be uncomfortable and confused. However, after a period of successful implementation of the balanced scorecard, staff will be motivated to eliminate the situation of cognitive dissonance through changing cultural values and norms to comply with the balanced scorecard's assumptions and values. Thus, the direction of organisational culture, whether mechanisms of institutionalisation or cognitive dissonance, inevitably develop the values in a culture to bring about an "open system, results, balance and multifacetedness, systematic thinking, dynamic process perspective and changes" (Janićijević and Milikić, 2011, p. 21).

Therefore, this study will attempt to examine the influence of the balanced scorecard on Mobily's culture after investigating the process of implementing this new management accounting practice.

3.4 Implications of Previous Research and Research Questions

Taken together, this chapter and the previous chapter illustrate that a considerable number of empirical studies have evaluated the balanced scorecard in different sectors, in different countries and through different methodological approaches. However, the majority of the studies were conducted in developed countries. Moreover, it can be clearly seen that the majority of previous researchers have followed a compartmentalised approach. This means there has been a tendency to concentrate only on one or a few aspects of the balanced scorecard, which has not led to significant progress in the field. In addition, these studies followed Ferreira and Otley's approach in ignoring context and culture, and use the quantitative method, particularly survey and experimental methods. Employing a quantitative approach means that these studies view the balanced scorecard as a fixed object separated from the external subject.

However, based on a different methodological approach, Broadbent and Laughlin (2009) provide a way of enhancing an understanding of the design and operation of management accounting practices by providing alternative rationalities, instrumental and communicative, which are dependent mainly on people's rationalities. Narrowing the understanding of the balanced scorecard by focusing on technical aspects and ignoring context and culture might lead to a reduction in researchers' ability to obtain and provide a holistic view of management accounting practices; thus, more research using an interpretive approach should be conducted in order to understand the balanced scorecard as social practice.

Although analysing the process of management accounting change is important, since accounting is viewed from a social constructionist perspective, there have been few empirical studies investigating accounting change via a process-oriented approach, especially in non-Western nations. Indeed, Hopper and Bui (2016) claim that few studies systematically examine how the diffusion and repercussions of management accounting change might build on the cultural beliefs and interests of more powerful people in a less developed country (such as Saudi Arabia), is unfortunately rare (Bobe et al., 2017; Van Helden and Uddin, 2016). Therefore, applying an alternative approach and case study is needed to provide an in-depth and better explanation of the nature of the balanced scorecard.

In addition, study of the influence of internal and external institutions on the adoption, implementation and use of the balanced scorecard is still rare in the current literature in general and particularly in regards to developing countries. Since institutional and cultural contexts at the macro level differ between countries, it is crucial to study management accounting change with a comprehensive view (i.e. including institutions at the micro and macro levels) to explore the interaction between internal and external institutions and their impact on the process of change.

Empirical findings have shown that the role of agency in management accounting studies has been underplayed, which might limit the scope for providing a better explanation of the process of a change of management accounting practice (e.g. Burns and Quinn, 2011; Maran et al., 2018; Modell, 2007). Hence, the existing literature suggests giving attention to agency, whether external agency (i.e. consultants) or internal actors, in relation to a change of management accounting practices.

Moreover, a number of researchers have investigated the balanced scorecard by focusing only on one level of a company, whether the corporate or more commonly the business levels (e.g. Banker et al., 2004; Cardinaels et al., 2010; Chen et al., 2016; Kang and Fredin, 2012; Kraus and Lind, 2010; Lipe and Salterio, 2000; Maas et al., 2017), while very few studies (e.g. Said, 2014) have focused on all levels (corporate, middle and operational levels). This might prevent a researcher from being able to provide a comprehensive view of the evolution of the application of the balanced scorecard at all levels. Hence, investigating management accounting change through considering the evolution of the implementation of the balanced scorecard is required to understand how a group of actors, who are at different organisational levels (and have potentially conflicting rationalities), respond to the accounting change.

Empirical findings relating to the effectiveness of the implementation of the balanced scorecard are still limited, specifically in terms of confronting the question of whether Western management accounting practice vehicles such as the balanced scorecard can be successfully introduced in countries with very different cultures and different economic and political structures. In addition, up to now, far too little attention has been paid to examining the influence of the balanced scorecard on organisational culture after its successful implementation. Thus, the opportunity to investigate outcomes relating to a change in management accounting practice in a developing country might help in providing a better understanding the complexity of the balanced scorecard.

Thus, more empirical research is needed which analyses the process of management accounting change before, during and after successfully implementing the balanced scorecard. Consequently, this thesis attempts to fill this gap by studying the decision to implement the new system, the implementation process and the outcomes of the introduction of the balanced scorecard in a developing country, with particular regard to the impacts of agency and institutional, both micro and macro.

Since this study is focused on a developing country, Saudi Arabia, the following chapter discusses the Saudi context and its uniqueness compared to the contexts of earlier studies.

4 An Overview of Saudi Arabia and the Saudi Telecoms Sector

4.1 Introduction

Since this study investigates the process of a management accounting practice change in a Saudi setting from an institutional perspective and the organisational setting is a telecoms company, this chapter presents an overview of Saudi Arabia and the Saudi telecoms market, to provide a brief overview of the Saudi context. Understanding the broader context in which an organisation exists is very important in order to understand behaviour which might influence accounting change. The Kingdom of Saudi Arabia is the homeland of the Arab people, the birthplace of Islam and is home to the two holy mosques; it is also the leading oil producer globally. The Saudi telecoms market is considered the most important in the Middle East and African region.

This chapter is divided into four sections. The present study draws upon the institutional framework suggested by Ter-Bogt and Scapens (2018); the reasons for adopting Ter-Bogt and Scapens are discussed in the following chapter. As this study employs the Ter-Bogt and Scapens framework, inspired by the idea of different forms of logic, identified by Thornton et al. (2012), the first section briefly introduces the Saudi context; this is followed by a discussion of Saudi society as an institutional force through the contexts of state, religion, family, community, corporation, market and profession (section 4.2). The rationale for considering the institutional context of Saudi Arabia and the logics in the same chapter is to provide a better understanding of the unique institutional setting of the country and its underlying logics. As shown in the literature review a number of authors (e.g. Hopper et al., 2016; Bobe et al., 2017) have identified the need for more research in developing countries since there are differences between developed and developing countries. The underlying assumption being that those counties have differences in terms of cultural beliefs, economics, politics and ideology that will impact upon change processes. Therefore, it is appropriate to discuss context and logic within this chapter. Understanding the institutional context of Saudi Arabia and its underlying logics will help in the interpretation of the empirical findings, through providing insights into how such institutions are translated through organisational actors and interconnected with internal institutions, and thus how they influence the process of change, in ways that are different to what happens in Western countries. This is followed by an overview of the telecommunications sector in Saudi Arabia, 4.3. The chapter ends with a summary.

4.2 Overview of Saudi Arabia

This section provides a brief overview of the Saudi Arabian context. Saudi Arabia is a developing country in Asia;[9] its capital city is Riyadh. The foundation of the Kingdom of Saudi Arabia dates to the 23rd of September 1932, when it was announced by King Abdul-Aziz Al-Saud. He made a great effort to unite the different states of the Arabian Peninsula, so they would be under one flag (Al Naim, 2014; Al-Turaiqi, 2008; Library of Congress, 2006). Saudi Arabia is the largest country in the Middle East. It is 95% desert. Arabic is the main and official language of Saudi Arabia, and its official calendar is Hegira, the Arabic calendar. The official and the main religion of Saudi Arabia is Islam. The country contains the two holiest places for Muslims in the world. The first is Mecca, the direction of the prayers of all Muslims in the world. The second holy place, which is known as the city of the Prophet Mohammed, is Medina. These two holy places make Saudi Arabia important for all Muslim people around the world.

Before 1937, Saudi Arabia was one of the poorest countries in the world. Its economy mainly depended on basic agriculture and partly on the revenue earned from pilgrimages to the Holy Mosques (Mecca and Medina). However, after 1937, when oil was discovered in Saudi Arabia, the economy began to change. Since then oil has become the main source of national income. In 2014, for instance, Saudi oil exports constituted approximately 89% of the country's total national income (Dandan and Maharmah, 2015). Moreover, the private sector at the time of discovering oil was weak, limited to small and medium family-owned businesses. This pushed the government to establish companies to provide infrastructural products and services such as airlines, electricity and telecommunications. However, because of the oil price reduction in the 1990s, the International Monetary Fund (IMF) suggested privatisation to the government. In 1994, the Saudi King announced the privatisation of infrastructure, because the government had significant public debts and some public companies had failed to meet quantity and quality requirements (Al-Homeadan, 2001). Since then the number of companies in Saudi Arabia has increased. It is important to mention that the government, recently, implemented Vision 2030, the purpose of which is to diversify Saudi Arabia's economy

[9] According to World Economic Situation and Prospects (WESP) (2018), Saudi Arabia is classified as a developing country. Indonesia, Malaysia, Ethiopia, Thailand and Egypt are also classified as developing countries.

instead of depending mainly on oil. Currently, Saudi Arabia is the largest economy in the Middle East and a member of the G20.

Saudi Arabia has never been colonised by any other country and accordingly its society has been shaped by traditional values and Islamic rules. Tribes were the basic social and political units in Saudi Arabia, and they were distributed throughout the Arabian Peninsula until King Abdul Aziz integrated the various tribes into the new national political structure of the Kingdom of Saudi Arabia, using religion. Thus, the Islamic religion influences most aspects of Saudi society. Alhareth et al. (2015) claim that tribal traditions and customs, as well as Islam, built Saudi society, and that it is difficult to differentiate between traditional Arabic values and Islamic laws. Being conservative or less conservative in Saudi Arabia usually depends on the size and the location of the city in which one lives. Major cities are less conservative than suburbs and smaller cities. Although Riyadh is the capital city of Saudi Arabia, it is seen to be more conservative than coastal cities city such as Jeddah and Dammam. The reason for this is that the centre of Wahhabism is the middle of the country (Alhareth et al., 2015). However, in general, Saudi citizens embrace the cultural and religious attributes of society, and the norms of public behaviour are highly conservative. Mihret et al. (2017, p. 34) say that the centre of Saudi society is the state, which has a profound interest in preserving both local traditions and the values of the country. In sum, the religion (Alkhanboshi and Al-Kandi, 2014) and the traditions and norms of individuals (Al Harbi et al., 2017) are likely to translate into an organisational setting. Saudi Arabia has never been colonised by any other country, and thus it has developed its own society, culture and economy (Library of Congress, 2006).

4.2.1 State

The governmental system of Saudi Arabia is a monarchy and is guided by Islamic principles (Mihret et al., 2017). Saudi Arabia was not one of the colonial countries that used to have a bureaucracy and thus the country is new to bureaucracy. It is a centralised system where the King has wide-reaching authority and has the fundamental powers: legislative, executive and judicial. Saudi Arabia has two legislative bodies: the Council of Ministers and the Majlis Al-Shura (Consultative Council). The Council of Ministers includes the King as the president and the ministers, who are assigned by the King. The main role of this Council is to manage internal and external affairs. The second council is the Majlis Al-Shura, which was established in 1992. Its role is to work as an advisory

body to support the King. However, it has a limited role in the legislative system. Indeed, it has no authority to set legislation or impose new laws, and laws in Saudi Arabia are issued by royal decree (Al Naim, 2014). The members of the Majlis Al-Shura are also appointed by the King, and they usually have a higher degree from the best universities in the world. Since 2013, the King has begun to assign women to Majlis Al-Shura. Overall, the logic of monarchy is influenced the state of Saudi Arabia.

4.2.2 Religion

Since Saudi Arabia is an Islamic country, its legal system is influenced by Islamic rules. Islamic rules are dependent on four pillars: the Holy Quran (the book of Allah), the Sunnah (the traditions of the Prophet Mohammed (peace be upon him)), and two other sources associated with Islamic Sharia Law, *Ijmaa* and *Qiyyas* (Al Naim, 2014). King Abdul-Aziz Al-Saud, who was the first king of the modern state of Saudi Arabia, was fully convinced about applying Islamic Sharia. In this regard, he said, "My constitution, my law, my system and my dictum is the religion of Prophet Muhammed (peace be upon him) either to live a happy life or die a happy death". He also said, "the strategy that I have followed is to apply the *shari'ah* , and my duty is to develop the Arabian Peninsula and adopt all means that would make it a developed country, while at the same time abiding by the Islamic *shari'ah*" (Al-Turaiqi, 2008, p. 32). Using religion, he could direct and control society, and significantly modify tribal distinctions (Duke Anthony, 1982). Thornton et al. (2012) argue that in some societies, state rulers or corporate leaders rely on religion to legitimate their power. Since then, subsequent kings have applied the same concept, Islamic rules, which require the state to maintain social order to confirm equitable treatment of the Kingdom's subjects (Mihret et al., 2017). Overall, all issues of life, society and the economy in Saudi Arabia are influenced by Islamic teachings (Library of Congress, 2006; Mihret et al., 2017).

4.2.3 Family

Since Saudi society is a mix of religion and traditions and norms, the system of family/tribe might affect the actions of individuals within organisations. Loyalty to family and respect to those at the top of the hierarchy in the family/tribe is very significant. Hutchings and Weir (2006) reveal that in the Arab world, family plays a central and vital role in organisations. People there feel a sense of obligation not only to their family but also an obligation to save and maintain face for their family and extended networks. In

other words, people are committed and loyal to their family/tribe's norms, and not following their norms and traditions might have an influence on a family's reputation. One of the effects of this within organisations is nepotism. Al Harbi et al. (2017) maintain that one of the accepted practices in Saudi organisations is a form of nepotism known as '*wasta*', which often relies on family and tribe to get things done. A number of studies claim that *wasta*, which is embedded in societal values, has an influence on employees' capacity (Al Harbi et al., 2017; Hutchings and Weir, 2006; Mellahi, 2006) and performance evaluation (Al Mulla, 2012; Mohamed and Mohamad, 2011). Thus, the commitment of family/tribe's norms and values might significantly influence individual behaviour within an organisation.

4.2.4 Community

Marquis and Battilana (2007) reviewed the literature on the effect of communities, and they found that local community has a significant influence on organisational behaviour. It is relevant to mention that the term community has been defined differently by scholars (e.g. Tonnies, 1887; Warren, 1967). However, this study defines community as "the collective relationships between people that emphasise the interpersonal and particularistic" (Tonnies, 1887 as cited by Thornton et al., 2012, p. 68).

Community can have an influence on organisations through cultural cognitive, social normative and regulative forces (Marquis et al., 2007; Scott, 2001). In terms of cultural cognitive, Saudi Arabia contains the two holiest Mosques in the world. During the holy seasons, organisations, whether profit or non-profit, are committed to the common values and activities of the Muslim community, and provide services to pilgrims. By doing so, organisations and individuals can legitimize their actions as well as enhancing the community's reputation and increasing the honour of individuals. This can be observed evidently during holy seasons especially Hajj period. Another community force which can have an influence on organisations is the social normative force. Different sectors in Saudi Arabia are influenced differently by normative community factors, i.e. "how things are done around here" (Marquis et al., 2007 p. 934). For instance, a telecoms company might be influenced by institutions located in the Saudi market or telecoms companies in the GCC. Regulative community factors also have different influence among different organisations. A telecoms company, for example, in the Saudi context, is influenced by several ministries, one of which is the Ministry of Communications and Information Technology.

These institutional forces within the community influence individuals and organisations. For instance, non-governmental organisations (NGOs) in the Saudi Arabian voluntary sector constitute an important arena of Saudi civil society[10] (Montagu, 2010). NGOs in Saudi Arabia, as a Muslim country, have an important role in that they fulfil the third pillar of Islam, *Zakat*,[11] and thus cognitive cultural forces affect actions. However, since Saudi Arabia is a new country to bureaucracy and a well-regulated, the government has become aware recently, particularly after 9/11, that such money might go to the radical Islamist community. Therefore, the government structures "how things are done around here" and rules and regulations to reform NGOs from traditional to modernized. Nowadays, NGOs in Saudi Arabia can be anything from small to major charitable organisations (Montagu, 2010). It can be argued that since Saudi civil society is deeply rooted in Islam, community in general is another institutional order that can have an influence on an organisation.

4.2.5 Corporations

Before 1965, Saudi Arabia had no laws, regulations or rules for companies, and the preparation of financial statements was optional (Al Naim, 2014; Falgi, 2009). In 1965, the Ministry of Commerce issued the first companies' law per Royal Decree No. 6 to organise and regulate companies in Saudi Arabia. According to Al-Ghamdi (2012), the first version was derived from the British Companies Act, and has been modified and updated several times, in 1967, 1982 and 1992. Based on the companies law in Saudi Arabia, business organisations are recognised in eight forms: general partnerships, limited partnerships, joint venture, joint stock corporation, limited liability partnerships, partnerships limited by shares, companies with variable capital and cooperative companies.

As mentioned earlier, the increase in oil prices has positively influenced all Saudi economic sectors. However, before that most of the businesses in the country were small, and either individual or family-owned, with only the industrial companies being of medium or large size (Al Naim, 2014). In other words, most of the companies and businesses were family-owned, while the big companies were owned by the government, such as in the telecommunications industry. To increase its national economy, the

[10] According to Mohmood (2015, p.121), civil society is a collection of groups, communities, associations and organisations that function as the intermediary institutions between the state, the market and society. The collective interests of the community are represented and regulated by these institutions and organisations.
[11] *Zakat* is collected by the state through the General Authority of Zakat & Tax.

government endeavoured to improve its business environment to target both foreign and national investment

Saudi Arabia joined the World Trade Organization (WTO) in late 2005 after long negotiations. To comply with WTO requirements. Saudi Arabia reformed its economic environment and updated its regulations. Becoming a member of the WTO brought several benefits to the Saudi market, such as improvements in the competitiveness of domestic products in markets locally and worldwide. Also, joining the WTO increased foreign competition, which motivated Saudi companies to improve the quality of their products and services. The number of commercial registers issued for companies has been increasing and by the end of 2015 it reached 118,700 in various regions (SAMA, 2017). Overall, the corporate sector in Saudi Arabia is institutionalised according to modern norms.

4.2.6 Market

The Saudi stock market officially opened in 1985. The Saudi Arabian Monetary Agency (SAMA) was the government entity responsible for controlling and monitoring market activity and regulations. However, in 2003, the Capital Market Authority (CMA) was established under the Capital Market Law (CML) to control and develop the stock market, becoming the sole regulator and supervisor of the capital market. The CMA aims to issue the rules and regulations of the capital market in order to protect investors, to ensure fairness and to improve market efficiency. Although the Saudi stock market is young, it is the largest stock market in the Arab world (Al-Jarf, 2004; Library of Congress, 2006). Al-Jarf (2004) argues that the Saudi market is the largest free market economy in the Middle East and North Africa. He also maintains that the Saudi capital market has changed from its traditional role in order to be able to compete in the era of globalisation, which led it to be the leading market in the Middle East / North Africa region.

In 2007, the Saudi stock exchange (Tadawul) reorganised the sectors' structure and classification by increasing their number to 15 sectors. This classification, announced by the CMA, has been in place since 2008. These sectors include banks and financial services, petrochemical industries, cement, retail, energy and utilities, agriculture and food industries, telecommunications and information technology, insurance, multi-investment, industrial investment, building and construction, real estate development, transport, media and publishing, and hotels and tourism. However, with the continuous developments in the Saudi economy, in 2016, the CMA implemented new rules to

enhance the efficiency of market regulations and the equity market. The Tadawul reorganised the equity market to be in line with Global Industry Classification Standards. These changes have resulted in an increase in the number of foreign investors. Recently, in March 2018, the Tadawul was classified as a "Secondary Emerging" market in the FTSE Global Equity Index Series, where its previous status has been "Unclassified" (Institutional Asset Manager, 2018).

The Saudi stock market is recognised in the world market and in emerging economies. However, it is important to mention that underlying logic of market has to be in line with Islamic rules. This argument is supported by Thornton et al. (2012), who claim that the Islamic religion remains in conflict with market logic.

4.2.7 Professionalisation

Although Saudi Arabia has never been invaded by any other country, some Western nations have exerted an influence on accounting in Saudi Arabia through the education of accounting professionals and Capital Market development (Alkhtani, 2010). During the development of the Saudi economy, there have been several attempts to develop accounting practices and set up a professional accounting association within Saudi Arabia (Mihret et al., 2017). Two entities emerged as a result of these attempts, the Saudi Accounting Association (SAA) and the Saudi Organisation for Certified Public Accountants (SOCPA). In 1981, the SAA was established to develop accounting academically and professionally in Saudi Arabia, in order to serve the Saudi economy. Later, in 1992, the SOCPA was established to promote and enhance the accounting and auditing profession and all the other matters that might lead to the development of the profession and improve its level as well as its status (SOCPA, 2017). Thus, professional accounting associations have been established only relatively recently in Saudi Arabia to promote the level of professionalism in accounting.

Some studies argue that the state shapes accounting, including aspects of the professionalisation of accounting (Cooper and Robson, 2006; Mihret et al., 2017). The SOCPA as a professional association, however, is also influenced by Sharia law. Mihret et al. (2017) investigated the SOCPA's professional project. They argue that the SOCPA successfully forged an alliance between national policy which relies on Islamic values, and the standards of professional accountancy. The SOCPA has been developed through hybridisation, a mix of US standards and the *Zakat* of Sharia law. This suggests that the Islamic religion also shapes such professional organisations.

Concerning the membership of professional associations, there are only a small number of fellowships, for two main reasons. First, professional accounting associations were only just established around three decades ago, as mentioned above. The second reason is education levels. Historically, education in Saudi Arabia began in the 1960s; however, not all people were interested in studying at university or even high school. Although the government gave monthly incentives for people who studied at the university, few people studied at university at that time. The majority of people got a job after elementary or middle school. If someone finished high school or even finished the first or second year of high school, that meant he/she had enough education. The main reason was that the society was poor and people were looking for jobs to serve their families. This situation changed after the discovery of oil, which upgraded the Saudi economy. Since then the level of educated people has gradually increased.

Since the turn of the twenty-first century, the level of professionalism in Saudi Arabia has begun to change because of education. Universities have begun to produce high-quality graduates. Furthermore, in 2005, the Saudi government opened an external scholarship programme, which aims to send Saudi students to study abroad to get undergraduate, taught postgraduate and/or PhD qualifications. The government also financially supports and rewards any student who gets a professional certificate in any subject. Since then thousands of Saudis have studied in Western countries such as the USA, the UK, and non-Western countries such as China, Japan and Malaysia, which allows them to obtain knowledge from the best universities around the world. Studying abroad also allows Saudi students to interact with different cultures and this has influenced the mentality and professionality of Saudi people.

Training and hiring international managers is another element that might improve professionalism and change mentalities in Saudi Arabia. Hutchings and Weir (2006) argue that in the Arab world companies need to provide training for their employees to reduce cultural influences and improve their professionalism. Interacting with international managers who operate across the world can also add to cultural influences. Hence, the growing Saudi economy, which is reflected in society, makes people more favourable towards educational institutions, and towards gaining and improving their knowledge. The government has put more effort into improving universities' outputs, both internally and externally. Thus, levels of education have improved in Saudi Arabia. And interaction between Saudi employees and multi-cultural employees who have high-quality standards has also shaped and improved Saudi standards. Overall, professionalism in Saudi Arabia has only recently developed, which might suggest that the

professionalism and its underlying logic still has little influence on situated rationality within an organisation, compared to religious logic.

Having discussed Saudi society and the organisational field as external institutions, the next section will shed light on Telecoms market in Saudi Arabia as the case study is a telecom company.

4.3 Overview of the Telecoms Industry

As demonstrated earlier in this chapter, Saudi Arabia is dependent on oil as its principal source of income. In 1992, the government faced financial challenges when oil prices dropped, and consequently government income dropped as well, which resulted in the IMF recommending privatisation of infrastructure. Two critical issues also pushed the government to consider privatisation. First, Saudi public debt was at a significant high and thus selling shares in public companies could alleviate the deficit in the government budget (Al-Kadiri, 1999). Secondly, the government wanted to increase competitiveness and efficiency in the Saudi market and reduce reliance on oil (Al Naim, 2014). A number of companies were targeted for privatisation, such as the Saudi Electric Company (SEC), the Saudi Telecommunications Company (STC) and the Saudi Arabian Basic Industries Corporation (SABIC); however, the first sector to be privatised was telecommunications.

The Saudi government took the decision and privatised the Saudi Telecoms Company (STC) (Al Naim, 2014), and in April 1998 the government issued a royal decree that converted the telecommunications sector to the private sector. The decree authorised the transfer of the Telegraph and Telephone division of the Ministry of Post, Telegraph and Telephone, with all its various components and its technical and administrative facilities, to STC, a state-owned commercial company. STC was the first telecommunications company in Saudi Arabia, and it was owned by the government. However, in early 2003, the government sold 30% of its shares to the public as a partial privatisation of STC; 20% were distributed to natural Saudi nationals, and 10% were distributed to the Public Pension Fund and General Organization for Social Security (Tadawul, 2014). In sum, the privatisation of the telecoms sector in Saudi Arabia began around two decades ago, which demonstrates that the telecoms market in Saudi Arabia is a young market.

In 2003, the government further liberalised the telecoms market and opened it up to competition. After that, two additional licenses were issued (in 2004 and 2008) to provide mobile services. The Etisalat company, in 2004, won a license to become the

second operator in the Saudi market, under the name Mobily. This is the company on which this study was conducted. The second mobile service license was launched in 2008 under the name Zain. Although there are two new operators for mobile services in the Saudi market, the second fixed-line telephone license was issued by the Communication and Information Technology Commission as an independent regulator for the company Atheeb in the second quarter of 2009.

The telecoms market in Saudi Arabia is considered one of the most important markets, and has become the biggest market, in the Middle East and African region (Pyramid Research, 2015). While total mobile and fixed services revenue declined in 2014, the Saudi Arabian telecoms and enterprise IT market remains the largest in the Middle East and African region. It is expected that over the next five years (2015–2020), the annual growth of the Saudi telecoms market will average 3% per year, reaching US$ 18.7 billion by 2019. In summary, although the Saudi telecoms sector is a young market, it has grown fast and become the most vital in the Middle East and African region.

4.4 Summary and Concluding Remarks

This chapter has offered a brief background of the context of the study, including the societal and organisational field levels. Regarding the Saudi context, Saudi Arabia has a short history compared to other countries such as the UK, Egypt or China. Discovering oil was a turning point in Saudi history which changed Saudi Arabia from one of the poorest countries in the world to the most powerful and richest country in the Middle East.

This chapter shows that the Saudi context has unique features compared to the contexts which have been previously studied in developing countries (e.g. China, Ethiopia, Malaysia, Thailand). For instance, the governmental system in Saudi Arabia is a monarchy in which the King has wide-reaching authority and power to set board policies and the legal framework for organisations. Moreover, Saudi society is built around tribal traditions and values in addition to Islam (Alhareth et al., 2015). For example, the value of obedience and deference to those people at the top of the hierarchy, like in other Arab countries (Barakat, 1993), is embedded in Saudi culture. Thus, Saudis are usually obedient and loyal to those who are ranked more highly. Religion also has a significant impact on individuals' behaviour and consequently the actions of individuals within an organisation (Mihret et al., 2017). Indeed, Islam not only influences individuals' behaviour but also influences the structure and procedures of other logics such as the

professionalisation of accounting, as claimed by Mihret et al. (2017), and the market of Saudi Arabia. This could suggest that the influence of external institutions at the societal level in Saudi Arabia, as a developing country, might vary more than it does in developed nations. For instance, in developed nations, market logic and professional logic both have a more significant influence on business than religion logic (Thornton and Ocasio, 1999; Thornton et al., 2012). Overall, religion and Arab culture might have an influence on individuals' actions within an organisation. Accordingly, the uniqueness of the Saudi context might provide important insights into how such institutions might influence the process of change.

Although the telecommunications sector in Saudi Arabia was only just privatised two decades ago, it has become one of the most important markets in the Middle East and the African region. Having three companies just for mobile services in Saudi Arabia indicates that competition in the telecoms market in Saudi Arabia is high. Since the competition is high, implementation of advanced management accounting practices is essential for companies in order to survive.

Having discussed the Saudi context and its telecoms market, the chapters of analysis will be taking into consideration which forms of external institutions (i.e. logic), if any, are translated through organisational actors and interconnected with institutions at the micro level within a specific company. The following chapter discusses the theoretical framework as a lens through which the present study examines the process of change in a change of management accounting practice in a Saudi company.

5 Theoretical Framework

5.1 Introduction

This chapter presents the theoretical framework underpinning the current study. As discussed in the literature review chapters, research on the balanced scorecard that analysed the process change of management accounting practice particularly in developing country is limited. Hence, investigation of the balanced scorecard through social accounting theories is needed. This chapter describes the Ter-Bogt and Scapens framework (2018) that underpins the empirical investigation of the decision, the implementation process, and the outcomes of the introduction of the balanced scorecard in a Saudi organisation, having particular regard to the impacts of agency and institutions, both endogenous and exogenous.

This chapter is divided into five main sections. The first section (5.2) discusses the research philosophy of this study. The following section (5.3) presents an overview of institutional theory to clarify the foundations of the Ter-Bogt and Scapens framework. The next section (5.4) discusses Ter-Bogt and Scapens' framework (2018), and introduces the 'extended Burns and Scapens framework'. Finally, this chapter ends with a summary which discusses the contributions of this study, based on its application of this theoretical framework (5.5).

5.2 Philosophical assumptions

Different ontological assumptions reveal different epistemologies, and different research methodologies considerably influence the research questions under consideration. Accounting researchers have to identify the ontological assumptions underlying their work.

Mainstream accounting research, or "functionalist" accounting research, combines an objective view of the world with concern for the sociology of regulation. This approach follows a deductive process to apply scientific research paradigms. This means that a researcher develops a hypothesis based on previous theories and designs research questions to test the hypothesis through quantitative methods. The followers of functionalist approaches often view management accounting as a technical tool, and ignore the power struggles as well as rationalities in its adoption and use. In other words, the "mainstream" view of (management) accounting is grounded in the belief that theory is separate from observation, and empirical reality is objective and external to the subject (Chua, 1986). One major drawback of this approach is that it is not very appropriate for

studying the everyday behaviour of accounting (Ryan et al., 2002; Tomkins and Groves, 1983).

The interpretive approach, on the other hand, reflects the subjectivity of social reality. This approach emerged from accounting scholars who were concerned with analysing accounting within accounting practices (e.g. Hopwood, 1987; Tomkins and Groves, 1983). Studying accounting practice change from an interpretive perspective requires locating accounting practices in their historical, economic, social and organisational context, in order to make sense of human action and the meanings attached to issues in their everyday life contexts. Thus, this approach assists a researcher in explaining the practice of accounting in both its organisational setting and the broader social context in which the organisation exists. Furthermore, individuals in any society act on the basis of their meanings, values and beliefs. These meanings are socially constructed, internalised and shared between individuals. Such symbols are subject to interpretation by individuals. Describing what is happening from the participants' perspective might help in understanding the description and will enable it to be placed in a larger context, where impacts and effects across the system and between parts of the system can be plotted and understood (Bryman and Bell, 2015; Clandinin, 2007; Kakkuri-Knuuttile et al., 2008). Thus, the aim of the interpretive perspective is to "produce rich and deep understandings of how managers and employees in organisations understand, think about, interact with, and use management accounting and control systems" (Macintosh, 1994, p. 4).

The present study can be classified as using the interpretive approach, as it attempts to achieve an understanding of (management) accounting practices, which are socially constructed and can be changed by the social actors themselves (Ryan et al., 2002, p.87). The purpose of this study is to understand how and why management accounting practice evolved through time, and how agency and institutions internally and externally impact on the process of change in a particular organisational setting. Applying the interpretive approach in this study also allowed the researcher to concentrate analytical attention on how participants within an organisation interpret "actual" practice.

Moreover, to interpret and to understand management accounting as a social practice, researchers need to adopt theory that explains individuals' actions, and need to understand how social order is produced and reproduced. A number of studies have investigated the process of management accounting practice by drawing on a range of institutional perspectives (e.g. Yazdifar et al., 2008; Sutheewasinnon et al., 2016). Recently, Ter-Bogt and Scapens (2018) extended the Burns and Scapens framework to

provide an analytical tool to facilitate an interpretation of individuals' actions. They argue that to gain a deeper understanding of a change of management accounting practice, it is important to explore the relationships between institutions, rationality and agency, which can all play a role in a specific time and in a specific context. This study takes this position: that management accounting practice, in this case the balanced scorecard, is shaped by individual actors in the organisation, Mobily.

5.3 Institutional Theory

As this study applies an institutional perspective, in particular the Ter-Bogt and Scapens framework (2018), this section provides an overview of institutional theory. According to DiMaggio and Powell (1991), institutional theory emerged to study social, economic and political phenomena. Greenwood et al. (2008) claim that institutional theory is perhaps the dominant method for understanding organisations. From the viewpoint of accounting change researchers, institutional theory seems to be the most popular approach in studying management accounting change, particularly old institutional economics and new institutional sociology (Baxer and Chua, 2003; Scapens, 2006). Likewise, Wanderley and Cullen (2013) argue that institutional theory has been the most popular choice for management accounting research to try to understand the processes of management accounting change.

Generally, institutional theories have three branches (old institutional economics, new institutional economics and new institutional sociology). As discussed in the previous chapter, the focus of old institutional economics is to get insight into the organisation and to understand how management accounting practices are shaped within it. Whereas new institutional sociology focuses on the effects of extra-organisational institutions on the management accounting practices within an organisation. Two of these approaches (new institutional sociology and old institutional economics) emphasise that it is necessary to recognise an institutional environment (such as symbols, beliefs and cognitive systems, and the individual and organisation, which operate in specific social settings) in order to understand the process of management accounting change (Wanderley et al., 2011).

New institutional economics, on the other hand, was developed within neo-classical economics (Moll et al., 2006). New institutional economics depends on economic reasons (bounded rationality and opportunism) in order to explain organisational institutions. Bounded rationality means that participants do not necessarily act to maximise organisations' outcomes, while opportunism/transaction costs occur if

there is information asymmetry between traders (Berry et al., 2005). In short, new institutional economics emphasises economic factors, which might assist organisations in shaping their structures, control systems and management accounting practices. By doing this, it may help a researcher to understand certain aspects of interrelated influences (Scapens, 2006). However, new institutional economics is fundamentally rooted in neo-classical economics, i.e. it depends on the core economic assumptions of rationality, and thus it has difficulty analysing the unfolding of the process of change (Burns and Scapens, 2000).

As the aim of the present study is to look beyond economic factors to get a fuller understanding of the process of management accounting change in a particular organisation, old institutional economics and new institutional sociology can be applied. However, there are a number of criticisms of applying institutional theories to be found in the literature of management accounting change. The main criticism is that each one of the institutional theories focuses on different levels, either the macro level (new institutional sociology) or the micro level (old institutional economics) (Yazdifar et al., 2008; Wanderley et al., 2011), and therefore they do not provide a comprehensive theoretical basis for explaining management accounting practices in organisations (Dillard et al., 2004; Scapens, 2006; Ter-Bogt and Scapens, 2018).

5.4 The Ter-Bogt and Scapens Framework

As described above, each one of the institutional theories (old institutional economics and new institutional sociology) provides a limited explanation of the process of accounting change. This has energized Ter-Bogt and Sacpens (2018) to develop a meta-theoretical framework. It can be argued that Ter-Bogt and Scapens were stimulated by two aspects. These are discussed below.

Firstly, Thornton et al. (2012) develop a micro-foundation of institutional logic to explore fully how institutional logic provides both opportunities and constraints for individuals and organisations, at times competing, which can lead to differences in practice. Ter-Bogt and Scapens were inspired by the idea of different logics. However, they are more interested in the institutions and 'logic' within specific organisations. Moreover, the situated nature of accounting practice has been given attention in organisational and accounting literature (e.g. Ahrens and Chapman, 2007). With the focus on situation, Thornton et al. (2012) incorporate a central principle of social psychology, namely situationism, to recognise "the influence of the immediate situation's characteristics in-time and place- on individual behaviour" (Thornton et al., 2012, p.80).

However, Quattrone (2015) argues that the institutional logic perspective underplays the extent to which institutions and logic emerge through and are situated in the practice of individual organisations. He states that existing notions of institutional logic are "inattentive to the places and times in which order is formed and logics operate" (p. 27). Ter-Bogt and Scapens (2018) also support Quattrone's argument (2015) and claim that the studies which use Thornton et al.'s (2012) model to investigate management accounting practices within organisations (e.g. Amans et al., 2015; Carlsson-Wall et al., 2016) tend to take institutional logic as given and deal simply with context as the location in which management accounting is studied. Ter-Bogt and Scapens emphasize that researchers need to pay attention to the situation which needs to be studied. They state (2018, p. 3), "The context is not simply the background or location of the study; it needs to be the focus of the study". Thus, Ter-Bogt and Scapens claim that a researcher needs to look more closely at the situated nature of management accounting practices in order to explore the process of accounting change.

Secondly, Burns and Scapens' framework (2000) has been criticized due to not explicitly recognizing the influence of institutions at the macro level (e.g., Dillard et al., 2004; Scapens, 2006; Yazdifar et al., 2008). For instance, several studies have employed the Burns and Scapens framework (2000) to investigate the process of change in a change of management accounting practice (e.g. Hassan, 2005; Riberio and Scapens, 2006; Yazdifar et al., 2008). However, because Burns and Scapens were concerned primarily with the institutions within an organization, Hassan (2005), and the others cited above, applied new institutional sociology to recognise external pressures and institutions. Burns and Scapens (2000) acknowledged the importance of considering external institutions when they stated, "We have not been able to ignore the broader (extra-organisational) institutional dimensions" (p. 22). Nevertheless, their focus was mainly on internal institutions. Moreover, researchers also identify other issues which stimulated Ter-Bogt and Scapens to give more attention to them. These included the roles of trust (Busco et al., 2006), power and individual agency in processes of accounting change (e.g. Burns, 2000; Yazdifar et al., 2008). Ter-Bogt and Scapens (2018) argue that by accommodating institutional logics perspective which has emerged out of new institutional sociology[12] and old institutional economics within the Burns and Scapens framework, and recognizing the role of deliberation and human agency, as well as the power of particular individuals/group, one can develop a framework for studying the situated nature of

[12] The emergence of institutional logics perspective from new institutional sociology was discussed in detail in chapter three.

management accounting change. Hence, Ter-Bogt and Scapens (2018) extend the Burns and Scapens framework (2000) to develop a meta-theoretical framework that can provide a basis for explaining the situated nature of management accounting practices, which are shaped by a multiplicity of institutions (internally and externally).

As the aim of the present study was to investigate the decision to implement the balanced scorecard, the implementation process and the outcome of its introduction, having particular regard to the impacts of agency and institutions, endogenous and exogenous, the Ter-Bogt and Scapens (2018) framework was employed in the present study as a theoretical lens for the analysis. The reason for applying this framework was that it provides a meta-theoretical framework for examining the situated nature of management accounting change while simultaneously recognising the influence of institutions, internal and external, on the process of change in organisations. In addition, the extended Burns and Scapens framework also takes into account the role of human agency in a change of management accounting practice. This framework is thus a useful basis for conceptualising such questions as why there is change, how new management accounting practices, such as the balanced scorecard, are influenced by internal and external institutions, and how powerful people influence the usage of the balanced scorecard in Mobily. The following section describes the extended Burns and Scapens framework.

5.4.1 The Burns and Scapens Framework

Before explaining the extended Burns and Scapens framework, the original Burns and Scapens framework will be introduced briefly. This theoretical framework is a helpful lens through which to explore the process of management accounting change. Burns and Scapens (2000) argue that in old institutional economics, accounting change can be understood in terms of changes in accounting rules and routines that may (or may not) over time become the ways of thinking of an organisation.

As illustrated in Figure 5.1, at the top there are institutions (institutional realm) which are defined as “the shared-taken-for-granted assumptions” (Burns and Scapens, 2000, p. 8) that condition how people behave and at the bottom there are actions (realm of actions) that are carried out over time by the individual organisational actors. Burns and Scapens used rules and routines to link these actions to the institutions. They argue that the first process of change entails ‘encoding’ (arrow a) of institutional principle, which embody organisational values such as management accounting practices. Once the actors enact the routines (and rules), the enactment process (arrow b) will emerge, which

means the routines officially become part of the organisation's day to day activities. The process of applying the rules and routines (enactment) may be subject to resistance, especially if the new rules and routines challenge the existing ways of thinking and doing within the organisation. Nevertheless, change can take place.

By repeatedly following rules, rule-based behaviour may become programmatic. Having such programmatic rules could be described as routines, which represent the habits of a group. In the process of routinisation, the previously formulated rules may become modified to be acceptable ways of implementing them (arrow c). This modification may be either conscious or unconscious. The final process (arrow d) in the Burns and Scapens framework is the rules and routines together, which comprise the organisational know-how. In this way, the routines themselves become institutionalised, or as Burns and Scapens (2000, p.11) put it, they become the unquestioned (and unquestionable) way of doing things.

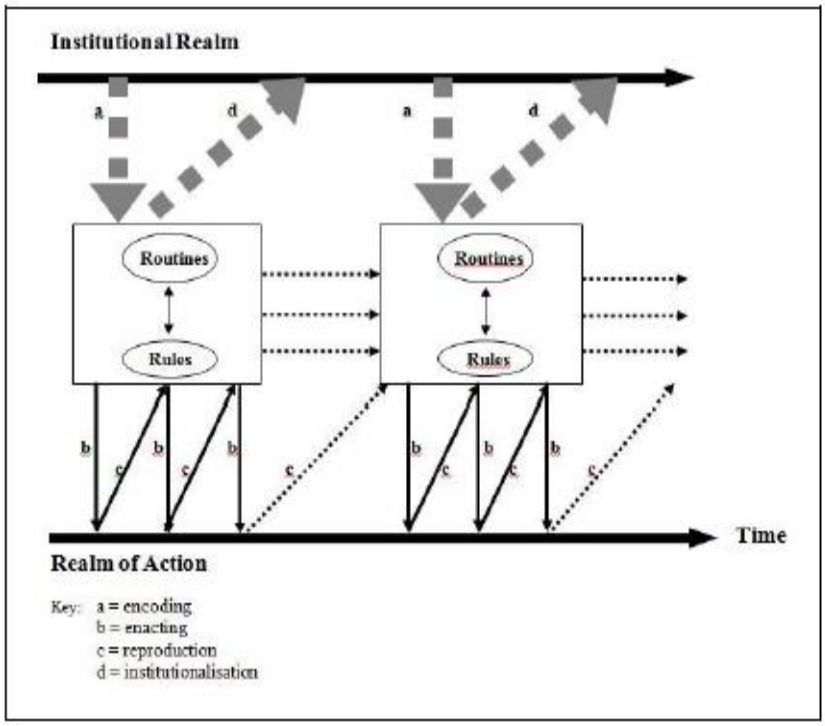

Figure 5.1 The Process of Institutionalization

Source: Burns and Scapens (2000, p. 9)

As discussed earlier, Burns and Scapens's framework has been criticised due to a number of issues, which include not explicitly considering external institutions, or the role of trust and powerful people in processes of accounting change. Therefore, Ter-Bogt and Scapens (2018) extend the Burns and Scapens's framework through accommodating

institutional logic in new institutional sociology and old institutional economics within the framework, in order to recognise the implications of both internal and external institutions, and the role of deliberation and habituation in human agency in specific situations.

5.4.2 Extending the Burns and Scapens Framework

Turning now to describe the Ter-Bogt and Scapens framework (2018). It starts from the premise that management accounting systems constitute organisational rules and routines which shape an individual's actions. Figure 5.2 presents the extension of the Burns and Scapens framework, aimed at understanding how institutions influence an agent's selection of the rules and routines to be adopted in a particular situation. As illustrated in Figure 5.2, participants' actions are considered the outcome of routines (which are shaped by rules) and rules. Rules are "the formalized statement of procedures", while routines are "the procedures actually in use" (Burns and Scapens, 2000, p. 7). Rules are generally set by powerful individuals of the organization (i.e. those at the top of hierarchy), to be used in specific situations. However, not all rules are put into day-to-day practice. Routines in some circumstances deviate from the rules. For instance, Siti-Nabiha and Scapens (2005) reveal how routines deviated from new management accounting rules when the new rules conflicted with the ways of thinking within the organisation. Consequently, the management used alternative rules for performance measurements. Moreover, Ter-Bogt and Scapens (2018) claim that since rules are made to be suitable for specific situations, modification of these rules is needed for them to be appropriate in new situations.

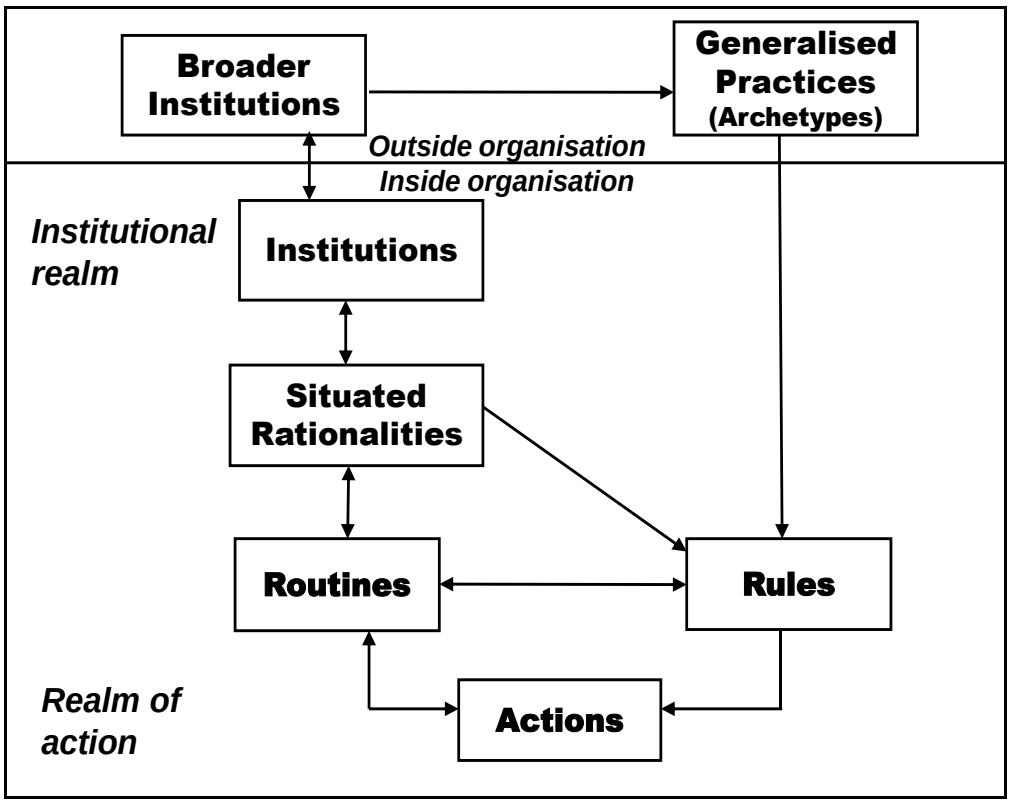

Figure 5.2 Extended Burns and Scapens Framework

Source: Ter Bogt and Scapens (2018, p. 13)

In terms of situations, Ter-Bogt and Scapens (2018) define the distinction between *the logic of the situation* and *the logic of consequences*. These types of logic imply different shapes of rationality by asking different types of questions. In the logic of consequences, individuals ask themselves "what are the consequences if we do A, B, C?" Meanwhile, in the logic of the situation, individuals ask "given that we are in this situation, what should we do?" or "what do we expect to do in this given situation?" (p. 10). This distinction clarifies the nature of what they mean by the term situated rationality

In a particular situation (or circumstances), agency has a pivotal role in the selection of rules and routines, regardless of whether the selection was made by habituation or deliberation (Ter-Bogt and Scapens (2018). Hodgson (2004) documents that habits reflect the tacit knowledge rooted in the actions of human agents. In other words, the tacit knowledge provides the mechanism that links institutions and agency. However, deliberation also plays a significant role in human actions. Hodgson indicates that, in some situations, habits have priority over deliberation in shaping participants' actions, particularly in institutionalised behaviour; in other circumstances, however, deliberation takes priority over habits, particularly when there are no existing appropriate

routines available. Thus, the priority in forming individuals' intentions in terms of applying habituation or deliberation relies on the situation.

For instance, in routine situations, where behaviour is taken for granted and limited attention is paid to it, participants use tacit knowledge to activate automatic responses. This means that in routine circumstances, habits shape participants' intentions. It has been noted that completely non-thinking behaviour is not normally applied in management accounting practices (Ter-Bogt and Scapens, 2018). Regarding deliberation, this emerges when an organisation does not have appropriate routines available; consequently, agents are most likely to deliberate over their decisions (where the focus of attention is high). The deliberation is shaped by the form of situated rationalities, which are shaped by a multiplicity of institutions to be adopted in a specific context (i.e. in a specific situation). This deliberation, which is shaped by the form of rationality, will enable participants to rationalise their choices.

The concept of situated rationalities was introduced in the extended Burns and Scapens framework to recognize that multiple institutions (external and internal) can play a role at any specific time. As such this mix of institutions shapes individuals' rationality, which is applied within the organization by selecting rules and routines to be used in specific situations when no appropriate routines are available. As illustrated in Figure 5.2, there are solid lines linking *institutions* through *situated rationalities* to *routines*. The double-headed arrows indicate that, over time, routines may eventually become institutionalised. In other words, the double-headed arrows indicate the nature of the relationships between institutions and routines. Ter-Bogt and Scapens (2018, p.11) define external/broader institutions as the taken-for granted ways of thinking and doing which extend beyond the organisation, while internal/local institutions are the taken-for-granted ways of thinking and doing which are located entirely within the organisation. Related to institutional logics perspective, Thornton et al. (2012) assume that institutions operate at multiple levels; individual, organisation, field and societal. Ter-Bogt and Scapens (2018) emphasise that institutions at societal and organisational field levels are the border institutions while institutions at individual and organisational levels are local institutions. It is worth mentioning that Ter-Bogt and Scapens argue that a multiplicity of institutions can shape the forms of rationality; external institutions shape wider forms of rationality (embedded in the institutional logics) as well as generalised practices, or 'archetypes'.

Ter-Bogt and Scapens (2018) bring generalised practices into their framework and argue that in the new institutional sociology literature, the idea of archetypes is sometimes used to describe these generalised forms of practices, which can be defined as sets of

more or less coherent structures, ideas and practices (Miler and Frieson, 1984; Greenwood and Hinings, 1988). These archetypes might influence the formal rules and procedures that guide everyday practices. To be more specific, generalised practices can be imposed by powerful people at the organisation (those with hierarchical power), as indicated in Figure 5.2 by the solid link between situated rationalities and rules. Also, generalised practices can influence routines by mimicking other organizations' routines. As shown in Figure 5.2, there is a solid line between generalised practices and rules, and a solid line between rules and routines. In other words, the extended Burns and Scapens framework recognises the likelihood that the powerful individual/group (whether outside or inside the organisation) will impose rules on others who have less power in the organisation. However, because of the multiplicity of institutions which shape forms of rationality, there is a high possibility of contradiction.

The acceptance and rejection of institutions depends on how the institutions are shared among participants. If the institutions are widely shared across the organisation or are shared by specific groups, their chances of acceptance may be high. In contrast, conflicts may emerge if there is a lack of sharing in these institutions and thus it may emerge even with small changes. Accordingly, within an organisation, the potential for conflict and resistance to change is high, since the organisation comprises different people or different groups of people who may apply, to particular problems, different types of rationality. For example, Siti-Nabiha and Scapens (2005) show that conflict and resistance to change arose between the Eagle Company and its parent company when the parent company imposed a new management accounting practice because of the financially oriented ways of thinking which were embedded in the new rules, and which were in conflict with the existing institutions within Eagle. Consequently, the conflict between them caused the Eagle Company to discuss alternative choices and apply the most suitable course of action. This implies that the most appropriate way of resolving or reducing conflict and resistance to change is internal conversation (Archer, 2003; Hardy, 1996).

In short, an organisation has different groups of people (a multiplicity of institutions) who might apply different types of rationality to a specific problem, and then apply different types of action. This might lead to potential conflict and resistance to change, and such resistance might succeed if it emanates from a powerful individual or group of participants. Thus, power is a significant concept that must be considered, since it impacts on the adoption of new rules and routines.

Several studies have argued that power can be used as facilitator to bring about change in management accounting (e.g. Burns, 2000). Unfortunately, these findings were not very encouraging to other researchers, which led Collier (2001, p.469) to maintain that one of the limitations of institutional theory is its "inability at an institutional level to sufficiently recognize the disparities within the institutional environment, the relative power of different institutional actors, and the conflict which can result from relations of power". In recent years, there have been several studies showing how the concept of power can play an important role in institutional change (e.g., Yazdifar et al., 2008). Although power is not shown in Figure 5.2, the extended Burns and Scapens framework explores the role of powerful individuals/groups both outside and inside the organisation, and how they are able to introduce the broader, generalised practices that are underpinned by the institutions that are external to the organisation. They argue that powerful people, those at the top of hierarchy, who impose rules to be followed by others, might draw on their situated rationality when introducing such rules. Consequently, there is a direct link between powerful individuals' situated rationality(/ies) and the rules, as indicated in Figure 5.2. The framework of Ter-Bogt and Scapens (2018) has demonstrated considerable progress in defining the conceptual framework of examining the processes of management accounting change. Yet the concept of power and its mechanism in the process of change has been underplayed in the extended Burns and Scapens framework.

In summary, Ter-Bogt and Scapens (2018) made considerable improvements to the Burns and Scapens framework (2000), making it possible for researchers who are interested in examining (management) accounting change to recognise the influences of the existence of multiple institutions and situations on participants' actions within organisations, which can lead to the rejection or acceptance of (management) accounting change.

A brief comparison of the original with the extension of the Burns and Scapens framework reveals many similarities between them. Both of them contain rules, routines and institutions, and both of them seek to show how institutions might explain process change and resistance of management accounting. However, the extended framework introduces the concept of situated rationality and human agency as well as institutions at the macro level. Understanding the situated rationality of individuals/groups, which is shaped by institutions (both internal and external), helps scholars to explain why some changes become institutionalised within an organisation while other changes are only partly implemented or resisted by a certain number of individuals/groups of people. Therefore, this framework will be more appropriate for the current study in its attempt to

investigate the process of management accounting change in a Saudi organisation, Mobily, with consideration of the influence of agency and institutions, local and broader, on the implementation of the balanced scorecard.

5.5 Summary

This chapter has explained the theoretical framework that underpins this study, the Ter-Bogt and Scapens framework. Ter-Bogt and Scapens' framework (2018) is a valuable basis for analysing from a comprehensive perspective (micro and macro levels) the process of change in a change of management accounting practice. This framework provides a systematic method that enables a researcher to recognise the relationship between the role of deliberation and human agency, institutions (external and internal), and powerful individual/groups that can impose new rules on others in the organisation. Thus, it can articulate why some changes become institutionalised while others are resisted (or not fully adopted by certain individuals/groups). The possible contribution of the study is twofold. The first contribution is to support the extended Burns and Scapens model. As mentioned above, Ter-Bogt and Scapens developed this framework in 2018. This framework, however, has not yet been employed empirically. In addition, the seven logics identified by Thornton et al. (2012) is used in this study because Ter-Bogt and Scapens were inspired by Thornton et al.'s (2012) logics which helped to explain the effect of the institutions at the macro level. This study has employed Ter-Bogt and Scapens's framework (2018) as the theoretical lens for explaining how the external and internal institutions together shape individual rationality in specific situations. In this case, the seven institutional orders helped to identify which of them existed as external institutions to Mobily and interacted with the internal institutions. This can provide in-depth understanding of the influence of institutions, internally and externally, on individual rationality in specific decision situations within Mobily case and consequently on the process of change.

Although the theoretical framework does not overlook powerful people, the concept of power still underpins it. Thus, the second contribution of the current study is that it will provide support to the issue of power in institutional theory. To be more specific, the study investigates the influence of the power of dimensions (power of resources, processes and meaning). These powers have a strong influence on the conduct of the case study. Ter-Bogt and Scapens (2018) mentioned power, but they did not explicitly discuss it in their framework. However, Hardy (1996) did discuss dimensions of power as key facilitators of accounting change. It has been argued that Hardy's study

helps to illuminate life's ongoing processes, which is the methodological core of the Burns and Scapens framework (Burns, 2000; Scapens, 2006; Yazifar et al., 2008). Thus, the current study also uses Hardy's conception of power to explain why and how processes of management accounting change took place in Mobily. The next chapter draws together the research methodology and procedures of this study.

6 Research Methodology and Design

6.1 Introduction

The previous chapter discussed the theoretical framework, and outlined that this study investigates in depth the process of implementing a new accounting system, the balanced scorecard, by employing the extended Burns and Scapens framework (2018). The objective of this chapter is to discuss and justify the research methodology, the explanatory case study approach which is adopted in this study. This chapter starts by justifying the research method (i.e. an interpretive approach) used in this present study (6.2). The next section (6.3), explains the research strategy (case study) employed in this study, identifying the differences between single and multiple case studies, and the rationale behind using a single case study. Access to the research context is discussed in section 6.4. This is then followed by section 6.5, which provides details of the research procedures (designing, collection and analysis) used in this study. The final section discusses validity and reliability, after discussing the ethical considerations of this research.

6.2 Research methods

Tomkins and Groves (1983) maintain that the selection of the most suitable research methodology relies on the nature of the phenomenon under investigation, and the research methodology cannot be selected without consideration of the ontological and epistemological assumptions. After critically reviewing the existing body of knowledge on the subject of the management accounting practice in question (the balanced scorecard), it is notable that analysis of the process of management accounting change, considering internal and external institutions as well as agencies, is limited, especially in developing countries. To fill this gap, this study investigated this phenomenon and employed the interpretive approach, which views management accounting practice as socially constructed and not merely as a technical tool.

As discussed in the previous chapter, the interpretive approach is used to assist in interpreting the ‘actual’ practice of accounting in both its organisational setting and the broader social context in which the organisation exists. Parker (2012) argues that the interpretive approach is now sufficiently well developed to explore and understand management accounting processes and their contexts (social, cultural, institutional, political and economic). It has been noted that the interpretive approach has the ability to examine in depth the complexities of accounting, organisational processes and

contextualised understandings of management accounting change (Conrad and Uslu, 2012; Hopper and Bui, 2016; Taylor and Scapens, 2016; Yazdifar et al., 2008). Thus, the interpretive approach is an essential tool in the present study for unpacking the informal and embedded behaviour that might influence management accounting change.

In addition, this study employs an institutional framework, specifically Ter-Bogt and Scapens's framework (2018), as the lens through which to explore the process of management accounting change in a particular company. As discussed in the previous chapter, the purpose of Ter-Bogt and Scapens's framework is to assist researchers who are interested in studying management accounting change within organisations and, more specifically, to provide a systematic way of recognising the existence of the multiple institutions that enable the researcher to explain how institutions (at both micro and macro levels) shape and constrain the behaviour and actions of individuals within an organisation. Hence, an interpretive approach is considered the most appropriate device to assist the researcher to produce deep understandings of staff reactions during management accounting change.

Regarding the Mobily case, it underwent a big shift in terms of management accounting practice by implementing the balanced scorecard, which caused many changes. Mobily implemented the balanced scorecard in 2007. Since then the balanced scorecard has been modified twice to align it with new situations. To make sense of human actions and meanings that are attached to issues in their everyday context, the interpretive approach offered an effective way of understanding and explaining life's ongoing processes of management accounting practice during the period in question (2005–2016), particularly why and how the balanced scorecard was implemented, as well as its role in changing the ways of thinking and doing within the company. Therefore, it can present unique insights into and make unique contributions to management accounting knowledge.

In general, therefore, it seemed that the most appropriate method for exploring and understanding the process of change in a change of management accounting practice in a particular company was the interpretive approach. It allowed the researcher to investigate and explain in depth subjective elements such as Mobily employees' meanings and values, which might influence accounting practices. For this study, the interpretive approach involved a case study approach. The following section presents the rationale for adopting the case study approach.

6.3 Research Strategy: Case Study

What follows is a brief discussion of research strategies and the type of research strategy used in this study. The choice of research strategy relies on the nature of the study and research questions. In his introduction to case study design and method, Yin (2014) identifies three issues to help researchers to select a suitable research strategy: (a) the type of research question; (b) the control an investigator has over actual behavioural events; and (c) the focus on contemporary, as opposed to historical, phenomena. Looking at these conditions, it can be seen that each is related to the five major research strategies (experiment, survey, archival analysis, history and case study), with some distinctions, as presented in Table 6.1.

Table 6. 1 Relevant Situation for Different Research Strategies

Strategy	Form of Research Question	Required Control of Behavioural Events?	Focuses on Contemporary Events?
Experiment	How, why?	Yes	Yes
Survey	Who, what, where, How many, How much?	No	Yes
Archival analysis	Who, what, where, How many, how much?	No	Yes/No
History	How, why?	No	No
Case study	How, why?	No	Yes

Source: Yin (2014, p.9)

In this thesis, the main research question is: “Why and how did Mobily implement the balanced scorecard?” and this was used in order to analyse the process change of management accounting practice. Since the research question focuses mainly on “how” and “why”, this study could choose from “experiment”, “history” and “case study”. However, because the researcher had no control over behavioural events, the experiment strategy cannot be applied. As this thesis investigated the implementation of a new management accounting practice over time, with consideration of the sequential interconnectedness in historical, present and future time, the history strategy could not be

discarded. Given the nature of the study, which involved analysing the process of change in a management accounting change, a case study strategy appeared most suitable for this research.

Case studies are used in many situations to contribute to our knowledge of individual, group, organisational, social, political and related phenomena (Yin, 2014, p.1). A case study assists a researcher in analysing a particular phenomenon during a period of time, either by monitoring the phenomenon or by collecting information retrospectively to pursue the development of the phenomenon (Yin, 2003). Scapens (1994; 2006) argues that case studies are a valuable approach for researchers interested in understanding management accounting practices both in terms of the techniques and procedures and the way in which they are used in reality. Similarly, some scholars (e.g. Burns, 2000; Chang, 2007; Conrad and Uslu, 2012) view accounting as a social construction which is inseparable from thought, language and social practices; hence they argue that the case study approach can offer both interpretive and critical understandings of the social and institutional nature of organisational processes and management accounting practices (Ahrens and Chapman, 2006; Parker, 2012; Ryan et al., 2002; Scapens, 2006).

A case study can be conducted on single or multiple entities. This study was conducted on a single entity for a couple of reasons. Dyer and Wilkins (1991) claim that investigation of more than a single case contrasts with the classic case study approach. Regarding the benefits of in-depth study of a single case rather than multiple cases, Dyer and Wilkins (1991, p. 618) state that, "Our goal has not been to discourage such efforts but rather to point out what researchers miss if they overlook the advantages of the classical case study". Yin (2014) and Ahrens and Chapman (2006) argue that a single case study is a very suitable strategy when investigators desire to understand complex social phenomena relating to a single organisation in great depth and detail, because it allows them to retain the holistic and meaningful characteristics of real life, such as individual behaviour and organisational change. As mentioned earlier, this study investigated the process of change in a change of management accounting practice through considering the impact of agency as well as external and internal institutions on the balanced scorecard in a Saudi organisation (Mobily). Offering 'rich insights' on the process of a change of management accounting practice in an organisational setting is not necessarily simple or linear; rather it is complex and nonlinear. Thus, the logical choice was to select a single case study.

Although it was conducted within a single company, the analysis included all hierarchical levels (corporate/top, middle and operational levels) within the organisational setting. Considering all of these factors, a single case study was chosen to allow for deeper insight into the process of management accounting practice change.

6.3.1 The Limitations of the Single Case Study

Ryan et al. (2002) and Yin (2014) argue that some scholars do not regard the case study as an acceptable research approach, mainly because of two major concerns. First, case study research lacks systematic procedures. However, their concerns are overstated, because researchers who employ case studies in fact follow strict systematic procedures (these procedures are discussed in detail in section 6.7). For instance, they must report every single piece of evidence fairly in order to increase validity and reliability. Second, there are concerns over generalisation. Opponents of the case study approach wonder how researchers might generalise from a single case study. The answer to this question is that the case study is generalisable to a theoretical proposition (analytical generalisation) and not to populations or universes (statistical generalisation) (Ryan et al., 2002; Yin, 2014). Ahrens and Chapman (2006) claim that theorising in qualitative field studies in management accounting is one of the case study's key features and strengths. Indeed, a single case study has become quite common in management accounting research (Hopper and Bui, 2016; Ryan et al., 2002). For instance, many researchers in management accounting have employed single case studies to explore and understand the process of change within single settings (e.g. Abrahamsson et. al., 2011; Chang, 2007; Hassan, 2005; Siti-Nabiha and Scapens, 2005; Van der Steen, 2009; Taylor and Scapens, 2016; Yang and Modell, 2013).

6.4 Access to the Case Organisation

The researcher was initially interested in conducting a study on Mobily because it has implemented the balanced scorecard, which caused many changes; thus, the context is useful for analysing the process of a change in management accounting practice. Moreover, researchers commonly face difficulty in obtaining access to organisations in the Saudi context, since Saudi organisational culture is still not open to research. It has been noted that the most suitable way of acquiring access is to seek the help of personal friends. In this study, good access to the company was gained after contacting several employees (friends) until the researcher reached the Executive Director Officer of Human Resources, who is responsible for giving permission for research to be conducted in the

company[13]. A meeting was arranged to explain the purpose of the research as well as the manner of arranging appointments with those individuals in the company who could contribute to the study. Accordingly, the Director agreed to allow the researcher to conduct a study on the organisation on condition that he provided two letters: one from the researcher's lead supervisor and one from the university to clarify that all information obtained would be treated as confidential.

6.5 Case Study Design

As this research is based on a case study, a particular research design must be followed. The term "research design" is used by Yin (2014) to refer to the logical sequence that connects empirical data to a study's initial research question and, ultimately, to its conclusion. Other scholars, such as Nachmias and Nachmias (1992), define the research design as a process of collecting, analysing and interpreting observations. Looking at these definitions, it can be noted that the research design helps to determine which methods will be used, which data are relevant and need to be collected in order to answer the research questions, and how to analyse the results.

Regarding research design, Yin (2014) divides the previous questions into five components. These are:

1- A study's questions
2- Its propositions, if any
3- Its unit(s) of analysis
4- The logic linking the data to the proposition
5- The criteria for interpreting the findings.

What follows is a description of the above components as part of the research design of this thesis. The first component is *a study's question*. As mentioned earlier, the aim of this research was to investigate the decision to implement the balanced scorecard in a developing country (Saudi Arabia), the implementation process and the outcomes of the introduction of the balanced scorecard, having particular regard to the impacts of agency and institutions, endogenous and exogenous. To achieve the aim of this study, the following six research questions will be addressed:

1. Why did a Saudi organisation implement the balanced scorecard?
2. How was the balanced scorecard designed and implemented in Mobily?

[13] The permission letter for conducting the study on Mobily can be found in Appendix C.

3. How and to what extent is the balanced scorecard being cascaded in Mobily?
4. How did institutions (internal and external) have an impact on the shaping of the dynamics of the process of change (i.e. adoption, (re)design, and use)?
5. How did powerful people legitimise the change and ensure the usage of the balanced scorecard, and what strategies did these actors use?
6. How has the balanced scorecard enhanced organisational culture?

Research can be conducted by exploratory or explanatory means, depending on the type of research question/s. Before considering the type of question addressed in this study, it is necessary to determine the difference between exploratory and explanatory case studies. In short, an exploratory case study can be employed to explore reasons for specific accounting practices, where preliminary investigations may be required to enable the researcher to begin the process of theory development at a later stage (Scapens, 1990). An explanatory case study, on the other hand, can be used to explain the reasons for certain accounting practices through the use of theory/ies to explain a specific case (Ryan et al., 2002). As regards the research question, the types of questions in this study are explanatory in nature. According to Yin (2014), "how" and "why" questions can be answered by undertaking an explanatory case study. Thus, this thesis was conducted via an explanatory case study.

The second component of research design is the theoretical proposition/the role of theory. Theory plays a central role in an interpretive case study (Ryan et al., 2002). Theories are used to make sense of case study observations. The objective of the present study was to explore the process of management accounting practice change, having particular regard to agency and institutions, internal and external, in a particular company, Mobily. To understand management accounting practices in Mobily, the extended Burns and Scapens framework developed by Ter-Bogt and Scapens (2018) (discussed in the previous chapter) was applied. Ter-Bogt and Scapens (2018) claim that, by recognising the relationship between external and internal institutions, which shape the rationality of human agency, it is possible to explore and understand the power of specific individuals and/or groups to impose new rules in specific contexts. In short, this study applied Ter-Bogt and Scapens's framework as the lens for the analysis, in order to achieve the aim of this study.

The unit of analysis is the third component of research design. This component is related to the central problem of defining what the "case" is. Since this research aimed to explain the process of implementing the balanced scorecard from an institutional

perspective and then to explain how this change has constituted new ways of thinking within a Saudi organisation, the research was conducted in one private company in Saudi Arabia (Mobily). Accordingly, the unit of analysis was the whole company (at corporate/top, business/middle and operational levels), to provide a comprehensive view of the evolution of the application of the balanced scorecard at all levels.

The last two components of the research design are the linking of data to the research questions and the criteria for interpreting the findings. The relevant data for this study, generally, is concerned with history, political arrangements, management structure, functions, work process, reporting, etc. and, in particular, management accounting practices at all levels. To discuss the last two components of the research design, the following section discusses the data collection and analysis in detail (section 6.5.3). Figure 6.2 illustrates the five components.

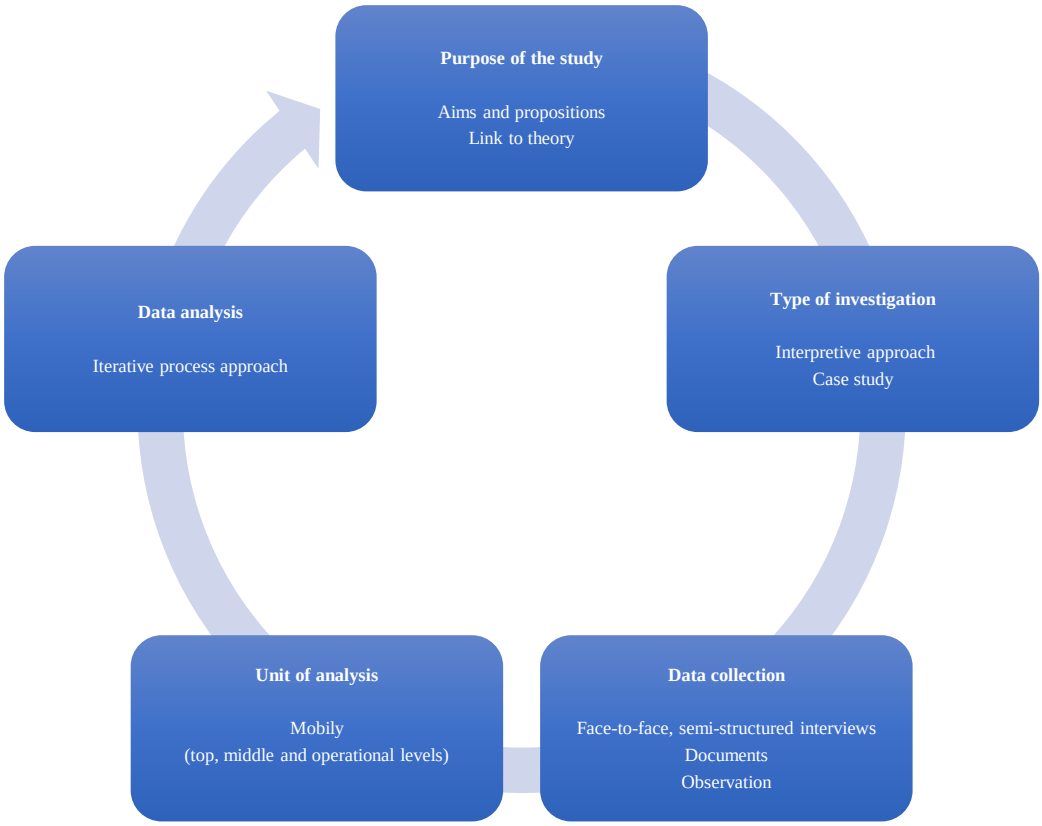

Figure 6.1 Research Design Framework

6.5.1 Data Collection

Data collection is a critical element of research. Ahrens and Chapman (2006) state that data collection in an interpretive case study is considered the most complex part of the research, and researchers should bear in mind that they should consider relevant data

saturation. Yin (2014) identifies the most common sources of evidence used in case study research. These are documentation, archival records, interviews, direct observations, participant observation and physical artefacts.

Given that the objective of this thesis was to investigate the processes of change in a change of management accounting practice in Mobily during the period 2005 to 2016, the researcher found that the most appropriate sources for this study were interviews (as the main source) and observation and documentation (as supporting sources). For instance, since participant observation requires the researcher to be an active rather than a passive observer, this source of evidence was also not applicable to this study. Regarding archival records, the organisation under study does not have archival records, as stated by the Executive Director Officer of Human Resources, and thus this source of evidence was also discarded. Consequently, interviews (as the main source) and observation and documentation (as complementary sources), providing qualitative research evidence, were used in this study.

It has been demonstrated that case studies which use multiple sources of evidence are rated as being of a higher quality than those which depend on single sources of evidence (Yin, 2014; Golafshani, 2003). Employing various sources of evidence for data collection is called triangulation. Moreover, Yin (2014) argues that a researcher can produce a good case study by employing multiple sources of evidence. In other words, it is desirable to use as many highly complementary sources as possible for the data collection. However, Ahrens and Chapman (2006) argue that triangulation is a problematic concept for the conduct and assessment of interpretive management accounting studies, because its determining position tends towards objective reality rather than subjective reality. Thus, the quality assessment of qualitative field research in management accounting has to be based on the "plausibility" of the conclusion, or as some scholars call it, "trustworthiness", rather than triangulation (Covaleski et al., 1998). As discussed above, this study employed interviews, observation and documentation; the following sections discuss these sources in more detail.

6.5.1.1 Interviews

With regard to case study research sources, the interview, specifically the semi-structured interview, is considered the most important source of case study evidence in studying management accounting change (Bobe et al., 2017; Conrad and Uslu, 2012; Cruz et al., 2009; Järvinen, 2016; Taylor and Scapens, 2016; Ter-Bogt and Scapens, 2018). Easterby-Smith et al. (2008) argue that the semi-structured method has particular

advantages. One of these is that such methods are beneficial for an understanding of how a participant's opinions and beliefs are shaped in particular situations and how he/she views the world. Moreover, the face-to-face interview can help an interviewer to observe and understand the participant's mood and expression. Another advantage of semi-structured interviews is that they help a researcher to understand the step-by-step logic of a situation.

In an investigation of the process of change in regards to the influence of external and internal institutions, the interview is considered the most appropriate means, as argued by Ter-Bogt and Scapens (2018). They claim that the only way to recognise the influence of both external and internal institutions and the role of deliberation is by discussion with individuals who were involved, in order to understand how they took decisions and how they rationalised their actions, because an institution's "taken for-granted assumptions" exist at the cognitive level of the individual. Therefore, to obtain vital information in the present study, the semi-structured interview was the main method applied, in order to be able to gain a genuine understanding of what was happening from the participants' perspective. The section below describes the design of interview questions.

6.5.1.1.1 Formulating and Testing Interview Questions

The interview questions were formulated using a range of literature sources. The literature that provides general strategies for semi-structured interviews were used as an initial source for formulating the interview guide (e.g. Miles and Huberman, 1994; Bryman and Bell, 2015; Yin, 2014).

In addition, Busco et al.'s (2007) study was used as guidance for formulating the interview questions. The aim of their paper is to provide guidelines for researchers investigating the process of change in a change of management accounting practice as a complex phenomenon with a consideration of agency and contextual issues. In their paper, the authors provide a set of opening questions which can be considered building blocks on the way to understanding management accounting change, such as: who drives the change? how? and why? They attempt to understand the influences of agency, contextual and institutional forces in management accounting change. Busco et al. (2007) also place emphasis on asking when and where the change happened and who was there to observe it. This helped the researcher to keep in mind that it is important to know who was involved and who observed the process of management accounting change. Busco et al.'s argument is in line with Ter-Bogt and Scapens's framework. For instance, Ter-Bogt and Scapens (2018), whose approach is the theoretical lens used in this study, argue

that exploring the relationship between human agency and institutions (external and internal), and how these multiple institutions and agencies can play a role at specific time and/or specific context, is essential to examining the process of change in a change of management accounting practice. Thus, it is argued that Busco et al.'s paper provides appropriate guidelines for designing interview questions for this study.

Moreover, literature reviews (e.g. Ezzamel et al., 2012; Said, 2014) that apply the institutional perspective to an analysis the process of management accounting practice change were also used as guideline in developing the interview questions. In addition, conversations with the supervisors of the study had an effect on determining the interview guide. In short, these studies provided guidelines for designing interview questions aimed at exploring the phenomena in the research setting;[14] understanding the decision to implement the balanced scorecard, as well as the implementation process and the outcomes of its introduction in a developing country, having particular regard to the impact of agency and institutions, both endogenous and exogenous.

Since this study was conducted in Saudi Arabia, the official language of which is Arabic, an Arabic version of the interview guide was prepared. This version of the interview guide was reviewed, before conducting the empirical study, by three Arabic PhD students, checking the translation as well as the clarity of the interview questions. Furthermore, in terms of the English version, a pilot interview was conducted with another PhD student. The aim of these two tests were to make the interview guide clear and precise and to ensure that no misleading questions were asked.

The interview questions evolved during the interview process. For instance, this evolution happened when interviewees raised new and interesting points. The researcher then added the new point to the questions to be asked for the next interviewees. However, the new points did not extend beyond the boundary of the study and were connected directly to the research questions. It is important to mention that the questions were guided by participants' positions; thus, different participants might be asked slightly different questions. For instance, the questions for those at director level and above, who were responsible for designing and evaluating the KPIs, could not be the same as those questions asked of the employees working at the operational level and not involved in designing their departmental balanced scorecard.

In summary, what was required from undertaking interviews with participants was to investigate in depth the process of implementing the balanced scorecard, to

[14] The interview guide can be found in Appendix D.

explore the impact of agency as well as internal and external institutions, to explore how and why the balanced scorecard became institutionalised in Mobily, and how the new accounting system influenced organisational culture. In other words, the researcher was bearing in mind that what is necessary to extract from interview session was mainly a deep investigation and understanding of the individuals who were involved in designing, implementing and/or using the balanced scorecard, how multiple institutions shaped their ways of thinking, and how this reflected on their actions (Ter-Bogt and Scapens, 2018). Indeed, in order to remember this, the objectives of the study were written at the top of each interview guide sheet.

6.5.1.2 Documentation

Reviewing documentary information is likely to be relevant to every case study. Documentary information can take a variety of forms, such as letters, formal reports and statements, minutes of meetings, and the like. In the context of case studies, Yin (2014) argues that a researcher who uses documents in data collection must exercise caution, as they are not always accurate. However, documents play a vital role in data collection in the studies that investigate the process of management accounting change (e.g., Bobe et al., 2017; Conrad and Uslu, 2012; Sutheewasinnon et al., 2016). Reviewing documents can help to verify information that has been mentioned during an interview. They can also provide specific details to corroborate the evidence from other sources. The third benefit of documentary information is its ability to help the researcher to make inferences.

In this study, reviewing the documentary information that was publicly available, such as annual reports and the company's magazine, was particularly useful for building a picture of the company's context and history. As elucidated above, the primary data collection in this study was via semi-structured interviews; however, the company's internal documents (e.g. accounting system manuals and balanced scorecard documents) were also used as evidence that verified information mentioned by interviewees. A number of documents were observed that were useful in understanding the decision to implement the balanced scorecard, the implementation process and the outcomes of the implementation (the list of documents is presented later).

6.5.1.3 Observation

Another source of evidence used in this study was direct observation. The aim of this research was to explain the process of change in a change of management accounting

practice in both its organisational setting and in the broader social contexts in which the organisation exists; thus, there was an opportunity for the use of direct observation to achieve a greater understanding of the phenomena under study. Yin (2014) claims that, if a study is taking place in the real world, some relevant social or environmental meaning and intention will be available for observation. Direct observation has been classified into two types: formal and less formal (Yin, 2014). Formal data collection activities involve assessing participants' behaviour during a certain period of time in the field, such as observations of meetings, sidewalk activities and the like. Another type of direct observation that is less formal involves collecting data throughout the researcher's fieldwork. Although it is difficult to access or directly observe institutions, as argued by Ter-Bogt and Scapens (2018), institutions (external and internal) can be seen in the application of associated forms of rationality. Observation was only possible during the in-person visits of the researcher to conduct data collection in Mobily.

Despite the fact that the researcher started this research and observation after the implementation of the balanced scorecard, which started in 2007, he was present in the organisational setting during the collection of data to observe the outcomes of the introduction of the balanced scorecard. To be more specific, he observed several sensitive internal documents related to the design and use of the balanced scorecard. In addition, he observed a meeting discussing one of the departmental KPIs; consequently, the inclusion of the observation as a source of data allowed the researcher to verify information mentioned by interviewees and to obtain an enhanced understanding, capturing the reality of practice in the real world of using the balanced scorecard in the organisational setting. Observing internal documents assisted the researcher in recognising how the design of the balanced scorecard was influenced by institutions. Observing a meeting of departmental KPIs aided in exploring how the ways of thinking and doing within and beyond the boundary of the company shaped individual rationalities during Holy season. The researcher was also able to formally and informally observe the working environment while taking field notes. Observing Mobily's organisational environment was useful for verifying the information reported by interviewees about Mobily's environment, and about how relationships between superiors and subordinates are friendly and respectful. Observing both genders also allowed the researcher to note how interactions between the genders are restricted because of the culture (in the Saudi context, women are segregated from men in the workplace). These observations were used to support the data gathered from interviewees and contributed to enhancing the understanding of the influence of the internal and external institutions on the forms of

rationality. In other words, formal and less formal observation were another source of evidence applied in this study to contribute to an understanding the outcomes of the introduction of the balanced scorecard in the organisational setting (the list of observations is presented later).

6.5.2 The Process of Data Collection

The data collection was conducted in three different stages and each stage was at a different period of time: preliminary investigation, main investigation, and reflection and checking. Also, since this study examined the process of change and how external and internal institutions influenced the design and use of the balanced scorecard, the study was conducted in three different regions, which control all operations in Saudi Arabia, the capital city of Saudi Arabia (Riyadh; the headquarters) and the main two operations centres, located in the west and east of Saudi Arabia. The purpose of conducting interviews in three different regions was to get as close as possible to the world of the managers, who have slightly different cultures between these regions (See Alhareth et al., 2015), and to interpret their world, which is the classical purpose of the case study (Dyer and Wilkins, 1991). Thus, the findings with regard to recognising the influence of macro and micro institutions on the balanced scorecard in the Saudi context would be more accurate.

6.5.2.1 Preliminary Data Collection

At the first stage, two interviews were conducted in the last two weeks of December 2015. The aim of this stage was to get general information from a design team and a user of the balanced scorecard within the organisational setting. The first interview was with the Director of Corporate Process Excellence, (one of the design team) at the research site (Mobily headquarters), discussing the background of the company, the purpose of implementing the balanced scorecard, and when and where the change happens. It lasted approximately one hour. The second interview was with a manager in the Corporate Culture Department, to discuss the using of the balanced scorecard in the Corporate Culture Department. This interview took 30 minutes. The interviews were digitally recorded and transcribed. They were carried out mainly in Arabic, the first language of the interviewees, but they alternated between Arabic and English.

At the preliminary investigation, a connection also was made with the Director of Customer Care (western region), the General Manager of the Network (western region) and the General Manager of Customer Care (eastern region). The preliminary

investigation was useful for the later stage of data collection as it allowed the researcher to get to know the key people in charge of designing and implementing the balanced scorecard.

6.5.2.2 The Main Data Collection

The second stage, which was the main investigation, was conducted from June to the middle of September 2016. During these three months, 31 formal interviews with 28 different people were conducted. All these interviews were digitally recorded, except four. The interviews lasted between 45 and 120 minutes. In addition, some informal interviews were held on various occasions.

Although this research involved a single case study, the study was conducted in various sub-settings. For instance, the investigation was conducted in three different regions as "visitor" (Ryan et al., 2002), Riyadh (central region), and the eastern and western regions, as well as with people who had different positions and worked at various levels in the organisation, in order to gain a fuller understanding of the context of the management accounting change as well as of the change itself.

The interview sessions, in the headquarters (central region), were arranged by the Executive Director Officer of Human Resources, whereas in the eastern and western regions, the interview sessions were arranged by telephone during the field work. The plan was to concentrate on each region for one month. However, after the meeting with the Executive Director Officer of Human Resources (central region), he stated that the company does not give permission for visitors to stay more than two weeks at a time. To comply with this policy, the plan was slightly changed. The researcher was attending every day at the research site in each region but not for more than two weeks, and then shifting to another region, and so forth.

In terms of sampling, it was intended to look at the whole process of change by looking across different levels of management, which other studies only did partially (e.g. Cardinaels et al., 2010; Jakobsen and Lueg, 2014; Kang and Fredin, 2012). Ter-Bogt and Scapens (2018) argue that discussion with those individuals who were involved allows one to understand how actors rationalise their actions and thus to explore how institutions shape individual rationality in specific situations. This argument guided the researcher to select appropriate employees to be interviewed. To be more specific, the selection was based on two specific criteria, rather than at random (Miles and Huberman, 1994). An interviewee had to have worked in the company since 2007 or earlier, and he/she had to be involved and/or deal with the balanced scorecard. The reasons behind these criteria

were to understand the ways of thinking and doing within the company before implementing the balanced scorecard, on one hand, and to investigate how institutions (internal and external) influenced the design and the implementation process on the other. Thus, the sample was deliberately designed to include those who were involved in design and implementation, as well as users, to understand the whole process, i.e. to have a more holistic approach. This was achieved by a combination of targeting interviewees at different organisational levels (at top management as General Manager, middle level as Director and operational level as manager) and by snowballing, when an interviewee suggested someone who could add a useful perspective to the aim of the present study.

Fortunately, the majority (over 70%) of the interviewees had worked in the company before the implementation of the balanced scorecard. Indeed, the sample represents the most important individuals available at the time of the study. It is worth mentioning that there were a few women in positions which dealt with the balanced scorecard. Although there are strong constraints on interviewing women in Saudi culture[15], the researcher managed to conduct some interviews with them.

As mentioned above, the interviews were conducted at different levels of the organisational hierarchy (corporate, departmental and operational levels). Further, interviews were not limited to the Corporate Process Excellence Team, but rather the range of participants interviewed was intentionally wide. Interviews held with participants from the central region included, for example, the Chief Human Resources Officer, the Corporate Culture Director and Manager, the Corporate Strategy General Manager, and the Risk Management General Manager. The western region included, for example, the Customer Care Director and Manger. The eastern region included, for example, the Network Director and the Network General Manager, see Table 6.2. Thus, the researcher was able to have multiple stories from multiple actors, in order to provide a better explanation. Although interviews were "semi-structured" and were outlined prior to the visits, interviewees were continuously encouraged to "do all the talking" in order to express their perspectives. In addition, the participants who were interviewed at the first stage were re-interviewed during the main investigation. In sum, the sample of interviewees was not limited to a specific department or a region, but was from different departments, regions, genders and hierarchy levels.

[15] The main constraint of meeting women in Saudi culture is specific to the cities where they live, as it varies from one city to another. However, generally women are not allowed to meet a man who is not a close relative. Thus, conducting a meeting with any man who is not a close relative or a co-worker is not acceptable to a great extent in Saudi culture.

Before the main stage, publicly available data such as newspapers and magazine articles and the company's annual reports pertaining to Mobily were reviewed. These data were useful for background understanding of the organisation and provided confirmatory evidence. During the period of the main investigation, furthermore, certain internal documents were obtained and analysed, including personal evaluation performance balanced scorecards and current performance reports for each department. Some interviewees referred to internal documentation used at the beginning of the process of the implementation of the balanced scorecard – for example, departmental performance reports, and operational and individual reports. These documents were useful to both verify information that was mentioned by interviewees and to provide more details to corroborate the evidence obtained from other sources. Copies of certain (not all) documents were offered to the researcher to observe and discuss without taking away, because they included sensitive numbers and text (see Table 6.3).

As mentioned earlier, the researcher had a letter allowing access to any workplace belonging to the Mobily company; hence, the researcher had the opportunity to stay the whole day and walk around the buildings, and to observe the working environment of both men and women (the latter only on the meeting floor), see Table 6.4.

Table 6. 2 List of Interviews

The First Stage **Last two weeks of December 2015**

Position	Region	Method	Duration	Involvement
Director of CPE Team	Central (HQ)	Recorded	1 hour	Design, implement, Use
Manager of Corporate Culture	Central (HQ)	Recorded	30 min	Use
Informal				
Executive Director Officer of HR	Central (HQ)	Notes	20 min	Use

Main stage **June to 15 September 2016**

Position	Region	Method	Duration	Involvement
Chief Human Resource Officer	Central (HQ)	Notes	25 min	Use
Senior Executive Officer HR	Central (HQ)	Notes	20 min	Use
General Manager Corporate Strategy	Central (HQ)	Notes	45 min	Use
General Manager, HR	Central (HQ)	Recorded	1:30 min	Design, Implement, Use
General Manager of CPE Team	Central (HQ)	Notes	25 min	Design, Implement, Use
General Manager of Risk Management	Central (HQ)	Recorded	1:05 min	Design, Implement, Use
General Manager of Network	Central (HQ)	Recorded	50 min	Design, Implement, Use

General Manager of Customers Care	Central (HQ)	Recorded	35 min	Design and Use
Director of CPE Team	Central (HQ)	Recorded	1 hour	Design, Implement, Use
Director of CPE Team	Central (HQ)	Recorded	1:30 min	Design, Implement, Use
Director of Corporate Culture	Central (HQ)	Recorded	30 min	Use
Director of HR	Central (HQ)	Recorded	1 hour	Design and Use
Director of Customers Care	Central (HQ)	Recorded	45 min	Use
Director HR	Central (HQ)	Recorded	35 min	Design, Implement, Use
Director of Customers Care	Central (HQ)	Recorded	40 min	Design, Implement, Use
Director of Customers Care	Eastern	Recorded	1 hour	Design, Implement, Use
Director of Network	Eastern	Recorded	1:05 min	Design, Implement, Use
Director Network	Eastern	Recorded	1:15 min	Design, Implement, Use
Director Network	Eastern	Recorded	1 hour	Design, Implement, Use
Director of Customers Care	Western	Recorded	1:45 min	Design, Implement, Use
Director of Customers Care	Western	Recorded	2 hours	Design, Implement, Use
Manager of Customers Care	Western	Recorded	1:05 min	Implement, Use
Manager of Customers Care	Western	Recorded	1 hour	Implement, Use
Manager of Network	Eastern	Recorded	1:15 min	Implement, Use
Manager of HR	Central (HQ)	Recorded	25 min	Use
Manager Corporate Culture	Central (HQ)	Recorded	45 min	Use
Manager of Customers Care	Western	Recorded	40 min	Design, Implement, Use
Manager of Customers Care	Western	Recorded	1 hour	Use
Informal				
Director of CPE team	Central (HQ)	Notes	15 min	Design, Implement, Use
Agent	Western	Notes	30 min	Use
Executive Director Officer of HR	Central (HQ)	Notes	20 min	Use

The Third Stage **15 July 2017-15 August 2017**

Position	Region	Method	Duration	Involvement
Director of Networks	Eastern	Recorded	1 hour	Design, Implement, Use
Director of CPE Team	Central (HQ)	Recorded	1 hour	Design, Implement, Use
Director of CPE Team	Central (HQ)	Recorded	45 min	Design, Implement, Use
General Manager of Networks	Central (HQ)	Recorded	1 hour	Design, Implement, Use
General Manager of Risk Management	Central (HQ)	Recorded	1 hour	Design, Implement, Use
General Manager of the CPE team	Central (HQ)	Notes	15 min	Design, Implement, Use
Informal				

Director of CPE Team	Central (HQ)	Notes	15 min	Introducing
Agent	Eastern	Notes	20 min	Use
Executive Director Officer of HR	Central (HQ)	Note	15 min	Use

Table 6. 3 List of Documentations

- Presentations of the proposal of the first design of the balanced scorecard to the Directors of the board
- The final design of the balanced scorecard
- Several presentations of the annual balanced scorecard
- Individual balanced scorecard
- Several KPIs from different years
- The manual of performance Management System of senior staff and employees
- Company's magazine
- The annual reports from 2006-2016

Table 6. 4 List of Observations

- Several internal documents
- Meeting for discussion a departmental KPIs
- Mobily's organisational environment for both genders

6.5.2.2.1 Interview Procedures

As discussed above, the researcher was successful in undertaking 31 interviews with 28 different interviewees. All interviews except two took place at the company and were all conducted face-to-face. The connection was made in advance with the interviewee to briefly explain the aim of the research and then determine a suitable time for an interview. After arranging the appointment with an interviewee, and before the interview session, preparation of interview questions was made to be appropriate for the subject. General information was gathered by informal conversation with participants, who recommended new interviewees.

Before starting an interview session, a brief explanation of the research being undertaken was given, as well as explanation of how the interview is an important part of the research. The acceptance letter, received from HR, allowing the research to be conducted in the research in the company, was given to each interviewee. An information sheet and consent form were then presented to participants, providing absolute assurance of confidentiality (Bryman and Bell, 2015; see Appendix E). The interviewees were asked for their permission to tape-record the interview, after clarifying the purpose behind the tape recording, which was to follow what the interviewees were saying and pay attention

to the interviewees with minimum note-taking. Emphasis was given to interviewees that the tape recordings would only be used for academic purposes, and confidentiality was assured both internally and externally. Four of the interviewees rejected the idea of the recording, and thus the interview was recorded manually. The rest of the interviewees (24) agreed verbally to record the conversation without signing the consent form, explaining that they did not need to sign because they had given the researcher their word. Indeed, they did not read any of the papers provided by the researcher, such as the consent form or the information sheet. They told the researcher that they would answer any questions he needed for the study. The atmosphere during the interview sessions allowed participants to respond openly and freely.

Obtaining permission to tape-record the interview helped the researcher to focus more on the interview's answer and to use follow-up questions such as "why and how", as well as probing questions (Bryman and Bell, 2015), which helped the interviewees to elaborate and improve their responses and helped the researcher to recognise how they made their decisions and how they rationalised their actions (Ter-Bogt and Scapens, 2018). Finally, brief notes were made during and after each interview immediately to record "informal" information, such as sensitive issues which were not recorded, facial expressions and the interview environment (Patton, 2002).

At the end of the interview sessions, participants were thanked for giving the researcher the opportunity to undertake the interview. Then, participants were asked two questions: if they could recommend a person who could contribute to the study, and if they wanted a copy of the transcription of their interview (Bryman and Bell, 2015). After that, participants were thanked again and asked if the researcher could contact them for additional information and confirmation of ideas. Because of the atmosphere, interviewees were willing to talk and express their opinions freely and openly, which helped in having in-depth discussions. This led to many of the interviews exceeding their expected duration, which was an hour.

In the Saudi context, women are segregated from men in the workplace. If a man has a meeting in the women's building, he has to have approval to enter their building. Since some participants were women, the researcher obtained approval to enter their building for two days to conduct the interviews.

As mentioned above, all interviews were carried out mainly in Arabic, except one. The interviewees were given the option to choose which language they preferred to use during the interview session. The reason behind this was to avoid embarrassment for participants who did not speak fluent English. Besides, conducting interviews in English

might lead an interviewee to face difficulty in expressing their opinions accurately. During the period of data collection, some interviews were transcribed.

6.5.2.3 The Reflection and Checking Stage

The last stage was conducted in the middle of July 2017 for four weeks. The purpose of this stage was to present the initial emergent findings to participants in order to confirm the meanings and interpretation for internal validity, and to obtain further data needed for the case.[16] To achieve this, further interviews (six formal and two informal interviews) were carried out, and internal documents (KPIs for several years and several presentations on the annual balanced scorecard) were obtained. All these interviewees (except one) were interviewed during the main data collection to check the findings and get feedback from informants. These informants were from different parties: the coordinator of the performance management committee, the design team and implementer of the accounting system, and a user, to help gather the rest of the substantive data. Most of the interviews lasted approximately one hour, except one which lasted 15 minutes (the shortest of the interviews). The interviews (except one, the shortest) were recorded. In addition to the interviews and documents, a meeting was also observed during this period. The meeting was a departmental meeting of KPIs. The meeting was attended by several employees, in addition to including a conference call to communicate with different people in different regions, for managing the departmental balanced scorecard. Notes were taken during the meeting.

6.5.3 Data Analysis

After the data had been collected, transcription of interviews and data analysis could be conducted. For data analysis, it is helpful to use an analytic strategy that consists of examining, categorising, tabulating, juxtaposing or creating data displays of the evidence, in order to answer the research questions of the study, using qualitative data-analysis software. In this study, the ATLAS.ti software was used as tool to facilitate the analysis of the qualitative data (Bryman and Bell, 2015).

In the present study, an iterative process approach was applied to provide valuable insights into the change of accounting practice in Mobily (Taylor and Scapens,

[16] For example, how was the balanced scorecard redesigned after introducing the new strategy (2012) and after the financial crisis? and why? Why did the employees not follow the new rules at the beginning of the first three months? In addition, internal documents were required to validate the information that was obtained from interviewees during the main data collection.

2016; Yazdifar et al., 2008). Ritchie et al. (2003) claim that data collection in qualitative research is continuously and iteratively analysed until the linkages between theory and data are established. Furthermore, they argue that the analytical hierarchy, developed by Spencer et al. (2003), of analysing qualitative data is based on three stages: data management, making sense of the findings (i.e., descriptive account) and the explanatory account.

6.5.3.1 Transcribing Interviews

Prior to analysing the data, the interviews were transcribed by the researcher. This process took place during and after the field work. Being personally involved in the transcription process allowed the researcher to be familiar with the data. Listening to interviews also allowed the researcher to relate back to the original setting of the interviews, recalling facial expressions and associating them with the situations of the interviews. All interviews except four were digitally recorded. As mentioned above, the interviews were conducted in Arabic, the native language of interviewees and the researcher (expect one), with a mixture of some English words. The interviews were transcribed verbatim to allow the researcher to relate back to the field work. The interview transcripts were read from time to time to detect and recall the scenarios of the interview sessions. This was important for the researcher to familiarise himself with the data; to "know the data inside out" (Taylor and Bogdan, 1984, p.130) and to gain a sense of the issues that needed to be followed up.

6.5.3.2 Data Management

Under an interpretive approach, researchers face the issue of dealing with a vast amount of messy, unwieldy qualitative data. Consequently, the first task is to reduce the data (Ritchie et al., 2003). The term "data reduction" refers to "a form of analysis that sharpens, sorts, focuses, discards, and reorganises data in such a way that 'final' conclusions can be drawn and verified" (Miles and Huberman, 1994, p. 11). In other words, managing data is important, especially in a qualitative study, as the raw data comes in various forms, including verbatim transcripts, field notes, and internal and external documents. Managing data effectively is an important step before further analysis can be conducted.

To do so, the contact summary sheet (see Miles and Huberman, 1994, p. 51) was used as a means of both managing the mounting volume of data and becoming familiar with emerging patterns and "recurring themes" (Patton, 2002). From this sheet, a mix of

emergent themes derived from the research questions and theory, and other themes emerging from the data, were observed. Also (for the purpose of reflection and to achieve the aim of this study) the contact summary sheet was used to identify any missing information or questions that needed to be answered during the main data collection stage (Miles and Huberman, 1994). In fact, a number of questions emerged from the contact summary sheet which were asked to a number of interviewees (who were interviewed during the main data collection stage) during the reflection on the data, as mentioned in section 6.5.2.3. To fill the contact summary sheet, all interviews were read individually with great attention, until the first thoughts and themes emerged, and a general idea of the interesting phenomena was obtained.

After reading all the transcripts twice to fill the contact summary sheet, the next step was the coding.[17] Coding has two alternative procedures: free coding unconstrained by prior theory, or strict use of codes based on a theoretical framework. Miles and Huberman (1994) argue that the best defence against information overload is to use research questions and theory to guide the codes. In the current study, a provisional "start list" of codes prior to fieldwork (e.g. family, community, rules) derived from the theory, i.e. theoretical coding (Gibbs and Taylor, 2005) was applied (see Table 6.5 below which presents examples of identifying theoretical codes), while other codes were derived from the research questions (e.g. design, implementation, using BSC and others). However, this study did not overlook emerging data, and thus "free" codes were considered as the data suggested (e.g. acknowledgment, leadership, BSC after crisis), which in turn resulted in rectifying the theory (Wengraf, 2001). In other words, the coding in this study used a hybrid approach.

To start the process of coding, the researcher uploaded the verbatim transcripts, which was the most important data, along with internal and external documents pertaining to Mobily, to the ATLAS.ti software. It is important to mention that the transcripts were uploaded as-is, without translation to English, in order to avoid losing any meaning, since it is difficult to obtain accurate translations (Strauss and Corbin, 1998). While each interview transcript was read individually in more depth, the new coding was added to the ATLAS.ti software. The software gave each interviewee a particular number as well as a specific number for each quotation, e.g. 1:11.[18] In terms of documentation, they were named based on their types (e.g. annual financial statement,

[17] Miles and Huberman (1994, p. 56) describe codes as "tags or labels for assigning units of meaning to the descriptive or inferential information compiled during a study. Codes usually are attached to "check" of varying size-words, phrases, sentences or whole paragraphs connected or unconnected to a specific setting".
[18] The first number is related to a specific interviewee while the number on the right is related to a specific quotation.

2006). In this way, coding categories were formulated for all interviews transcripts. After going through all the interview transcripts, the codes were logically grouped under themes (which emerged from theory and research questions, and from the data), as shown in Table 6.6. It is worth mentioning that after approximately six separate interview transcripts were read in depth, repetition of themes/codes became evident. However, the researcher remained critically aware throughout this procedure that initial reading might overly influence the extraction of prevalent themes and views, and there was the danger of attempting to make the data fit the initial coding. To avoid this, the researcher was constantly endeavouring to follow up surprises as argued Miles and Huberman (1994). Therefore, this procedure was redone twice at different points in time to ensure that no themes/codes were missed or repeated. This double-checking is a vital element, not only for clarity but also as a good reliability check (Miles and Huberman, 1994).

Table 6. 5 A sample of How the Theoretical Coding Was Identified

Theoretical code	**How it was identified**
Rules	Management accounting constitutes organisational rules and routines. Rules, which are identified as the formally recognised way in which "things should be done" (Burns and Scapens, 2000, p.6), can be recognised in the qualitative research evidence; for example, KPIs, appraisal (performance evaluation), bonuses (reward system), etc.
Routines	Routines are the procedures actually in use. In other words, after senior members of an organisation introduce the rules, have the individuals put those rules into everyday practice?
Broader/external institutions	These are institutions which extend beyond the organisation. Institutions at societal and organisational field level are the broader institutions. These can be recognised through the seven logics; family, community, religion, state, market, profession and corporation. These can be recognised as follows: Professional: "the consultant provided us with best practices in the market" (status in profession) or "based on his experience" (personal expertise). State: "there were specific KPIs imposed by the government" (bureaucratic domination). Religion: "we do it based on the spirit of faith" (importance of faith). Market: "because of the economic situation, it led to a weak market" (status in market).

	Community: “we do it to reflect a great image of our country and our company” (increase status and honour of members and practices). Family: “an individual’s upbringing is influenced by his parents and thus we can see differences in employees’ attitude among regions” (membership in household). Corporation: “the board of directors imposed the balanced scorecard” (board of directors).
Local/internal institutions	Internal institutions which are located entirely within the organisation operate at the individual and organisational levels. The institutions at the organisational level can be recognised when there is shared taken-for granted way of operating, such as “at the launch of the company, the company was working as a project not as a company”; “to survive, we were focusing on financial measures, how much cash we have with less interested in non-financial measures” (short-term orientation). Institutions at the individual level can be recognised when individuals draw on existing habits which reflect tacit knowledge. For example, “he agreed to adopt BSC because he used the BSC in the previous company and he believes in this tool”.
The logic of situation (or circumstances)	In specific situations (i.e. specific contexts), agents need to deliberate on the appropriate actions to adopt in that situation. This can be recognised in the sources of statements such as “after the financial crisis, the management redesigned the BSC”.
Generalised practices (archetypes)	Generalised practices are sets of more or less coherent and concrete structures, ideas, and practices, which influence the formal rules and procedures that guide everyday practices. The balanced scorecard can be recognised as an archetype.
Deliberation	Deliberation (in the form of internal conversation) takes place when no appropriate routines are available. For example, “After introducing the new strategy, we discussed with the CPE Team to determine new KPIs to help us to achieve company’s strategy”.

Table 6. 6 Codification Tree

Themes	Codes	# of interviewees mentioned this code[19]
Company	Management style	17
	Employment in the company	24
	Organisational structure	5
	Department: IT, marketing etc.	11
	HR business partner	3
	HR	4
	HR learning curve	3
	Communication & internal conversations b/w management and employees	22
	Mobily's culture	15
	Environment	13
	System for BSC (PMS)	10
	Pointing system	2
Old rules (before the BSC)	Acquisition goal	5
	Focusing on financial info	3
	KPIs before BSC (objectives)	10
	Topical appraisal	6
	Reward system	6
Old routines	Lack of engagement	5
	No existing routine	5
	Lack of alignment among Depts.	7
	Less systemisation	7
	Lack of accountability and responsibility	7
	Lack of unified reporting	2
Idea of the BSC	Recommending the BSC (consultant)	4
	Purpose of the BSC	6
Designing the BSC	Steps of designing the BSC	16
	Designing the BSC at the corporate level	3
	Designing the BSC at the departmental level	16
	Designing the BSC at the operational level	17
	Designing the personal BSC	13
KPIs	Smart KPIs	19
	Challenging KPIs	12
	Accepting the KPIs	8
	Measurable	6
	Achievable	7
	Reasonable	6

[19] The titles of the interviewees can be found in Appendix F.

	Cascading KPIs	8
	KPIs vs matrix	1

Mobily's institutions and situations		
Existing institutions	Short-term orientation	4
	Historical data	7
Situations	Mobily's strategy	11
	(New situation) transformational strategy	4
	Revamping the BSC	12
	(New situation) turnaround strategy	4
	The BSC after the crisis	13

Individual human agents	Existing habits (routines)	10
	Educational level	9
(Re)habilitation	Change o mindset	8
	Employee development, training, job rotation, programs	14
Psychological needs	Fulfil personal needs	11
	Emotional	4
	Belonging	15
	Fulfil self-esteem	7
	Acknowledgment	11

External institutions		
Community	Increase status and honour of members	13
	Group membership	6
	Emotional connection, ego-satisfaction	3
Family	Membership in household	1
Profession	Status in profession	15
	Consultant expertise	7
State	Bureaucratic domination, e.g. Ministry of MRA etc.	7
Religion	Importance of faith	12
Market	Status in market before Mobily	1
	Market status	10
	Shareholders	2
Corporation	Corporation as hierarchy	5

External factors	Saudi economy	3
	Other external entities, e.g. supplier, contractors	4

Implementing the BSC	Implementing the BSC at the corporate level	6
	Implementing the BSC at the departmental level	16
	Implementing the BSC at the operational level	22

	Cascading the BSC	10

Resistance to the BSC	Oldest people	3
	Challenges of implementing the BSC	7
	Non-cooperation in providing data	4
	Executive resistance	2
	Conflict interest	3
	Lacking knowledge and awareness	9
	Anxiety	6
	Resistance at operational level	7

Limitations of the first design of the BSC	Challenges of using the BSC (focus)	9
	Very complicated BSC	5

Powerful people	CEO support	11
	Leadership	20
	Corporate Process Excellence	12
	New CEO: conservative	7
	Old CEO: risk free	5
	Consultant	20
	Chief/s	5
	Key members (GMs or their deputies)	6

Power of dimensions		
Power of resources	Compensation and benefits	17
	Appraisal	22
Power of processes	Close follow-up	22
	Engagement	20
	Meeting (designing, implementing or using)	22
	Management calendar	2
	Increase knowledge & awareness	22
	Meeting dynamic	1
Power of meanings	Workshops	12
	Annual gathering	4
	Trust in the BSC	2
	Transparency	9
	Clear	9

Using the BSC	Using the BSC at the corporate level	4
	Using the BSC at the departmental level	22
	Using the BSC at the operational level	22
	Negatives of using the BSC	2
	Secret of success of the BSC	1
	Positives of using the BSC	14

Impact of the BSC on organisational culture	Open system	15
	Result	17
	Balance and multifacetedness	15
	Systematic thinking	16

	Dynamic process	15
	Flexibility of change	9

Impact of the BSC on external institutions		
Corporation	Organisational culture	5

During the third detailed reading of each interview transcript, a general observation was highlighted. Moreover, a separate file, "interim case summary outline" (Miles and Huberman, 1994), was produced to record reflections and observations on the meaning of the data as a whole, as the analysis proceeded. This interim case summary also provided a means of interacting with and thinking about the next waves of substantial data collection (i.e. the reflection and checking stage) (Miles and Huberman, 1994). In general, the process of data reduction provided a better reflection of the patterns and stories emerging from the interview data, covering the issues dealt with in regards to the process of the change of management accounting practice.

6.5.3.3 Descriptive Accounts

After generating and applying a set of themes and concepts in the first stage, the second stage involved synthesising the data to prepare descriptive accounts, identify key dimensions, and mapping the range and variety of phenomena (Miles and Huberman, 1994; Ritchie et al., 2003). The second step in the iterative process requires a researcher to make sense of the data collection.

Accordingly, this study employed the principles of data collection, as suggested by Yin (2014), maintaining a chain of evidence in order to increase validity. This requires a researcher to re-read the transcripts sensitively and to move backwards and forwards between research questions and transcripts in an attempt to make sense of the data, which can be used at the later stage of analysis (explanatory accounts).

To be more specific, at this stage, a separate file was maintained which included the research questions. Below each research question, all themes and/or codes related to the research question were included. This process ensured that all related data was copied from the interview context, a process known as "de-contextualisation" (Tesch, 1990), and placed under related research questions. This procedure was carried out several times, moving from the research questions to the transcripts, to reduce the danger of any deviation from the research questions and to ensure all related quotations were included. This allowed the researcher to determine whether he could have confidence that all

quotations belonged to a particular code/theme. Quotations which seemed to represent particular themes were used to present the "thick description" (Parker and Northcott, 2016) in the chapters of analysis. Having rich description allows a researcher to find linkages between sets of phenomena, behaviours and perspectives, and certain characteristics of a specific context and theory (Ritchie et al., 2003). The evidence from the different perspectives is presented in the chapters of analysis. In order to avoiding boring the reader by presenting all the evidence, critical pieces of evidence were selected to be presented (Yin, 2012). However, the researcher kept in his mind that the evidence should be presented in an unbiased manner (Yin, 2012). In addition, the interim case report was maintained, including all observations on the meaning of the data for all interviews at this stage, to organize the findings to-date.

As illustrated earlier, the coding in this study used a hybrid approach, theoretical and emerging, which might influence a researcher's focus. Wolcott (2009) suggests "packing more in" and "tossing more out" as strategy tools for helping authors to focus on and comply with space limitations. He states, "If you want to take in more of the picture, you must sacrifice closeness of detail; if you want more detail, you must sacrifice breadth" (p. 95). The current study followed Wolcott's strategy by continuously reviewing the purpose of the study and the research questions in order to narrow the focus and remove non-essential and irrelevant codes from the study. In other words, the researcher kept the purpose of the study and the research questions under continuous review, and thus the researcher sacrificed some codes that were non-essential for this study.

In addition, as the interviews were in Arabic, the quotations were translated to the closest meaning (Examples are provided in Appendix G). After completion of the translation, the Arabic and English versions were compared to ensure that nothing was missing, and to make sure the exact meaning was given in both versions. An Arabic-English dictionary was used sometimes to arrive to at the most exact meaning possible. The researcher is an Arabic native speaker, and thus a translator was not required. However, a professional translator was used to validate the researcher's translated quotations from Arabic to English, in order to reduce the risk of losing key information from the data. In other words, the researcher endeavoured to ensure equivalence in translation.

6.5.3.4 Explanatory Accounts

The last stage of the iterative approach, after writing a rich description, is the explanatory

stage, which lies at the heart of qualitative research. In other words, the final step of the iterative process is to recognise why the data take the forms that are reached and presented (Miles and Huberman, 1994; Ritchie et al., 2003).

At this stage, the data were presented in a form that facilitated subsequent writing up of the findings. This was done by constructing a data matrix. For instance, relevant quotations were added using the interviewees' position and the number of the quotations, which was provided by the ATLAS.ti system (for example, General Manager of Risk Management, 3:11). As mentioned above, because the interviews were carried out in Arabic, minimal transcription was translated, as suggested by Strauss and Corbin, who claim that the reason for translating is to help English-speaking readers to understand "what the interviewee is saying and thinking as well as [give] a sense of what the coding looks like" (1998, p. 285). They also argue that some meaning may be lost because of the difficulty of achieving accurate translation.

Explanatory accounts provide a deeper understanding of phenomena. As argued by Ahrens and Chapman (2006, p. 820), "With qualitative methodology goes an acknowledgment that the field is itself not just part of empirical world but it is shaped by the theoretical interest of the researcher". Thus, at this stage, institutional theory in general and Ter-Bogt and Scapens' framework (2018) in particular, was employed as a crucial tool in interpreting and explaining the issues which emerged from the case study. Ryan et al. (2002) claim that there is an ongoing relationship between theory and observation in the case study. Thus, Ter-Bogt and Scapens' framework was used to make sense of the observations of the Mobily case, but through these observations Ter-Bogt and Scapens' framework might be refined or modified (Ryan et al., 2002). This section has described the three stages of data analysis. The next section discusses ethical considerations.

6.6 Ethical Considerations

It is vital to conduct research ethically in order to increase its quality. This study follows Yin's (2014) and Collis and Hussey's (2009) recommendations in this respect. For instance, the researcher must maintain a strong professional competence in ensuring accuracy and striving for credibility. The researcher must also have ownership of, and accept responsibility for, what is being reported, avoiding plagiarism and refraining from falsifying information. Furthermore, since this study is an interpretive case study, and involves human subjects, the researcher must employ the highest ethical standards while

conducting the research. As illustrated earlier, good access was gained after the researcher had explained the purpose of the research personally to the Executive Director Officer of Human Resources, who is responsible for giving permission for research to be conducted in the company. Regarding anonymity and confidentiality, he confirmed that he had asked for letters from the university and the lead supervisor to affirm that any research information and interview feedback would be maintained in the strictest confidence and available only to the supervisory team and to the researcher.

One of the most critical ethical standards to be considered is the voluntary nature of participation (Collis and Hussey, 2009; Yin, 2014). In this regard, the Executive Director Officer of Human Resources confirmed that the researcher would be permitted to conduct interviews with employees provided that the researcher had formally solicited their willingness to participate voluntarily in the study. The researcher also took account of Yin's (2014) advice to protect all persons participating in the study from any harm by avoiding the use of any deception in the study and by selecting participants equitably, with no group of people unfairly included or excluded.

6.7 Validity and Reliability

It has been observed that there is a huge debate surrounding the validity and reliability of qualitative research. For example, Golafshani (2003) and Chua (1986) conclude that, since validity and reliability originate from the positivist perspective, validity and reliability in qualitative research have to be reconsidered. Patton (2002) documents that, while designing a research study and collecting and analysing the data, a qualitative researcher must be concerned with the most critical factors, validity and reliability. In addition, Seale (1999, p. 467) states that the "Trustworthiness of a research report lies at the heart of issues conventionally discussed as validity and reliability".

Yin (2014) identifies four approaches to test validity and reliability in a case study: construct validity, internal validity, external validity and reliability. According to the definitions provided by Yin (2014, p. 46), "construct validity" means identifying correct operational measures for the concepts being studied, while "internal validity" seeks to establish a causal relationship, whereby certain conditions are believed to lead to other conditions, as distinct from spurious relationships. The term "external validity" refers to defining the domain to which a study's findings might be generalised. Yin's final approach is reliability, which means demonstrating that the operations of a study, such as the data collection procedures, can be repeated with the same results. In this

study, several approaches were used in order to increase the quality of the study as shown in Table 6.7.

Table 6. 7 Case Study Tactics for Four Design Tests

Test	**Case study approach**	**Phase of research in which approach occurs**
Construct validity	Use multiple sources of evidence	Data collection
	Establish chain of evidence	Data collection
	Have key informants review draft	Composition
Internal validity	Iterative process approach	Data analysis
External validity	Use theory in single case studies; "analytic generalisation"	Research design
Reliability	Use case study protocol	Data collection
	Develop case study database	Data collection

Source: adopted from Yin (2014, p. 45)

As illustrated earlier, this study employed multiple data sources – interviews, documents and direct observations – to increase validity and to make its conclusions more plausible. Yardley (2009) claims that the most important advantage of using a variety of sources of evidence is the development of converging lines of inquiry, thus making the findings/conclusions of a study more likely to converge and to be more accurate. Hence, re-reading transcripts, observation notes and reviewing company's documents were beneficial to give the explanation and conclusion more plausibility. In this way, the findings are likely to be more convincing and accurate, hence producing a good quality study.

In addition, care was taken not to omit any single piece of evidence, thereby maintaining the chain of evidence. One tactic that might improve reliability is to apply the second principle of data collection, which involves creating a case study database. To apply this principle from a qualitative perspective, the process of research should involve a continuous back-and-forth questioning of interpretations and discussion of recorded field data, in order to make linkages between theory and findings, ensuring that the generated findings have important implications for the management accounting community (Ahrens and Chapman, 2006). This principle was not overlooked by the researcher. In fact, all the principles of data collection were applied in this study to increase the quality of the study, except for the final principle (using data from electronic sources), because the use of social media communication as a device to collect data was

not needed.

As stated above, this study used the iterative process approach to analyse the data and increase internal validity by seeking confirmation of meanings and interpretations from participants. Lukka and Modell (2010) document that thick descriptions and emic understandings of participants' meanings in interpretive management accounting research is beneficial for producing detailed explanations which increase the validity of the study.

The final tactic to be employed in this study to increase external validity was generalisation. Generalisability is one of the most critical issues for determining the credibility of research, particularly in a study such as this, which comprises a single case study. As mentioned earlier, there are two types of generalisation: statistical and analytical generalisation. This study employed analytic generalisation, which uses theory to generalise the findings – one of the key features and strengths of the interpretive approach, in order to increase validity – and the findings are not intended to be generalised to other organisations (statistical generalisation). In brief, since reliability and validity are conceptualised as the trustworthiness and quality of a case study, they were both tested in order to improve the quality of this study.

6.8 Summary

This chapter has described the methodology and method applied in this study. The chapter began by briefly describing accounting research paradigms, while concentrating on the interpretive paradigm, since it is employed in the study. The next section presented an overview of the research strategy and the nature of the case study. Additionally, this section discussed the rationale of using the case study strategy, specifically Yin's method. This chapter also described the three methods of data collection used in this study (interview, direct observation and documents). After discussing the process of data collection, the data analysis was explained, along with how the data was interpreted. The final section of this chapter discussed the tactics that were used to ensure the validity and reliability of this study. The following three chapters discuss the findings of this study.

7 Explaining the Decision to Adopt the Balanced Scorecard: Inter-Connections Between External and Internal Influences

7.1 Introduction

The objective of this chapter and the following two chapters is to explain the story of the adoption of the balanced scorecard in an organisational setting. This chapter focuses on the board's decision to adopt this management accounting practice. Drawing on the framework introduced by Ter-Bogt and Scapens (2018), in chapter five, this chapter elucidates why Mobily implemented the balanced scorecard. The inter-connections between external institutions (macro-level) and the internal institutions (micro-level) shaped key actors' decision in the board meeting. This inter-connection led to the decision to introduce the new rules/balanced scorecard, as will be explained in detail in this chapter. Before proceeding to explain the decision to adopt this particular management accounting practice, this chapter begins by outlining the organisational context of the study.

This chapter is organized into three main sections. The first section (7.2) presents the background of the company, taking into account the historical background and emergence of change in the Mobily company. The chapter then continues with an explanation of the decision to implement the balanced scorecard (section 7.3). This section will analyse how the new management accounting practice was introduced into the company, and how key actors' decision, which was shaped by external and internal institutions, influenced the decision. The chapter ends with a discussion of the findings and concluding remarks (section 7.4).

7.2 Organisational Context

The previously mentioned research questions were addressed through a case study of a telecoms company, Mobily; this section briefly discusses the organisational setting. Mobily is a Saudi joint-stock telecommunications company. It was established in 2004 by a consortium led by Etisalat, the UAE-based telecoms conglomerate. The major shareholders are Emirates Telecommunication Corp. (Etisalat) at 24.45% and the General Organisation for Social Insurance (GOSI) at 11.85%; the remaining shares are held by institutional and retail investors (Mobily Annual Report, 2015). In December 2004, Mobily was listed on the Tadawul Stock Exchange. It launched in the middle of 2005.

The company's share capital amounts to approximately $2.05 billion, which is comprised of 770 million shares of $2.67 each (Mobily Annual Report, 2014). Before 2004, there was only one telecoms company (STC) in the Saudi market. Thus, Mobily is the second mobile service provider in the Kingdom of Saudi Arabia, with a balance-sheet total of $12,437 million; it employs some 3700 people (Mobily Annual Report, 2015; Gulf Base, 2017).

The company was the first Saudi communications company to acquire an operations license for third-generation services and beyond in 2004 (Mobily Annual Report, 2006). Since 2006, the company has grown rapidly in the Saudi telecommunications field, as well as in the Saudi market. For instance, in 2008, the company obtained 99% of partners' shares in Bayanat Al-Qula for Network Services Company, a Saudi limited company. In the same year, it invested 95% of the share capital of the National Company for Business Solutions, a Saudi limited liability company, and gained 96% of partners' shares in Zajil International Network for Telecommunication Company, a Saudi limited liability company, among others. These enhancements gave the company 18.2 million customers in the fibre network by the end of 2009. According to the Mobily Annual Report (2015), Mobily owns 66% of the Saudi National Fiber Network, one of the largest fibre-optic networks in the world. In short, the primary business of the company and its subsidiaries is to establish and provide mobile telecommunications services and a fibre network in the Kingdom of Saudi Arabia.

As demonstrated in chapter four (section 4.3), the telecoms market in Saudi Arabia is considered one of the most important and the biggest markets in the Middle East and African region (Pyramid Research, 2015). The competitiveness and complexity of a particular organisational setting, Mobily, and its situations influenced the deliberation of key organisational agents which led to several changes. The main changes were strategic, as well as implementing a (new) management accounting practice to accomplish the company's strategy (this will be discussed later). For instance, when the company launched it had a basic strategy, which was acquisition and building its customer base. In 2007, the company introduced a new strategy: "By 2010, Mobily will be the number one telecom operator in the Kingdom of Saudi Arabia" (internal document). In other words, Mobily's goal was to lead the telecoms market in Saudi Arabia. In 2010, the company achieved its goal. In 2012, the management introduced a new strategy, the Transformational Strategy. However, in 2014, this strategy was stopped because the company faced a financial crisis. This financial crisis caused the company serious issues, including stopping the trading of its shares on the Saudi stock market for a while. The

financial crisis pushed the management to stop the Transformational Strategy and introduced a new strategy (the Turnaround Strategy). This strategy aims to put the company on track again. It is split into two distinct parts: a turnaround from 2015 to 2016, and selective growth from 2016 to 2019 (Mobily Annual Report, 2015). Those situations influenced key actors' rationality, which is reflected in the balanced scorecard (this will be discussed in detail in the next chapter).

Mobily is structured in three levels, top management, middle management and operational management. Individuals at the chief and general manager level represent top management. Individuals at director level represent middle management, while managers and the executive manager represent the operational level. The individuals at the top management level are responsible for strategic, planning and support activities, while individuals at director level are responsible for the implementation of the company's rules, reporting to the CEO. The operational level is responsible for handling daily business activities. Figure 7.1 shows Mobily's organisational chart, as well as the functions for which each of the top managers is responsible. It is worth mentioning that the other departments have the same organisational structure as HR.

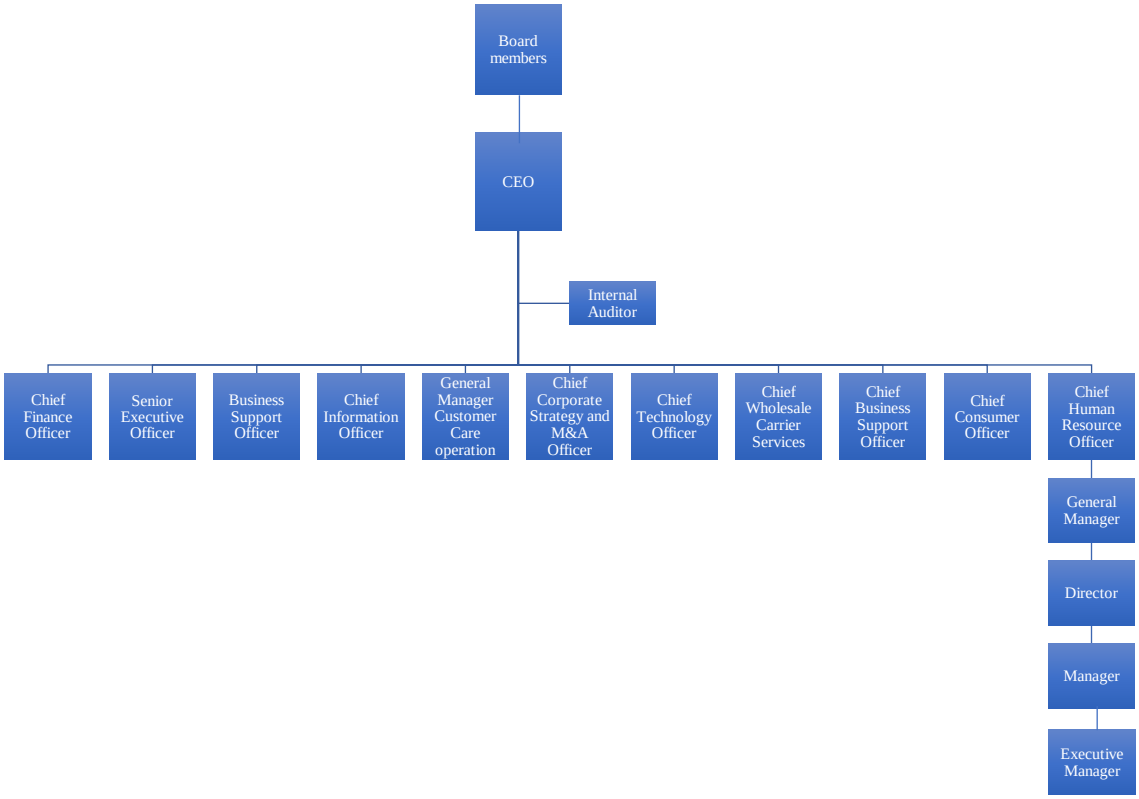

Figure 7.1 Mobily Organisational Chart

7.2.1 Management Style

Since this study investigates the process of change, it is important to pay special attention to the company's staff (their skills and expertise), and who are the key players in the change, as argued by Ter-Bogt and Scapens (2018). When the company was established, the Etihad Etisalat company (the largest investor in Mobily) transferred a number of its staff to lead Mobily, including the CEO and other key people. In addition, management planned to have individuals with different skills and expertise at the executive and non-executive/operational levels.

At the executive level, HR intended to have people that had experience and had worked in the market. In other words, the management were looking for people that had the ability to run the business, who knew *what they were doing*, *why* and *how*. The Director of the Corporate Process Excellence Team (23:53) stated:

> To make the company a success, we must bring in people who have the right experience to build the company. The company brought in the best guys in the market, and they are still running operations.

Those employees came from different nationalities and diverse cultures: GCC[20], Arab, Asian countries and from Western nations. Several interviewees argued that having people from different cultures is healthy for the company (the General Manager of HR 8:44; the Director of Customer Care 11:27; the Manager of Customer Care 25:5; the Manager of Corporate Culture 19:8), as affirmed by the General Manager of HR (8:44):

> One of the features and success factors that allows Mobily to succeed is employing people from a range of cultural backgrounds. Because, in terms of experience, they exceed Saudi culture. Also, this multiculturalism means Mobily has a unique identity… through communication, we have made a new culture in the Mobily company… The employees who work in HR see this diversity of nationalities and gender as one of the key success factors for Mobily.

Having such a variety of employees, who have a range of experience and come from different cultures, helps the management in the execution of the business and in building a unique company culture.

At the operational level, on the other hand, people were either recent graduates or had insufficient experience, as affirmed by several interviewees from different departments, such as the Director of the Networks (10:36), the Director of Corporate Process Excellence Team (23:53), the Director of HR (22:19) and the Manager of

[20] GCC refers to Gulf Cooperation Council, which include all Arab states of the Arabic Gulf, except for Iraq.

Customer Care (25:5). Therefore, in order to increase those employees' knowledge about the telecoms market, the management ran a number of workshops locally and internationality, as affirmed by a number of employees who attended these courses at that time (e.g. the Director and the Manager of Customer Care). Three interviewees argued that hiring recent graduates is considered beneficial for the company (the Director of the Corporate Process Excellence Team 23:54; the Director of the Networks 10:36; the Manager of Customer Care 25:5). For instance, the Director of the Networks (10:36) explained, "The majority of the employees were recent graduates and this is healthy because the network needs up-to-date knowledge". The Manager of Customer Care (25:5) commented:

> At the beginning of establishing the company, the management employed recent graduates, both males and females. We were excited about the work because we had just graduated and then worked for the company.

Employing recent graduates is not only helpful in terms of up-to-date knowledge and ambition, but also for shaping their ways of thinking. The Director of the Corporate Process Excellence (CPE) Team (23:54) affirmed,

> Employing recent graduates was good for us because we can shape them based on what we want, while the employees, who have experience, can help us for execution but for the resistance we struggled with them because they believe in their accumulated experience.

Having recent graduates as employees helped the management to easily shape the way things are around Mobily. This suggests that having such employees might help management to shape employees' ways of thinking, which are located within the organisation's "internal institutions".

It was found that the employees, in general, either graduated from the best universities in Saudi Arabia, or were from Western nations such as the USA and had graduated from business school. The Director of HR (22:19) said:

> The company attempts to hire the best candidate. They do not employ a normal graduate; rather, s/he has to be at a very high level; as we say, we bring the 'top of the cream' [choose the best candidates among all][21] to work with us.

Moreover, most interviewees stated that the company emphasised the need for a high standard of employees, especially at the executive level, to be able to run the business in a "good" manner and to influence their subordinates positively (e.g. the Director of Customer Care 11:1; the Manager of Customer Care 12:16 and a couple Directors of

[21] The researcher uses square brackets to clarify that he has added 'missing words' which are implicit in the interviewees' remarks to make the meaning clearer to the reader.

Networks 10:23; 13:7). The Director of the Corporate Process Excellence Team (23:53,54) affirmed, "It has been proven that hiring quality people is the primary driver for the company even if it is recently established".

Several researchers claim that *wasta*, which can be defined as interventions on behalf of family and friends to obtain employment, is pervasive in all aspects of business and social life in developing countries in general and the Arabic word in particular, and thus might have a negative influence on the sourcing of employees with standard competencies (Cunningham and Sarayrah, 1993; Hutchings and Weir, 2006; Mohamed and Mohamad, 2011). As illustrated in chapter four (section 4.2.3), in the Saudi context, *wasta* plays a significant role in hiring and promoting decisions in organisations (see Al Harbi et al., 2017; Cunningham and Sarayrah, 1993; AlKhanbshi and Al-Kandi, 2014). It can be argued that *wasta* is embedded in institutions at the societal level (i.e. family and community) in the Saudi context. For instance, Saudi culture[22] involves high loyalty to the family/tribe and the community (i.e. these are cognitive templates, shaped by cultural influences). This kind of loyalty might influence employees' actions within organisations in Saudi Arabia (Al Harbi et al., 2017; AlKhanbshi and Al-Kandi, 2014). Hofstede (1984) argues that Arab society values people having obedience and deference to those at the top of the family hierarchy, neighbourhood hierarchies or even in an organisational hierarchy. In short, in Middle Eastern countries such as Saudi Arabia, *wasta*, which is rooted in institutions beyond the boundaries of the organisation, plays a vital role in hiring and also has an effect on employees' competence, performance evaluation and promotion (Al Harbi et al., 2017; Al Mulla, 2012; Fawzi and Almarched, 2013; Mohamed and Mohamad, 2011).

In Mobily, the CEO, who is from one of the GCC countries, which share similar values as Saudi Arabia, was concerned about the societal influences. To be more specific, in order to prevent such influences within the company, the CEO asked HR not to hire any person through *wasta*. The Director of Customer Care (20:21) declared:

> The CEO emphasized that no-one should be hired as a result of connectivity. So, as the leader has this mentality, only quality people are hired, and they are selected based on set standards.

The Director of the Corporate Process Excellence Team (23:2) affirmed, "At the beginning, when launching the company, no one was hired without a signature from the

[22] Siti-Nabiha and Scapens (2005) argue that the concept of culture is similar to the notion of institutions in old institutional economics. However, since the concept of culture has a wider meaning, this study will follow their approach by preferring to use the term institutions.

CEO, to ensure the candidate was qualified". The management was also anxious about family influence on the organisation. Therefore, they made a policy that prevented relatives working within two layers in the same department in the company, in order to avoid the influence of family/relatives. The Director of the Corporate Process Excellence Team (23:60) affirmed:

> The company is afraid of the influence of relationships with relatives on employees' performance. Therefore, the company has a policy that prevents relatives from working together in two layers within a department, because they believe it is not healthy to make employees work on one layer or two layers with their relatives.

This was confirmed by both the Manager of Networks (15:9) and the Director of Customer Care (1:29). Such comments suggest that family and community might have a significant influence on employees' actions within Saudi organisations (Al Harbi et al., 2017; Al Thunaian, 2014). However, by making these policies, the management was able to some extent to diminish the influence of societal institutions (i.e. the practice of *wasta*) within Mobily.

While attempting to minimise the influence of macro institutions (family and community), as discussed above, the management was also trying to shape individuals' ways of thinking within the company. As clarified earlier, the company had just launched at that time, i.e. it was in its birth phase. The management emphasised the importance of establishing its own culture, which they called a "family culture" (Mobily Annual Report, 2006). The management gave their staff highest priority and built a respectful relationship with them (Mobily Annual Report, 2006). The CEO stated:

> We have always believed in treating our people with trust, and care… we are a 'family' where members work together, help each other, and share a common goal. More than any single factor, this deep-rooted culture of cooperation and mutual support has contributed to the outstanding progress that Mobily has made in a relatively short space of time. (Mobily Annual Report, 2006, p.7)

This was confirmed by the Etisalat group, as stated by one of the interviewees, who works in the Corporate Culture Department. He says that the Etisalat group did a survey in 2012 on the Mobily company and found a number of features. One of these is the relationship between employees and the management; another is the education and development of employees. The majority of the interviewees claimed that the management emphasises the development of their employees through training, programs, job rotation, and the like. The Director of Customer Care (1:31) said:

> The company has many programs to establish its values, such as a leadership program. There are also special courses for middle and high management on how to lead people and how to influence people.

The Director of Customer Care (14:3) stated:

> The employees were given highest priority from the management. They were focusing on the employees and providing many programs targeting the staff. That makes employees work to the maximum and work with double effort without any complaint.

The Director of the Corporate Process Excellence Team (29:49) confirmed:

> The company has a good culture driven by the management and the leadership style. This is a good feature of Mobily that people admire and means they like the company. They are proud to be a member of the company, which is something very important. I mean if you have people like this, if you have a team like this, you really can take them through anything.

Although the company employs multiple nationalities, there are no differences between employees (Saudis and non-Saudis) in terms of salary, promotion or benefits, as in other organisations in Saudi Arabia. This means employees, whether Saudis or non-Saudis, feel that they belong to and are appreciated by the company, and thus they are committed to successfully implementing their operational responsibilities. The Directors of Networks (28:14) commented, "This management style makes people feel they own the company". This suggests that the attention paid by management to their staff aims to enhance employees' satisfaction and sense of belonging, which might be reflected in their performance.

In summary, the philosophy of this management style emphasises that building a good relationship with staff and fulfilling their psychological needs can enhance loyalty to the company and thus influence their performance. "Our people feel they belong; they feel appreciated; and consequently, they are committed to successfully implementing operational responsibilities" (CEO, Mobily Annual Report, 2006, p.7). Diminishing the influence of external (macro-level) institutions (i.e. family and community) either on employing or evaluating through *wasta*, which is considered one of the main issues in Arab countries (Al Mulla, 2012; Cunningham and Sarayrah, 1993; Hutchings and Weir, 2006; Mohamed and Mohamad, 2011) and Saudi Arabia in particular (Al Harbi et al., 2017; Fawzi and Almarched, 2013) has helped the management employ high quality staff either with or without experience. Embracing such employees might reduce the possibility of resistance to change caused by lack of capability.

Having discussed staff skills and expertise, as well as Mobily's management philosophy, the following section will discuss 'a powerful steering committee' (Burns et al., 2003), the Corporate Process Excellence Team.

7.2.2 Corporate Process Excellence Team

The Corporate Process Excellence (CPE) Team is part of HR. This team is responsible for Mobily's management accounting practice, the balanced scorecard. The CPE Team has two functions: corporate level and human capital. Their first task involves the responsibility of designing and implementing the balanced scorecard. This meant they were the first group to know about any change in the company's vision. Indeed, they have a direct connection with the CEO, as affirmed by the CPE Team. Another task for the CPE Team in terms of the balanced scorecard is to increase awareness of it. For instance, if the balanced scorecard is influenced by any change, the CPE Team has to communicate with other departments to raise awareness of such changes. They also do "roadshows", Kingdom-wide workshops and gatherings, to present and explain these changes. In other words, their duties, other than designing and implementing, are to enhance employees' knowledge about the balanced scorecard and its changes, as well as how to use it.

The second function for the CPE Team is human capital: that is, they are accountable for evaluating employees as to whether they have the right kind and level of skills to provide services to customers (Kaplan and Norton, 2004). Since Mobily is a provider service, it can be argued that call centre and retail jobs have much greater impact on Mobily's strategy. Therefore, the management applied a tool called the "Pointing System" as a development system (Townley, 1997); its aim was to ensure that staff provide the right services at the right time and in the right way. Based on evaluation of staff knowledge and skills, HR develops staff weakness through training, to enhance the knowledge and skills that are required for their position (this will be discussed in more detail in chapter nine, section 9.4.1).

In sum, the CPE Team is responsible for the balanced scorecard, both designing it and monitoring its implementation. They are also in charge of agency employees, on their operational level, and responsible for evaluating their performance. Having a powerful group within an organisation, who possess sufficient power to monitor and ensure the day-to-day implementation of a (new) accounting system, might influence the process of change, as claimed by prior studies (Burns et al., 2003; Ter-Bogt and Scapens, 2018); this will be examined in chapter nine.

To explore the story of applying the balanced scorecard, the following section provides background information on Mobily, analyses the process of change with regards to the situation before implementing the balanced scorecard and discusses the decision to implement a new management accounting practice.

7.2.3 Mobily Prior to the Balanced Scorecard: Rules and Routines

In order to investigate the management accounting change, it is essential to understand the pre-existing rules and routines (Burns and Scapens, 2000; Hopper et al., 2007). As mentioned earlier in this chapter, Mobily was launched in the middle of 2005 with an *acquisition* strategy. As the company was in its birth phase (Miller and Friesen, 1984), the company's focus was on survival. Thus, the direction of the company was towards acquiring customers and building a customer base, and was tightly concentrated in terms of economic returns from existing products. The structure of the company was centralised at that time. The management accounting practice of the company was quite simple and under-developed. One Director of the CPE Team (23:23) stated[23], "At the beginning, we had no system to collect everything under one umbrella". Another Director of the CPE Team (29:1) confirmed, "The company was fairly new back in [2005–2006]. There was no system back then… we managed the first performance cycle using a basic performance system".

The (old) rules were designed to meet the requirements of organisational standards at the macro level (i.e. the state and market). The General Manager of Networks (2:2,4) commented, "There were requirements in our contract with the government, that has specific KPIs; we had to accomplish them". He added:

> Our KPIs and their values were built based on certain standards. We looked at the standards in the GCC, what their values are, and we looked at the US and their standards and values, and then we determined ours.

The ways of thinking beyond the boundary of the company shaped Mobily's (old) rules. For instance, Mobily's commitment to comply with the Saudi government's standards and regulations was reflected in KPIs. In other words, state logic influenced the design of the old rules. In addition, giving attention to the US and their standards and values (i.e. the status of market) suggests that market logic also influenced the company's (old) rules.

Regarding the company's systems, these were influenced by the ways of thinking within Mobily (i.e. they were short-term oriented)[24]. The Director of the CPE Team (23) commented, "Actually, at the launch of the company, the management was working on Mobily as a project, not as a company". Moreover, interviewees claimed that the

[23] The individuals of the CPE Team were also responsible for the old system.

[24] Van der Stede (2000, p.611) defined short-term orientation as "the extent to which managers focus on business matters that will affect their performance within the current budgeting period (1 year)".

management was focusing purely on financial results and was less interested in non-financial perspectives. The CPE's Director (29:2,2) said:

> The company was at the start-up phase and focusing on acquisition. So, they were overseeing the numbers, how much we sell, our receivables, the size of our customer base.

Another interviewee from the CPE Team (23:25) affirmed:

> Indeed, we most likely focused on the financial reports. We were focusing on financial KPIs, how much revenue we gained, how much profit we gained, how much cash we have and the like. So, I can say that Mobily was like any company at its inception.

This implies that the company's rules and KPIs were built based on institutions which extend beyond the boundaries of the organisation, concentrating mainly on financial measures and number of customers, in order to be able to hold their own within the market.

Within Mobily there were shared assumptions about the nature of the business, particularly the importance of focusing purely on financial results and acquiring customers (i.e. a financially-focused and short-term orientation). However, the key people had developed informal routines within their departments, relying on their tacit knowledge which was accumulated beyond and within Mobily, in order to achieve the company's goals with limited coordination among departments. In other words, as the company had just launched, it did not have a base of routines of activities and accounting reports in place to rely on. As a result, each department was not only trying to establish its own routines but also reacting to emerging issues and challenges. The Manager of Customer Care (21:1) stated, "At the beginning, the company was under development, and each department ran their departments by themselves". Establishing routines, managing daily activities and attempting to achieve a department's goals simultaneously was challenging, as the Director of Customer care (20:1:2) claimed:

> In the beginning, we did not have a routine, and thus we had to make our own routines. Therefore, every day was challenging and meant new information for us… people were calling about issues, and we did not have a solution for them, so the back office had to try to solve such issues.

This implies that Mobily was flexible to some extent, and that each department had to create its "operational" routines and its daily activities. The lack of standardised activities and the preservation of a degree of independence among departments raised several issues within Mobily. For instance, interviewees pointed out that determining the activities necessary to achieve the KPIs was dependent on discussion between managers and their

employees within a department, with a lack communication with related departments, and consequently decision making was shaped purely by the thought processes of key people within the company, i.e. those with hierarchical power within a department. In other words, these determinations were 'best guesses' of what key people thought that their department needed, and specific targets to achieve the goals (Berry et al., 2005). Moreover, since determining the activities was mainly done within each department, alignment among departments was lacking. The Director of Customer Care (6:1) stated, "It was like we were living on segregated islands". He added (6:1):

> Before the balanced scorecard, I did an analysis of the current situation, and I presented the results to the management, and I told them that the direction of our department is not heading the company's direction.

The Manager of Customer Care (21:1) commented:

> The management [before the balanced scorecard] did not go with us through the process of evaluation… So, we set up our targets, and we measured them, and at the end of the year, we gave them the results.

The Director of HR (18:2) affirmed this. This reveals that relations between activities and the accounting system were vague, and lacked proper planning and communication, as affirmed by the Director of the CPE Team (29:2,2): "Before the balanced scorecard, there was lack of clarity".

In addition to the above issues, the systems not only allowed key people to exercise considerable power over determining the means to achieve objectives, but also largely left to them to evaluate their subordinates via subjective performance evaluations. The Director of HR (22:4) explained that "Employees' evaluation was done based on their direct manager". Interviewees declared that employees were evaluated based on a qualitative approach known as "topical appraisal", as the Director of HR (18:1) commented, "When I began working for Mobily [2005], there was a form, which is the appraisal, which had objectives". The General Manager of Networks (2:9) affirmed, "Before the balanced scorecard I was evaluated based on my job description… If I meet my job description, it means I completed my tasks". Thus, having subjective performance evaluations might permit favouritism to play an important role in a performance evaluation, as claimed by Ferreira and Otley (2009). Having such systems also allows senior officials to exercise considerable power over evaluation, promotion and bonuses (Yang and Modell, 2013). This suggests that the company's performance evaluation had some limitations (i.e. clarity and controllability) (Ferreira and Otley, 2009) and thus, it

might reflect negatively on control activities (Broadbent and Laughlin, 2009; Ferreira and Otley, 2009).

The issues of the performance evaluation were reflected in the company's reward systems, as mentioned above. The interviewees from the CPE Team argued that the management was trying to avoid making their employees unsatisfied, since the management did not have a valid performance evaluation system, and thus annual rewards were based on an inefficient scheme: five basic salaries[25] as an annual bonus for employees who were rated excellent in their evaluation, four salaries for those rated very good, and three salaries for those rated good and employees evaluated by their direct manager (this was confirmed by the General Manager of CPE Team 27:4). Lacking a tool that would allow management to evaluate and reward employees accurately might influence employees' performance and productivity (Ferreira and Otley, 2009). Furthermore, lacking a method that would allow the company to compensate its employees according to their performance meant the rewards system lost its purpose, which is to motivate individuals to align their own goals with those of the company (Ferreira and Otley, 2009). This evidence all suggests that the rewards system had issues which might influence the achievement of its standards, clarity, motivation and controllability.

The issues associated with this performance measurement system and poor communication was the lack of an information system. Interviewees argued that there was no system keeping the whole company together and allowing it to learn from its experience back then. Everything was recorded using Microsoft Excel. The Director of HR (18:1) affirmed, "The company was not automated". Furthermore, the company was unsystematic regarding reporting, which was focused purely on financial aspects. The Director of the CPE Team (23:25) stated, "Each department was reporting to the CEO, and each one was giving him different results via a different methodology". In other words, routines for accounting reporting in departments were not standardised, and this led to different outcomes. Lacking a performance measurement system meant that management was restricted in terms of properly analysing its planning, measurement and reward systems, and in terms of managing its performance and facilitating organisational learning and change (Ferreira and Otley, 2009).

It was clear that the system was not appropriate for internal decision-making. Thus, people and even the CEO were dissatisfied with this from the beginning, as claimed by

[25] In Saudi, organisations' salaries involve a basic salary and other allowances such as transportation and accommodation.

the CPE Team.[26] The routines of accounting reporting, determining activities and other operational procedures were based on departmental boundaries but had not gained acceptance throughout Mobily.

In summary, the company had just been launched, i.e. it was in its "birth phase", and the powerful people (those with hierarchical power) designed the company's rules, a "formalised statement of procedures" (Burns and Scapens, 2000, p.7), to be suitable for Mobily as a newly established company. The ways of thinking beyond the boundary of the company (i.e. state and market), along with the ways of thinking within the company (i.e. they were short-term oriented), together shaped the situated rationalities within the company (Ter-Bogt and Scapens, 2018); consequently, these forms of rationality shaped the selection of Mobily's (old) rules to be used in a specific situation. Focusing on financial measures to cover potential costs and build its position in the market implies that the logic of the old system, according to Ghalayini and Noble's (1996) categorisation, was a traditional performance measurement system. Operational targets and activities which could help attain the KPIs were determined after horizontal discussion within a department, with limited coordination. The systems were (partly) implemented, but not institutionalised. This is because the emerging routines were not widely accepted in the company and these routines were questioned by management figures, such as the CEO. The actual procedures in Mobily lacked standardised activities, and a degree of independence was preserved among departments, thus the actual procedures were loosely coupled with the rules, to use Weick's formulation (1976). He claims that the characteristics of loosely coupled organisations include, for example, limited coordination, limited regulation and minimal standardisation activities.

Following this background to the company before the introduction of the balanced scorecard, the next section will discuss the decision to adopt the new management accounting practice in Mobily.

7.3 The adoption of the balanced scorecard in Mobily

Due to non-appropriate systems available in Mobily and the influence of powerful external and internal actors, the balanced scorecard was introduced (see below). Interestingly, the initial intention was to apply advanced management accounting practices, as the Director of the CPE Team (29:6) stated, "There was intention from the

[26] The direct connection between the individuals of the CPE Team and the CEO allowed them to discuss the issues with the old performance measurement system.

beginning from the board that they wanted to put a system in place that translated the company's goals". However, they did not implement such an accounting practice in the first 18 months of launching the company. The existing institutions were short-term oriented.

The management decided to have a long-term strategic direction. In 2006, the company brought in a Western consulting firm to design the company's strategy. After determining a strategy, the consultant proposed the idea of the balanced scorecard to the board. The Director of the CPE Team (23:31) said:

> The management brought in a consultant company to develop a strategy for the company, and then he proposed the balanced scorecard to the board to help them to achieve the strategy.

This was affirmed by the CPE Team. Thus, the idea of implementing the balanced scorecard was proposed by an external actor, a consultant, as a "best tool" to efficiently attain a new strategy (Beckert, 2010), and thus it can be concluded that the consultant's proposition was instrumental in recommending the integration of the balanced scorecard in Mobily. Besides, it seems that consultants are often involved in management accounting practice adoption as claimed by Leiby (2018).

In December 2006, deliberation on the consultant's proposal to implement the balanced scorecard was completed and the decision was made by the board, as affirmed by most interviewees at the top and middle management levels. For instance, the Director of the CPE Team (29:56) said, "The mandate for the balanced scorecard came from the board". He added (29:56):

> They wanted to install and implement a system that would cascade these sorts of plans of the company down to employee level, and it has to clearly identify KPIs for employees, particularly at the executive level, to enable the management to pay incentives to employees according to the achievement of our goals.

This was confirmed by the CPE Team and the General Manager of HR. The purpose of implementing the balanced scorecard (i.e. a generalised practice), which was shaped by the new logic of the modern world (i.e. integration of non-financial orientation and financial results), was to help the company to organise and monitor their processes and resources, and thus be able to achieve the company's goals.

It can be argued that during deliberation on the decision to adopt the new accounting practice in the company, external institutions and internal institutions shaped the rationalities of board members in applying the new system. For instance, having a consultant proposing the balanced scorecard to board members was more likely to initially have an impact on their rationalities. In other words, being given the advice from

an experienced consultant that the balanced scorecard would be a useful tool to achieve the company's goals, as a professional network, influenced the rationality of the board members. The board members were attracted to the balanced scorecard as an institutional solution (Beckert, 2010), to achieve their new strategy, thanks to the consultant. Besides this, the professions and the backgrounds of Mobily's board members at the time of the decision shared, to some extent, external institutions. As shown in Table 7.1, the majority of the board members are both engineers and business professionals. Even if someone does not have a degree in business, he has experience in running a business at senior positions. It is logical that the board members' professions helped them to understand the idea of the balanced scorecard, as stated by the Director of the CPE Team (29,2,2), "The consultant did not bring something out of the blue. The board members know about the balanced scorecard". Since the introduction of the balanced scorecard by an external actor was an institutional model (via a professional network) and was also related to board members' expertise, it can be deduced that external institutions shaped part of key players' (board members') ways of thinking. However, this is only part of the situated rationality within the organisation, as situated rationalities are shaped by a multiplicity of both external and internal institutions (Ter-Bogt and Scapens, 2018).

Table 7.1 Board of Directors

Abdulaziz bin Saleh Alsaghyir, Chairman	BSc in civil engineering, University of Kansas, USA; chairman, Abdulaziz Alsaghyir Commercial Investment Company; member of the Board of Electricity and Co-Generation Regulatory Authority; executive committee member, Rana Investment Company.
Khalid Omar Al Kaf, Chief Executive Officer	Honours degree in computer engineering, George Washington University, USA; 17 years in progressively senior positions in the telecommunications industry, working in France, Japan and the UAE.
Mohammad Hassan Omran	Engineering degree in electronics and communications, Cairo University, Egypt; chairman and CEO of Etisalat and its fully-owned subsidiaries and chairman of Thuraya; board member of Arabsat, the largest Arab satellite communications organisation.
Salim Al-Sharhan	BSc in accounting, United Arab Emirates University, UAE; chief financial officer of Etisalat; chairman, Zantel; board member, Atlantique Telecom.
Abdulaziz Hamad Abdulaziz Aljomaih	BSc in architectural engineering, King Saud University, Saudi Arabia; master's degree in general administration, University of California, USA; assistant vice-president, investment department, Aljomaih Holding Company; chairman, Bahrain Steel and Iron Company.
Ibrahim bin Mohammed Al-Seif	Master's degree in economics, University of Southern California, USA; general manager, investment division, GOSI; board member, SASCO.
Saeid Binzagr	BSc, University of Leinfield, USA; vice-president of Binzagr Company.
Dr Mazen Ibrahim Hassounah	MSc and PhD in planning, University of Toronto, Canada; BSc in civil engineering, University of Petroleum & Minerals, Saudi Arabia; CEO and board member, Rana Investment Company; distinguished

	academic career in Canada and the UK.
Dr Fahad Abdullah Mubarak	PhD in business administration, University of Houston, USA; chairman, the Capital Group.
Ahmad Abdulkarim Julfar	BSc in civil engineering, Gonzaga University, Washington, USA; chief operating officer, Etisalat, responsible for core business in the UAE retail market; board member, E-Vision, the UAE cable TV operator; board member, Etisalat Academy.

Source: Mobily Annual Report, 2006

In addition to external institutions (explained above), the ways of thinking within the company (local/internal institutions), which comprise institutions at the organisational and individual levels (Ter-Bogt and Scapens, 2018), shaped another part of the situated rationalities in Mobily, which are applied in specific situations (i.e. the clear weakness of the company's system along with the introduction of the new strategy). To be more specific, four members of the board (including the CEO) had worked for Etisalat (the biggest investor in Mobily), where the balanced scorecard was a routinised practice at that time. The Director of the CPE Team commented (23:33), "The CEO came from the Etisalat company, and he knows exactly the value-added from such a tool". The effects of tacit knowledge built beyond the boundaries of Mobily seem to have shaped parts of board members' thought processes. The routinisation of the balanced scorecard outside the company led some powerful people (e.g. the CEO) to perceive the balanced scorecard as a trustworthy accounting practice. Several interviewees argued that the CEO trusted the idea of the balanced scorecard as a strategic and performance management system to help the company to achieve its main goal (the General Manger of Networks 2:25; the Director of Customer Care 20:26 and most of the CPE Team members). For example, the Director of the CPE Team (29:10) said:

> The CEO is a strong believer in it… he believes that the balanced scorecard can drive the company's performance, can make clear KPIs with targets and can make everyone busy doing this.

The Director[27] of the CPE Team affirmed:

> The decision to implement the balanced scorecard was made through the board. Based on the company's policies, the CEO has the ability to stop the decision, but he strongly supported the decision.

Existing habits (i.e. routines) shaped some board members' rationalities, i.e. they had "pre-scripted rationality" (Redmond, 2004). In addition, the decision to implement a new accounting system in Mobily was a response to problems caused by the existing systems,

[27] He worked in the CPE Team. He was the balanced scorecard coordinator. He looked at all the documents before and after the decision regarding the balanced scorecard, because he was assigned to be in charge and to work with a consultant to design the balanced scorecard.

since the existing accounting system was not appropriate to achieve the new strategy. The Director of Customer care (6:1) affirmed:

> Prior to the balanced scorecard, we did not know the company's direction. We had no idea about the direction of customer service excellence, cost reduction, or operational excellence. There was no clear picture at all.

The General Manager of the CPE Team (27:1) stated:

> The board was unhappy with the existing systems because they were giving high bonuses to employees, but they were not assured that these bonuses were going to a person who deserves it. (this was affirmed by the General Manager of HR 8:2).

The CPE Team argued that the CEO faced difficulty with the decision-making process since he was not receiving accurate information. The Director of the CPE (23:33) pointed out:

> Each department was reporting to the CEO, and each one was giving him different results with a different methodology… and thus he wanted a system with one standard and one methodology.

Thus, the clear weakness in the previous system, along with the new strategy "situation", drove the board members to deliberate on implementing the balanced scorecard for attaining the company's strategy. This suggests that the ways of thinking within the company (i.e. tacit knowledge held by some of the board members) shaped another part of the situated rationalities. Thus, the decision to implement a new management accounting practice, the balanced scorecard, in Mobily, was shaped by inter-connection between taken-for granted ways of thinking within and beyond the boundary of the company. It also seems that the decision to implement the new system was most likely not a difficult one.

In summary, the balanced scorecard (i.e. the generalised practice), which was shaped by the long-term orientation, was introduced by an external actor (in this case the consultant). However, the decision to adopt the new system was made within Mobily. Drawing upon board members' taken-for-granted ways of thinking (i.e. endogenous) and external taken-for-granted ways of thinking (i.e. exogenous), both had an effect on Mobily's decision to adopt the balanced scorecard. Ter-Bogt and Scapens (2018) argue that studying a specific situation has potential benefits in exploring how both internal and external institutions shape situated rationalities within an organisation, which can provide a basis for understanding individuals' intentional behaviour (i.e. actions). The clear weakness of the old system in Mobily, along with the introduction of a new strategy, shaped board members' deliberation, which thus can be said to have been shaped by

situated rationalities from a multiplicity of institutions. This deliberation enabled board members to rationalise the choice of the balanced scorecard (rules) and to decide to implement it as a strategic performance management system.

Furthermore, the balanced scorecard met the expectations and stipulations of key people in the company (i.e. those at the top of the hierarchy) since some of them (such as the CEO) had used it before and knew its value to the company. This result is consistent with the findings of a questionnaire study undertaken by Davila and Foster (2005) in 78 start-up companies. Davila and Foster's research revealed that CEO experience and beliefs about management accounting systems are associated with the decision to adopt them.

In Mobily, there were instrumental reasons for the introduction of the balanced scorecard to the company, but this is not to deny that the new accounting system was introduced into Mobily to gain legitimacy (i.e. the attraction of institutional isomorphism; Beckert, 2010). The findings of this study are in line with other research which has found that implementing an advanced management accounting system such as the balanced scorecard enables an organisation to gain legitimacy in general (e.g. Yazdifar et al., 2008), particularly in developing countries (e.g. Said, 2014; Sutheewasinnon et al., 2016; Siti-Nabiha and Scapens, 2005).

7.4 Summary/Discussion and Concluding Remarks

This chapter has explained the story of the adoption of the balanced scorecard, to assist readers in understanding the first research question "why Mobily implemented the balanced scorecard?". By answering this research question, part of this study's aim (investigating the decision to introduce the balanced scorecard) is achieved. Burns and Scapens (2000) maintain that a researcher must understand the current context of an organisation, particularly its existing institutions, in order to study management accounting changes. Therefore, before answering the research question, the chapter offered a brief background to the context of the study and its rules and routines, classifying institutions at the societal and organisational levels as external institutions, and organisational and individual levels as internal institutions. In other words, the distinction between internal/local and external/broader institutions in this study is that internal institutions are driven by the history and traditions of individuals, and an organisation and external institutions relate to organisations in an organisational field or a country, or even in several countries.

Looking at the organisational context, Mobily, is a company that launched around a decade ago. When it was established, the management succeeded in planning and defining staff standards in terms of who can run the business: those who *know what they are doing*, *why* and *how*. One of the main issues that significantly influences employees' actions within an organisation in the Arab world is family and community logic through *wasta* (see e.g. Cunningham and Sarayrah, 1993; Hutchings and Weir, 2006; Mohamed and Mohamad, 2011). Interventions on behalf of a family or community in Middle Eastern countries in general and Saudi Arabia specifically are common in regards to obtaining employment, and this has an effect on employees' competence, performance evaluation and promotion (Al Harbi et al., 2017; AlKhanboshi and Al-Kandi, 2014; Al Mulla, 2012; Fawzi and Almarshed, 2013; Mohamed and Mohamad, 2011).

However, the management at Mobily was aware of the influence of family and community on Saudis' actions within an organisation. Therefore, HR was encouraged to simultaneously hire qualified people and to hire people without interpersonal connections, as well as ensuring there were no related employees working within a department, in order to avoid family influence. Policies such as these have minimised family and community influence within Mobily and increased the competency of employees. This finding corroborates the ideas of Kilani and Sakjiha (2002), who suggested that focusing on legislative reform and improving transparency can combat *wasta* in developing countries. The existing accounting literature investigates the influence of *wasta* on performance evaluation and promotion (e.g. Al Harbi et al., 2017; AlMulla, 2012). Yet the influence of *wasta*, which is embedded in institutions at the societal level, on individuals' actions within organisations has not been considered in management accounting change studies. Since one of the elements of resistance to management accounting change can be a lack of capability (knowledge and experience; Burns and Scapens, 2000), it can be argued that overcoming this phenomenon (i.e. *wasta*) in organisations lead to more capable employees and thus it means the potential for resistance to accounting change will be low. Thus, this suggests that resistance to the implementation of the balanced scorecard in Mobily due to lack of capability is low.

The Mobily case demonstrates that the company's management style endeavoured to consider psychological needs by injecting a "family culture"[28]. There is evidence that the management were determined to enhance staff feelings of belonging and being appreciated. Having management who consider the fulfilment of psychological

[28] Family culture is identified by Mobily as found in the annual report 2006.

needs as among its priorities, it can be argued that this facilitated the process of change, especially in developing countries (Golembiewski, 1991). Mellahi (2006) argues that in the Saudi management style there is a sense of moral obligation, which involves providing emotional support to employees in order to improve their relationships and in order to strengthen organisational solidarity, which is to some extent uncommon in Western societies. To evaluate this argument in detail, further investigation will be carried out in chapter nine into the influence of fulfilling individuals' psychological needs on the process of management accounting change.

In the Mobily case, the company's accounting system (traditional performance system) was underpinned by the logic of a short-term orientation. In addition, the board appointed a Western consultancy firm to undertake to design the company's long-term direction, and the balanced scorecard was recommended by the consultant, an external actor. This finding supports Said (2014) and Sutheewasinnon et al. (2016), who argue that consultants play a vital role in the diffusion of the balanced scorecard, particularly in less developed countries, since the concept of the balanced scorecard was developed in the Western world.

In Mobily, the decision to implement the balanced scorecard, however, was made by powerful people (i.e. the board members) within the company. In other words, the balanced scorecard was proposed to Mobily by a powerful external actor (the consultant), but at the same time was taken up by powerful actors within the company, the board, who were in a position to set the rules to be followed by others. Thus, this finding supports the theoretical base of Ter-Bogt and Scapens (2018), who argue that a specific generalised practice, which is shaped by broader institutions, can be brought into an organisation through the rules which are imposed/introduced in the organisation by powerful actors in its environment, and these can be accepted by relatively powerful individuals within an organisation. In the same vein, Leiby (2018) expects that the recommendations of a consultant firm influence management's control system choice, significantly. Since the idea of the balanced scorecard was proposed by an external actor, as a proposition rather than an imposition, this demonstrates that while there are relatively more studies of how management accounting practices change as a response to external actors (e.g., Bobe et al., 2017; Yazdifar et al., 2008), this study is one of fewer (e.g. Seal et al., 2004) that consider a change that was more endogenous.

Moreover, the results show that deliberation was shaped by situated rationalities (shaped by a mix of external (i.e. professional) and internal (i.e. tacit knowledge held by some of the board members) institutions, which applied in Mobily's situation to the

implementation of the balanced scorecard as the most appropriate accounting practice to achieve the new strategy (situation). In Mobily's case, the results show that routinising the balanced scorecard added to the stock of experience (knowledge-skills accumulation) of some of the board members, and created trust in them (e.g. on the part of the CEO). This supports previous researchers who argue that the acceptance of accounting change by actors within a company can become easier if there is trust regarding accounting change (Burns and Quinn, 2011; Busco et al., 2006; Johansson and Baldvinsdottir, 2003).

Regarding the purpose of implementing the balanced scorecard in Mobily, the results demonstrate that it was to align the corporate strategy and transfer it down to the lower level, and to allow the whole company to work in one direction (the third-generation of the balanced scorecard). The aim of implementing the balanced scorecard in the company was in line with the ideas of Kaplan and Norton (2005), who suggest that adopting the balanced scorecard can help management to communicate strategy with their employees, and to guide and monitor the execution of the company's strategy (see also Kaplan and Norton, 2000). Thus, introducing the balanced scorecard potentially influences Mobily's rules (this argument will be examined further in chapter nine).

From the above discussion, it is reasonable to conclude that Mobily's new management accounting practice was applied in order to achieve the new strategy, as well as to resolve the limitations of the company's performance management and measurement systems. Hence, Mobily implemented the balanced scorecard in an instrumental manner (see Burns and Scapen, 2000). This finding is consistent with those of other studies, that a firm may adopt a new accounting technique in its search for efficiency (Kasperskaya, 2008; Granlund and Lukka, 1998). Moreover, this change occurred as a conscious design through the introduction of new rules via the actions of powerful people (board members; see Burns and Scapens, 2000; Rutherford, 1994).

Since the company's previous routines had not gained widespread acceptance within the company, it might have been much easier to introduce the changes, and for the change to be accommodated within the ways of thinking within Mobily as argued by Burns and Scapens (2000). They postulate that introducing changes that do not challenge existing routines and institutions is much easier than introducing a change which conflicts with existing routines and institutions. This argument will be explored in chapter nine.

Powerful people, especially the CEO, the CPE Team and the consultant, played a critical role in implementing the management accounting practice successfully, which noticeably changed the company culture at Mobily. To explore the reasons for applying the balanced scorecard successfully and for the cultural change, the design and

implementation of the balanced scorecard will be examined in depth in the next chapter.

8 Explaining the Implementation of The Balanced Scorecard: The Influence of External and Internal Institutions

8.1 Introduction

The previous chapter provided a narrative of the inter-connections between macro and micro institutions in order to understand how the balanced scorecard was introduced to Mobily. The proposition from an external actor (a consultant), and board members' rationalities, which are shaped by both external and internal institutions, shaped management rationality and consequently the introduction of the balanced scorecard. This chapter continues the story of the implementation process. In particular, this chapter elucidates how the company designed and implemented the balanced scorecard, how it was influenced by external and internal institutions, and how, and to what extent, the balanced scorecard was cascaded throughout the company.

This chapter is organised into five sections. First, section 8.2 explains the design of the balanced scorecard. This section discusses the dynamics of the process of change associated with the introduction of the new accounting system, considering the influences of external and internal institutions on the formulation of the new system. This section continues with a discussion of the resistance to the balanced scorecard and the limitations of the design of the balanced scorecard. This is followed by an explanation of the modifications to the balanced scorecard that were shaped by situated rationality as a result of specific situations (the revamp and the financial crisis) (sections 8.2.2 and 8.2.3). The next section (8.3) explains the implementation process. The following section describes the process of cascading the balanced scorecard to executive and non-executive employees (section 8.4). The chapter ends with discussion and concluding remarks.

8.2 The Design of the Balanced Scorecard

This section discusses the design of the new management accounting practice (the balanced scorecard) in Mobily. Before discussing and explaining the design of the balanced scorecard, it is important to mention that consultants play a vital role in introducing and designing advanced management accounting practices in developing countries.

As found in the previous chapter, Mobily contracted with a Western consultancy company to design the company's strategy, and the idea of the balanced scorecard was

proposed by the consultant. After the management decided to implement the balanced scorecard, they also brought in a Western consultancy company to design the balanced scorecard in cooperation with the CPE Team and other key people. The idea of bringing an external actor to develop a management accounting practice was that the management believed a consultant could bring realistic objectives and KPIs that could enhance the company's competitive advantage, enabling it to lead the telecoms market in Saudi Arabia, as several interviewees stated (the Director of the CPE Team 23:27; the General Manager of Networks 2:11; the Director of the CPE Team 29:47; the Director of Customer Care 6:14). For example, the Director of the CPE Team (29:47) affirmed:

> Mobily wanted to bring in an outsider consultant with fresh eyes. They wanted to challenge my employees and me... So, he will challenge me and challenge my employees, and will challenge them upfront.

He added, "We rely on the consultant because of the knowledge base that he has… because he is serving a lot of firms he is supposed to have a library of KPIs". Bringing a consultant to help an organisation formulate an accounting system supports the idea that consultants play a critical role in developing countries such as Saudi Arabia, in terms of implementing advanced management accounting practices. This finding supports those of Said (2014) and Sutheewasinnon et al. (2016), who argue that consultant companies play a critical role in developing countries. Regarding the purpose of bringing in a Western consultant firm, the finding of this study is that because of the consultant's expertise and knowledge, the board members brought him in as source of legitimacy to pull the heads of department towards "best" institutional practices, suitable for accomplishing the company's goals. Engaging an external consultant to provide guidance during the implementation of a new accounting system can be seen as an attempt to gain legitimacy (with employees and board of directors), as argued by Meyer and Rowan (1991). Thus, this finding agrees with researchers (e.g. Siti-Nabiha and Scapens, 2005; Sutheewasinnon et al., 2016) who argue that an organisation brings in consultants to gain legitimacy.

8.2.1 The Steps of Designing the Balanced Scorecard

8.2.1.1 Preparation for Designing the Balanced Scorecard

At the beginning of designing the balanced scorecard, the CPE Team and the consultant were required to understand the company's goals. Most members of the CPE Team stated that there were meetings between the leadership team (people who work at the chief level), other stakeholders, the consultant and the CPE Team in order to clarify and to

understand the company's goals and direction. Having clarified company strategy, the CPE Team, along with the consultant, prepared to design the balanced scorecard in three main steps. They first introduced the idea of the balanced scorecard and the purpose of it to heads of department (or their deputies, i.e. general managers or directors). Secondly, they ran a number of workshops and meetings to understand the reality of the life of each department, its people and their ways of thinking and doing, in order to be able to formulate the balanced scorecard. Thirdly, they started to design the balanced scorecard, which was done through cooperation among the CPE Team, the heads of department or experts trusted by them, and the consultant. This was then reviewed by the CEO. These three steps will be discussed in the following sections.

8.2.1.2 Elucidating the Reasons for Change

At the first step of designing the balanced scorecard, which was introducing the idea of the new system, interviewees, who were involved in designing the balanced scorecard, explained that in 2007, there was a meeting held by the CPE Team and the consultant to increase the knowledge of the purpose of implementing a new management accounting practice. The General Manager of Networks (2:11) said, "We received an invitation for a meeting in which the company would put forward an aim, and this aim will be cascaded down to all departments from director level". The General Manager of Risk Management (3:16) affirmed:

> There was a workshop run by the CPE Team to introduce the balanced scorecard and the benefits of using the balanced scorecard in the company. Also, how the goal will be disseminated and connected with corporate strategy and how my work is linked with my chief, and how this can contribute to the company's goal.

The meeting explained the usefulness of the new accounting system compared with the old one, the concept of alignment, the importance of financial and non-financial perspectives such as customer satisfaction, and accountability and responsibility within the company. Thus, the CPE Team and the consultant hosted a number of workshops with key people (i.e. heads of departments or their deputies) in order to elucidate the reasons for change and why the new system was vital to achieving the company's goal. This was a crucial step for the company. The Director of the CPE Team (23:27) confirmed:

> Because the person who was responsible for designing the balanced scorecard was an expert… he had the knowledge to convince people about why the balanced scorecard is important. That helped us notably.

By identifying the existing issues within the company and what solutions are likely to be considered in decision-making within the new system, it can be inferred that

through workshops, the internal actors (the CPE Team) and the external actor (the consultant) attempted to encourage all staff to abandon their old ways of thinking and doing, "short-term orientation[s] focusing on financial data", and to adopt the new ways of thinking "long-term orientation, [from the] non-financial perspective to financial results, integration", which is the heart of balanced scorecard. As demonstrated in chapter seven (section 7.2.3), the role of management was focused mainly on financial metrics and giving autonomy to the heads of department to manage their own departments, with limited monitoring of their achievement. However, with the shift from the logic of 'traditional' performance measurement to the logic of an advanced management accounting practice, the balanced scorecard, as argued by its originators, Kaplan and Norton, the focus of financial and non-financial perspectives had to be balanced, and employees' everyday operational activities had to support the company's long-term strategic objectives.

Furthermore, justifying the purpose of implementing the balanced scorecard is not only useful to increase awareness of the superiority of the new rules (Hardy, 1996), but also to diminish insecurity resulting from the change and thus convince staff that the new practice is the 'best' solution to existing problems, as claimed by prior studies (e.g. Beckert, 2010; Powell, 1991; Yazdifar et al., 2008).

8.2.1.3 Developing an In-Depth Understanding of Each Department

After introducing the purpose of the new accounting system, the second step was that the consultant and the CPE Team ran a number meetings to understand the current context of the organisation, especially its routines and ways of thinking within the company. This step aided the CPE Team and the consultant in acquiring detailed knowledge of each department, in order to be able to formulate the balanced scorecard. This understanding could not be achieved if the consultant and the CPE Team were not on site to talk to and live with staff. Most interviewees from the CPE Team claimed that the consultant visited the company's departments and interacted with key people in order to understand their business. The Director of the CPE Team (23:31) stated, "The consultant tried as much as he could to make people share things". Another Director of the CPE Team (29:22) affirmed, "The consultant interviewed the core team to understand the company's goals and direction… you are talking about the head of marketing and the head of HR". In other words, the consultant was trying to talk and live with key people in each department in order to get as much information as he could (see DiMaggio and Powell, 1991). This evidence suggests that increasing the extent of interactions between key members can

achieve better understanding of the reality of life at Mobily, its people, and the ways of thinking and doing within the company.

8.2.1.4 The Design of the Balanced Scorecard

Having a strategy in place, as well as an in-depth understanding the reality of the company's life, the designers of the balanced scorecard moved to the third step, which involved formulating the new management accounting practice. They designed the balanced scorecard at three levels: corporate, departmental and individual. The corporate level, which is the organisational level, includes KPIs that reflect objectives based on the company's strategic vision and five-year plan, broken down by management to yearly goals and announced at the annual meeting by the CEO (confirmed by the CPE Team and the Director of Networks 10:3). The second level is the departmental; each department has objectives that come from the corporate level. For instance, the marketing department has objectives regarding sales and customer service, which are different from HR's objectives. The last level is the individual level (personal scorecards). Individual/personal scorecards were designed to be used as tools for evaluating individuals in the position of director and above.[29] They were divided into two sections: targets and competences. The balanced scorecard (at the corporate, departmental and individual levels) was designed by different people and during different time periods (see below).

For instance, in 2007, the design of the balanced scorecard at the corporate level kicked in. The consultant conducted interviews with top management to explain his plan of formulating the balanced scorecard and to obtain their input on the company's strategy, as affirmed by the Director of the CPE Team (23:2,2):

> The consultant held regular meetings with the CEO and other chiefs, to explain to them how he is going to develop the framework. Then he met the top strategy guy and other stakeholders to develop corporate strategy and what kind of measures should be used to measure the company's strategy.

Another interviewee from the CPE Team confirmed this. As illustrated in Figure 8.1, the mission strategy, which was designed by a Western consultant, says that "By 2010, Mobily will be the number one telecom operator in the Kingdom of Saudi Arabia". The main goals were identified (EBITDA margin, market share and innovation leadership) as essential for the fulfilment of the company's aims. The company's goals were translated into a strategic map with four perspectives, financial, customer, internal process, and

[29] In 2012, the balanced scorecard was cascaded to an operational level and thus the personal scorecard was applied to managers and executive managers.

learning and growth, as shown in Figure 8.2. These strategic objectives were influenced by external (institutional) logic (i.e. market, state, community, corporation and profession) along with existing institutions (i.e. short-term orientation, financial measures).

For instance, by reviewing the internal documents (i.e. the first design of the balanced scorecard), it was found that the commitment to government regulations and standards was reflected clearly in Mobily's objectives, one of which was to "Ensure compliance and good relationship with regulators". This objective stresses commitment to compliance with the Saudi government's standards and regulations as "basis of attention". This was confirmed by the Director of the CPE Team, who stated that before the company can introduce any product, it has to ensure compliance with government regulations. This evidence shows that state logic influences the design of corporate objectives.

Another external institution which shaped part of the situated rationality in Mobily is community logic. One of Mobily's objectives was to increase the honour of members and practices within Saudi Arabia, i.e. the basis of its strategy included disseminating the view that "Mobily contributes to making the Saudi community better" and "community needs match with CSR endeavours". In other words, the ways of thinking beyond the company (i.e. in the community) shaped the designers' rationalities, which influenced the balanced scorecard through the setting of objectives. These objectives are expected to enable the company to provide services that enhance the community's reputation and increase the honour of individuals.

Mobily is a corporation and thus it is clear that the designers were influenced by corporate logic, such as the desire to build a good organisational culture under "informal control mechanisms" (Thornton et al., 2012), as stated in the internal document "Nurture success-focused culture at Mobily". Market logic also influenced the company's strategic objectives. For example, under sources of legitimacy, it was observed that the logic of the market shaped the individuals' rationalities in designing corporate objectives. One of the objectives was to enhance Mobily's share price, as stated in the internal document "Increase shareholder value".

Furthermore, the interviewees from the CPE Team argued that the consultant had an important role in designing the balanced scorecard at the corporate level. They stated that the consultant relied on his personal expertise and benchmarks as sources of legitimacy to suggest accounting practices. All this evidence implies that the ways of

thinking beyond the company (i.e. market, state, community, corporation and profession) shaped situated rationalities.

However, internal institutions also shaped the situated rationality. As discussed in the previous chapter, the aim of existing institutions was to focus on financial results (i.e. short-term orientation). Nevertheless, the new ways of thinking (i.e. long-term orientation), the "integration of non-financial and financial results" within Mobily, was not totally in conflict with existing institutions. Thus, the company continues to focus on financial measures, and this can be seen in one of its main KPIs, "grow revenue from new sources". In short, a multiplicity of institutions shaped situated rationalities in regards to formulating corporate objectives. The CPE Team affirmed that after the consultant designed the corporate level, it was reviewed by the leadership team (i.e. members at the chief level) and approved by the board of directors.

Figure 8.1 Describing Mobily's Strategy

Source: Mobily internal document

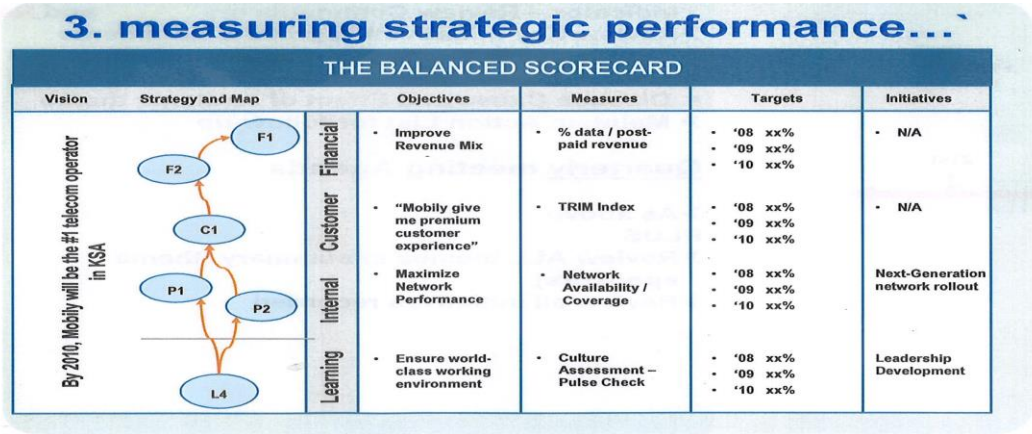

Figure 8.2 Measuring the Strategy Performance of the company

Source: Mobily internal document

The CPE Team maintained that, in 2007, the consultant designed the balanced scorecard at the corporate level with 25 strategic objectives, as shown in Figure 8.1. However, by reviewing an internal document, the researcher discovered that when the consultant proposed strategic objectives to the board of directors, including the CEO, there were more than 25 strategic objectives, particularly 32 strategic objectives. This implies that after communication and negotiation between the leadership team and the consultant, the consultant designed the corporate level with 32 strategic objectives. Nevertheless, when the consultant proposed these objectives to the board of directors, it seems that they agreed to eliminate some objectives, particularly four objectives regarding internal processes and learning (e.g. enable convergence/quadruple play, lock-in current subscribers, lead the way with products and services, and build a next-generation network) and three objectives regarding the growth perspective (e.g. attract and retain the best people in the industry, developed talent Mobily growth and enable synergy across Mobily). It can be concluded from removing some of the objectives, such as "Build a Next-Generation Network" (Mobily, internal document), that these objectives were not considered suitable to be applied in the company in regards to achieving the new strategy. As argued by Ter-Bogt and Scapens (2018), individuals will deliberate on the most appropriate practices to use in a particular situation. This was the case with Mobily during the board of directors' meeting, in which they agreed to focus only on 25 strategic objectives as the most appropriate accounting practices.

Overall, this demonstrates that the external actor, the consultant, played a vital role in designing the balanced scorecard at the corporate level. As the new rules were designed, modified and deliberated on (through internal conversation) with powerful people in Mobily (i.e. the leadership team and the board of directors as well as the consultant), this suggests that taken-for-granted ways of thinking within (i.e. short-term orientation, focusing on financial results) and beyond the company (i.e. market, state, community, corporation and profession) influenced individuals' rationality in determining the most appropriate accounting practice to be used in the new strategy (situation). These findings support the theoretical base of Ter-Bogt and Scapens (2018), who claim that when agents select a particular management accounting practice, this deliberation will be shaped by the logic of situation, in which agents should be able to rationalise their choice of appropriate actions. Moreover, the results show that the corporate level was shaped more widely by broader/external institutions. This finding is in line with Ter-Bogt and Scapens (2018), who argue that external institutions shape wider forms of thinking which extend beyond the boundaries of an organisation, over and

above internal institutions. This finding also supports Thornton and Ocasio (1999), who maintain that the decision makers in organisations are structured and dominated by institutional logic.[30]

In terms of the departmental level, it was designed cooperatively among the CPE Team, the consultant, and the head of each department or experts trusted by them. It was then reviewed by the leadership team. The consultant at this level became a facilitator rather a designer, "The consultant was working as facilitator", as the Director of the CPE Team stated (29:2,2). The designing of the balanced scorecard started with the CPE Team providing the main guidelines to the heads of department. The General Manager of Networks (2:16) commented:

> The CPE Team told us we are going to sit with the consultant to determine our balanced scorecard, and they gave us the main guidelines; for example, we need to make our score in customer satisfaction this percentage.

Interviewees, who were involved in the design of the balanced scorecard, stated that the CPE Team asked each department to suggest KPIs, considering the four perspectives, and these proposed KPIs had to be provided with a full definition and what their impact internally within a department would be, and externally within the company such as the General manager of Networks (2:11) and the Director of Customer Care (6:3). To be more specific, within each department, key staff deliberated about their KPIs and their reflections on the four perspectives: financial, customer experience, internal processes, and learning and growth. As the existing habits (routines), which were underpinned by the focus of financial measures, were insufficient for dealing with the company's new situation (strategy), which focused on a long-term strategy, the "integration of non-financial and financial results", there were no routines that organisational actors (either superiors or subordinates) could draw on. It can be inferred from this that deliberation played an essential role at this stage (Ter-Bogt and Scapens, 2018).

The CPE Team commented that the information and the proposed KPIs from departments were studied by the consultant after confirming with the heads of department or their deputies. The consultant then came back to each department with the proposed KPIs. From this interaction, the KPIs were formulated. The General Manager of Networks (2:11) stated:

> To compete in the market we need to achieve certain capabilities in our department. So, they asked us what we think, so we proposed some KPIs and the

[30] As mentioned in chapter five, institutional logic is similar to the external institutions that shape the thought processes which are shared across organisations in an institutional field and/or in society more widely (Ter-Bogt and Scapens, 2018).

> consultant proposed some of them. After that, we determined our KPIs and cascaded them throughout our department.

The Director of the CPE Team (23:18) commented, "The departmental level was designed cooperatively between the consultant, all heads of department and us". The Director of Customer Care (6:3) stated:

> At the beginning of the implementation of the balanced scorecard, we did several meetings with the CPE Team to determine our scorecard. We took around a month to make sure our KPIs and targets were aligned with the company's targets. There was a discussion about them. This led to something called correlation, and this was not only with us, this happened with all departments.

The Director of the CPE Team (23:29) affirmed:

> The consultant did not design the balanced scorecard as a product and give it to us. No, he was part of our team. He was involved as much as he could with the head of each department to design their balanced scorecard… So, he involved us in every single development and discussed how things should happen. That led the heads of department to be part of the development.

This demonstrates that designing the departmental level was highly dependent on the discussions between related parties to ensure that the new accounting practices of the departments were achievable as well as aligned with the new strategy. Given the heads of department's guidelines on the four perspectives, which aimed to help in achieving the company's strategy and which asked them to propose KPIs and targets, it can be deduced that the heads of department or their deputies were involved in both internal discussions (i.e. within a department) and external (i.e. with the consultant and the CPE Team) on the most appropriate accounting practices based on their own thinking (or logic), in order to help achieve Mobily's strategy. Interviewees who were involved in the design of the balanced scorecard claimed that there was debate between heads of department (or their deputies) on one hand, and the consultant and the CPE Team on the other hand, to ensure the proposed means were practical, measurable and achievable. In other words, the consultant and the CPE Team did not design the balanced scorecard in an instrumental manner. Rather, the participants were able to reflect their concerns and values onto their KPIs, targets and activities. Thus, the ability and willingness of stakeholders to identify ways of achieving the company's targets can be clearly seen in Mobily. Reflecting the values and concerns of the stakeholders in the design of the new accounting practices justifies that shaping the new rules was derived by substantive rationality, which is classified under what Broadbent and Laughlin (2009) refer to as communicative rationality.

Furthermore, a number of interviewees argued that the representatives of the departments proposed their KPIs based on historical data, local benchmarks (i.e. Saudi benchmarks) and/or external benchmarks as commented by the Director of Customer Care (20:13), "We depended on our historical data… Also, the KPIs depended on GCC and KSA[31] benchmarks". The Director of Customer Care (6:11) affirmed, "I determined our KPIs based on international benchmarks and my own experience". The General Manager of Risk Management (3:29) claimed:

> The design of the balanced scorecard was affected by influences whether external or internal or both, and that depends on the department. For example, during the first design of the balanced scorecard I was working in the wholesales department and our balanced scorecard was influenced by our competitors.

It is inferred from the above that participants looking at historical data and their experience suggest that KPIs and activities were shaped by individuals' experiences as well as shared ways of thinking within the company (internal institutions). The evidence suggests that participants' rationality was also shaped by resource competition (market), local regulations and standards (state and corporation), and/or global benchmarks (status in profession) as external institutions.

It is worth mentioning that the Etisalat Company (the big investor in Mobily) also influenced the design of the balanced scorecard. as another external institution (corporation). The Manager of Customer Care (21:8) said, "The CPE Team emphasised that our targets and KPIs had to match with a global benchmark or/and with the Etisalat Group" (another interviewee from the CPE Team (23,2,5) confirmed this). In other words, the individuals who were involved in designing the balanced scorecard paid attention to Etisalat's benchmarks (i.e. status in the hierarchy) to ensure that Mobily's benchmarks were in line with them. The consideration of historical departmental data, internal benchmarks (i.e. from the Saudi telecoms market) as well as global benchmarks during the selection of new KPIs, proves that individuals/groups of people within Mobily applied different form of thinking, shaped by both internal (i.e. individuals' experiences and/or departmental histories) and external institutions (corporation, profession, market, state). These multiple institutions and routines might have given rise to various forms of rationality which were applied by actors in the new situation, which Ter-Bogt and Scapens (2018) term situated rationalities.

While staff thinking was shaped by both internal and external institutions, the consultant was inspired more by global benchmarking exercises. The General Manager

[31] The KSA refers to the Kingdom of Saudi Arabia.

the Networks (2:2,2) said, “The consultant provided us with the best practices”. The Director of the CPE Team (29:51) confirmed, “Having a consultant was a good thing to bring a fresh external perspective”. Giving attention to “best practices” (i.e. status in the profession) and relying on personal expertise suggest that the consultant’s rationality was shaped more by external institutions (the profession). His endeavour was to pull the heads of department or their deputies towards a specific institutional solution, in order to meet the company’s strategy.

However, the determination of the new KPIs and activities was selected after negotiation among the head of departments, the CPE Team and the consultant. Applying different types of rationality led to conflict between actors. The General Manager of Networks (2:2,2) commented:

> Regarding the KPIs, we did not have a problem with the best practices. But the big negotiations and discussion were on their values [rating]. The values which he [consultant] provided to us were high because he brought them from the USA and we disagreed with him, and we told him these values are not applicable in Saudi Arabia. For example, time to fulfil an order in the USA is a lot shorter than here.

The Director of the CPE Team (23:53) affirmed:

> I came from the banking industry and my colleague from Aramco, which is a petrochemical company. Thus, the standards which apply in banking are different from the petrochemical industry. We are closer to the commercial industry because we have competitors, while Aramco has none. So, they work with different standards… That led to a clash between us, because I believe in my standards and he believes in his standards, and everyone has his own logic. However, because of this clash, the result was a unique product, in between the two views. He has strengths, and I have, and he has weaknesses, and I do.

This evidence supports Ter-Bogt and Scapens (2018), who argue that within an organisation different groups of people may apply their own rationality (or logic) to a specific problem, which might lead to conflict. However, it seems most likely that communication and negotiation between internal and external actors minimised the different forms of rationality, to the level that these diverse forms of rationality could coexist within Mobily. The interviewees from the CPE Team believed that discussion and deliberation assisted the CPE Team in defining appropriate objectives, measurements, KPIs and targets. The Director of the CPE Team (29:22) affirmed:

> You need to have a core team to design the balanced scorecard… we used them to define the objectives and measures… why, because they are going to help us to build the measures.

Overall, the new KPIs and targets at the departmental level in Mobily were selected after deliberation between internal (i.e. heads of the department and the CPE Team) and external actors (i.e. the consultant). The rationality of this deliberation was shaped by the forms of staff rationality (the situated rationality). This situated rationality was shaped by a multiplicity of existing institutions, along with external institutions (i.e. state, community, corporation, market and profession), which are influential in Mobily. Since the focus of attention of the old rules (the traditional performance measurement system) was on financial elements, which is not totally in conflict with the focus of attention of the new rules, i.e. the balanced scorecard, it can be inferred that the ways of thinking beyond the company had more influence on determining objectives, KPIs and targets, than internal ways of thinking. The Director of the CPE Team (29:2,2) affirmed:

> We have 30% to 40% KPIs around revenue… net profit and debt of equity ratio already existed within the company. But we need to cope with customer satisfaction KPIs… some departments introduced one to two KPIs related to the relationship with government. I assume that up to 30% to 40% of KPIs were available.

After the CPE Team and the consultant put the KPIs together, they were reviewed with the CEO to confirm the strategic direction, as affirmed by the CPE Team. Once the KPIs were determined, the CPE Team placed them as a baseline. Since then, this baseline has been enhanced and developed quarterly and/or yearly. The Director of Customer Care (20:13) stated, "We have to raise the percentage [of the KPIs] every quarter to provide a challenge". This enhancement too is only accepted after negotiations and deliberations between related parties (more details on this will be presented in the next chapter). Designing the departmental level finished in 2007; thus, the design of the balanced scorecard at both the corporate and departmental levels was completed in 2007.

The last level of designing the balanced scorecard was the individual level. As illustrated earlier, the individual/personal scorecard is for evaluating individuals' performance activities and also to enhance focus on the most important activities in order to be able to achieve the main goal. The new reward system was linked with the performance evaluation system/personal scorecard. However, it is worth mentioning that the reward system was linked only after six months of implementing the personal scorecard (this will be discussed more in chapter nine). The CPE Team and the consultant did not begin to design the individual level until they had evaluated the corporate and departmental levels. In other words, they paused for a while before designing the

individual level to ensure the corporate and departmental levels were completed. The design of the balanced scorecard at the individual level was completed in 2008.

The individual level/personal balanced scorecard has two parts: departmental and individual KPIs and competencies. The design of the individual level was similar to the departmental level regarding interaction and deliberation. This means the individual level was designed cooperatively by different parties; the heads of department, the CPE Team and the consultant, but without the CEO. As discussed in the previous chapter, before the balanced scorecard, employees were evaluated based on their job description. However, after observing a personal balanced scorecard, it is clear that the individual balanced scorecard was designed to provide uniform (standardized) performance evaluation, which reflects the unique activities to be evaluated in Mobily.

In summary, the balanced scorecard in Mobily was designed with four perspectives. There were meetings and discussions to formulate it and to select the most appropriate accounting practices for the company. Throughout the process of designing the new rules, a strong emphasis was placed on dialogue and interaction in the organisational setting. The strategic objectives, KPIs and the targets were determined after reflecting on stakeholders' values and concerns. "The KPIs will be applied after acceptance from the stakeholders", most interviewees affirmed. This indicates that communicative rationality (Broadbent and Laughlin, 2009) was definitely present in Mobily, which is in line with Kaplan and Norton's recommendation for the third generation (Lawrie and Cobbold, 2004). This type of design ensured that all those who participated were clear about how the projected end-point had been reached (Cobbold et al., 2004).

Moreover, since different parties were involved in forming the new management accounting practice, the design of the balanced scorecard was influenced by situated rationalities, shaped by both internal and external institutions to deliberate (through internal conversations; Archer, 2003) on the most appropriate balanced scorecard practice in the new situation (strategy) to be used in Mobily. Since the company had not had appropriate routines (as explained in the previous chapter, section 7.2.3), this suggests that agents were consulted considerably more in selecting suitable actions. Ter-Bogt and Scapens (2018) argue that choosing the most appropriate actions to be taken in certain situations means actors will need to deliberate more extensively. Furthermore, Ter-Bogt and Scapens (2018) argue that within an organisation the potential for conflict and resistance to change is high, since the organisation comprises different people or different groups of people, who may apply different types of rationality to particular problem. Due

to the multiplicity of institutions involved in the process of designing the balanced scorecard, there were contradictions. However, the results show that conflicts between key people were settled through deliberation. Thus, after discussing the reasons behind the change in management accounting system, and designing the balanced scorecard through deliberation, the balanced scorecard was implemented in the company. However, implementing the balanced scorecard faced some resistance, which will be covered in the next section.

8.2.1.5 Resistance to Introducing the Balanced Scorecard

As explained above, applying the new management accounting practice was done after both introducing the purpose of the new system and involving key people in shaping the new system. However, there was some resistance from employees. The CPE Team commented that the resistance emerged from the executive level (top and middle management). The resistance from executive members can be split into two groups, with two different sets of rationalities (logic). The first group resisted the new system because of staff lacking knowledge and experience of the concept of the balanced scorecard (usually elderly staff). Additionally, they did not take the implementation of the balanced scorecard into consideration. To be more specific, they thought that the balanced scorecard was just introduced as a formal tool, and did not implement it in their daily activities. The CPE Director (23:28) claimed, "To be honest with you, we faced resistance. Some employees said, don't worry the management is just implementing the tool to show off". He added (23:43):

> At the beginning of the development of the balanced scorecard framework, people said these people [the CPE Team] are theoretical and bringing in theoretical things, and trying to show off to us. And we had old people, and they have experience. They said who are you? You are young. We can run Mobily and bigger companies than this company.

Another Director of the CPE Team (29:51) affirmed:

> There was resistance. It was massive, and there were people they did not see it as an effective way forward… they felt they would not manage to use the balanced scorecard this way… they wanted objectives and KPIs to be free floating, in order to manage daily issues.

Even though the weaknesses of the old rules were clear to the employees (as discussed in the previous chapter), members at the executive level knew how they were evaluated and how to evaluate their subordinates. In addition, their past experience enabled them to predict and manage their daily activities.

Another issue associated with implementing and using the balanced scorecard was a lack of accountability, as some individuals were withholding information related to the results of their scorecard. Moreover, when the CPE Team showed them their performance evaluation, they rejected the results. The CPE Director (23:28) stated, "If their performance gave a red flag, they said the indicators were inaccurate".

In sum, the ways of thinking and doing of those people were based around consistency with existing routines, which conflicted with the new rules, along with lack of knowledge regarding the balanced scorecard. Thus, it can be inferred that the first group of executives resisted the implementation the balanced scorecard because of a lack of capability as well as conflict with existing routines. Burns and Scapens (2000) argue that resistance to change can emerge due to a lack of capability, as well as allegiance to existing routines and institutions. In addition, since the old rules allowed managers to exercise unlimited power over employees and have a huge influence on their department, it can be inferred that these people wanted to keep their power for their own benefits. This is along the lines of the arguments of Yazdifar et al. (2008), that some individuals who have a vast impact on their businesses resist accounting change just "to build their empires". Besides, they did not take the decision to implement the new management accounting practice seriously, and they thought that the company was implementing the balanced scorecard only to gain legitimacy from its wider environment by applying an advanced management accounting practice. A possible explanation for this is that it is common among organisations, in developing counties (Sutheewasinnon et al., 2016; Siti-Nabiha and Scapens, 2005), that organisations implement new management accounting practices just to maintain external legitimacy.

There was another group of executive members who resisted the balanced scorecard, but due to different logic. This group of people did not reject the concept of the balanced scorecard itself, but their resistance was about specific KPIs and targets, which were difficult to achieve, according to their perspective. The CPE Director (29:45) said:

> Some executive participants resisted the design of the balanced scorecard. The reason behind it was not because they were not up to the challenge. No, some of them were a bit concerned about it because, like I said, objectives and KPIs that were not clear to them… they will be accountable for them, someone will be coming and ask them about it.

This group of people endeavoured to push strongly back in regards to some KPIs and targets, which they said were not achievable because they would be accountable and responsible for accomplishing them by the end of the year. This suggests that this group

of people wanted to ensure the KPIs and targets were achievable rather than ideal, or that they could be classified under what Broadbent and Laughlin (2009) refer to as practical rather than theoretical. The interviewees from the CPE Team commented that convincing this group was manageable and that it was easy to reduce the resistance through negotiation and communication, as the Director of the CPE Team (23:56) confirmed:

> One of the elements that helped us in the implementation of the balanced scorecard was the method of designing the balanced scorecard, via the consultant… the consultant was involved with all heads of department in discussing how it should happen in every development.

This finding supports other researchers (e.g. Braam, 2012; Broadbent and Laughlin, 2009; Hardy, 1996; Thornton et al., 2012) who have suggested that negotiation and communication can minimise and resolve actors' ambiguity and concern about the change.

However, there was anxiety amongst employees who were not involved in the workshops on the introduction of the new system, about their jobs. Three interviewees argued that because of employees' misunderstanding about adopting the balanced scorecard, some employees were not happy (the Customer Care Director 6:21; the Director of Networks 13:4; the Director of HR 22:14). They assumed that the purpose of implementing the balanced scorecard was to dismiss some of them. The Customer Care Director (6:21) said:

> Actually, our experience was not good at the beginning of implementing the balanced scorecard. There was misunderstanding among employees. They thought that the purpose of the balanced scorecard was for cost cutting and would increase pressure on them, then lay some of them off.

It seems that any change in an organisation's accounting system is perceived as a threat to employees' security. Nevertheless, In Mobily, there was resentment but there was "no resistance spoken" (Siti-Nabiha and Scapens, 2005) as affirmed by the Director of CPE Team: "There was no rejection from employees [who were at the middle level and were not involved in the workshops on the introduction of the new system]".

In general, in Mobily, even though the management were dissatisfied with the existing evaluation system, they knew based on their experience how they were evaluated. Thus, routines had become somewhat resistant to change. Burns and Scapens (2000) claim that resistance to accounting changes may be due to conflict between the values implied in the new accounting system and the existing one, or lack of knowledge and experience on the part of members of the organisation. The resistance in Mobily can be seen to be due to both reasons. Nevertheless, the results show that the level of resistance

to implementing the balanced scorecard in Mobily did not involve formal or overt resistance. The Mobily case supports Siti-Nabiha and Scapens's (2005) study, which was also conducted in a developing country, and which found that resistance was not spoken. It can be argued that in Mobily the resistance was not openly expressed due to introducing the new management accounting practice via powerful people (i.e. those with hierarchical power), since Arabic culture generally involves more obedience to the people at the top of the hierarchy (Al Harbi et al., 2017; Hofstede, 1984; Mellahi, 2006). In addition to this, a lack of trade unions in Saudi Arabia gives the management unlimited power, to some extent, to fire and promote employees, thus expressing resistance might increase the threat to employees' security.

However, it cannot be denied that making people talk and discuss openly with the consultant and the CPE Team to determine their rules in Mobily might have made the new rules rational, and this is consistent with the theoretical base of Ter-Bogt and Scapens (2018). They argue that when there is a new situation, agents will deliberate to select the most appropriate practices. This deliberation, which is shaped by the form of situated rationalities (i.e. comprises both the rationalities embedded in broader and in local institutions), will enable agents to rationalise their choices.

In a word, this justifies why the resistance to implementing the balanced scorecard in Mobily was not formal and overt. Overall, the management handled these (spoken and unspoken) resistances effectively, which led to the balanced scorecard becoming institutionalised in Mobily, as will be explained in detail in the next chapter.

8.2.1.6 Limitations of the Balanced Scorecard

The design of the balanced scorecard had several limitations. First, lack of staff knowledge and experience of the new management accounting practice influenced the design of the balanced scorecard. As discussed earlier in this chapter, the heads of department were involved in designing the new system. Due to lacking understanding, they were considering everything as having the same importance, which led to having a lot of KPIs. The CPE Director (29:32) said, "The number of KPIs, when we started to cascade them, really went up ridiculously". Several interviewees claimed that the reason was that managers thought identifying many KPIs would reflect positively on their departments (the Director of Customer Care 6:10; the Director of Networks 28:1 and most of the CPE Team members). The Director of the CPE (29:33) stated, "They [the heads of department] wanted to define too many KPIs because they thought that would give their business credibility, and this is ridiculous".

Too many KPIs and targets impacted negatively on employees' focus. The Director of Customer Care (6:12) declared, "There was no focus. We had from 30 to 50 KPIs… we had a big problem with focus". Having too many KPIs also made the design of the balanced scorecard complicated. Interviewees maintained that many employees complained about how complicated the balanced scorecard was. The Director of Customer Care (6:57) affirmed, "The first design of the balanced scorecard was too complicated… I have knowledge about the balanced scorecard, but I only understood about 70% of it". The CPE Team periodically reviewed the balanced scorecard with the CEO, having observed this issue, as stated by the Director of the CPE Team (29:34), who also noted that "We came across observations of the complexity of the balanced scorecard".

Finally, the company did not have a system for keeping and organising accounting and other control information together in place at that time. The CPE Team claimed that they needed to collect data for the KPIs periodically, and the collection of this data was done manually, which consumed considerable time and effort. On the other hand, the staff who collected the results of the KPIs and targets faced challenges in extracting the data, especially with regards to people who resisted the balanced scorecard. The Customer Care Director (6:28) confirmed:

> When I was asking people to provide me the data, they were responding with 'I do not have it, where do I get it from, go and get it by yourself'. It was challenging for me as there was no cooperation. I was fighting with them in order to collect the data.

He added:

> Sometimes when I extracted the data, I found mistakes. If you have incorrect data showing that an employee achieved his target but he did not, this is a big problem.

This implies that having inaccurate data might not only influence the performance evaluation but also influence the quality of quarterly and annual meetings (see Ferreira and Otely, 2009).

In summary, lacking knowledge and information about the new accounting practice was reflected in Mobily's rules, "The formalised statement of procedures" (Burns and Scapens, 2000, p.7), mainly the KPIs, as confirmed by the Director of the CPE Team, "The KPIs were not proper". This finding shows that the staff who were involved in designing the balanced scorecard determined a lot of KPIs in order to increase the credibility of their departments. This evidence indicates that although there was resistance, people generally were cooperative (despite a lack of knowledge) during the

designing of the balanced scorecard. Lacking a system that extracted accounting information influenced the accuracy of the meetings on the new rules. Implementing the new accounting practice directly to the whole company without implementing it in specific department/s in order to evaluate it, as in some cases (e.g. Yazdifar et al., 2008), meant the limitations affected the whole company. With these limitations, however, Mobily employees put the new accounting system 'rules' into their everyday practice and 'routines' (discussed in detail in the next chapter).

8.2.2 The First Modification: Revamping the Balanced Scorecard

Although there were limitations to the design of the balanced scorecard, it helped the company to achieve its strategy, "By 2010, Mobily will be the number one telecoms operator in the KSA" (Mobily internal document). The Director of the CPE Team (23:20) affirmed:

> In 2010, 61% of market share was gained by Mobily. It means if there is a new product in the Saudi market, Mobily ultimately owns 61% of the market. Also, we can see how the Mobily company changed the telecoms industry in Saudi Arabia.

Reaching the maturity phase of some services and avoiding the decline phase drove the management to implement a new strategy in order to be in a 'revival phase' (Miller and Friesen, 1984). The Director of the CPE Team (23:52) stated:

> We had requested the CEO to allow us target a new direction. We had indicators showing that we had reached the mature stage for some services and we were headed toward decline stage. If we wanted to continue at the same growth level we had to think differently, we do not want to remain going in the same direction… in 2012, there was a change in the strategy, I mean we began to focus on data and broadband services, while before we focused on SMS.

Therefore, in 2012, the company introduced a new strategy.

The goal of the new strategy – the *transformational strategy* – was to change the company's direction from voice call provider to technology provider, to match with the global market, which had become more dependent on technology and more technologically smart (Mobily annual report, 2012). The chairman of the board (Mobily annual report, 2012, p.10) reported:

> Leadership, innovation, and unsurpassed customer service have always been the cornerstones of Mobily's consistently outstanding performance and its emergence as a telecoms operator of global status. Now, more than ever, these qualities underpin the next phase of the company's evolution into a world-leader in integrated information and communications technology.

The main reasons that drove the CPE Team to revamp the balanced scorecard was implementing this transformational strategy, as confirmed by the CPE Team interviewees.

Moreover, the interviewees argued that implementing the new strategy drove the management to focus more on internal processes. The General Manager of Corporate Strategy stated, "In 2012, a lot of focus was on investment". The General Manager of HR (8:21) confirmed that:

> In 2012, there was an internal transformation in all departments… they implemented 17 programs, with 25 projects within each of them. We became ready to serve people by the best approach, and we added more value to the business.

The Director of Customer Care (6:36) said:

> We became more aggressive in our business. For example, our KPIs and targets increased… in 2012 we focused more on operations rather than costs.

Several interviewees stated that the rationality of the CEO also affected the redesign of the accounting system (the Director of Customer Care 6:35; the Director of Networks 13:28; the Director of Customer Care 14:16; the Director of HR 22:24). The Director of Customer Care (6:35) commented, "Because of the CEO's rational, risk-free approach, he implemented huge transformational changes". The General Manager of Corporate Strategy confirmed this.

Modifying the balanced scorecard also involved cooperation between different parties: a consultant, the CPE Team, and heads of department or their deputies. It was then reviewed by the CEO. Regarding the consultant, it is important to mention that the management hired a Western consultancy company to help only the Customer Care department in the redesign. In other words, the company hired the consultancy company not to help the CPE Team for whole departments, as confirmed by the CPE Team. The Director of Customer Care (6:47) said, "The company decided to bring in an international consultant to assess our current situation and to tell us whether we were ready for the new environment, I mean the technology environment". He added:

> After the assessment was done, the consultant told us we are ready for 40 to 50% of the new strategy… he asked us to implement a new project, 'revenue generation', involving telesales… This project was part of the transformational strategy.

It seems that having a new strategy for which there were then no 'appropriate' routines helped address the new strategy (situation) and, consequently, appropriate accounting practices were selected through deliberation.

The deliberation over the revamp, and the modifications to the company's objectives and KPIs, was influenced by staff rationality, who were involved in the deliberations, and thus these deliberations were shaped by a multiplicity of external institutions and internal institutions (the next chapter discusses in detail how the new rules became institutionalized). To be more specific, the company hired a Western consultant to help the Customer Care Department revamp their scorecard. The consultant relied on his experience in addition to benchmark "best practices" (status in the profession), as affirmed by the Director of Customer Care, in order to propose "suitable" accounting practices to achieve the new strategy. This suggests that professional logic influenced the situated rationality. In addition, most interviewees from the CPE Team stated that the influences on the revamp were the same as on the first design. It could be inferred from this that the external institutions (i.e. corporation, state, market, and community), which influenced the first design, also influenced the revamp. The long-term-oriented ways of thinking and doing (i.e. non-financial perspectives, financial results integration), also influenced the revamp, as confirmed by the Director of the CPE Team (other interviewees confirmed this such as the Director of Networks 28:1; the General Manager of HR 8:21; the Director of Customer Care 6:16). Accordingly, the situated rationalities, which were shaped by a mixture of institutions, shaped the selection of accounting practices to be adopted in this specific situation (i.e. the new strategy) within the company. Moreover, involving internal actors (the CPE Team, the heads of department and the leadership team) and an external actor (the consultant) in selecting/modifying the company's rules implies that selecting and/or modifying the accounting practices through discussion and communication became the predominant ways of thinking and doing within the company.

The revamp of the balanced scorecard was also influenced by both the limitations of the first design and by the employment of a new Chief Human Resources Officer (CHRO). As discussed earlier (section 8.4), the complexity of the new system, as well as having too many KPIs, led the CPE Team to attempt to solve these limitations. The interviewees from the CPE Team commented that they removed the four perspectives and made the process more linear. Although they removed the four perspectives, they were embedded in their KPIs. The Director of the CPE Team (29:29) said:

> The management decided that we needed to get rid of the complexity and go with a more linear type of framework… I just eliminated those perspectives… However, we had at the back of our minds that we needed to have a mix of KPIs. I mean we have financial KPIs, customer experience KPIs and other KPI perspectives.

The number of KPIs was reduced gradually after the revamp. As stated by the Director of Customer Care (6:11), "The maximum number of KPIs for each department went down to 5 to 8 KPIs". This was totally different from the first design of the balanced scorecard, which in some departments reached 40 to 50 KPIs, as confirmed by several interviewees (the Director of CPE Team 29:31; the Director of Customer Care 6:11; the Manager of Networks 15:1; the Director of Customer Care 11:29). They also confirmed that the reduction in KPIs means employees focus more on their day-to-day activities. Hence, the revamp of the balanced scorecard made it less complicated and more focused.

Employing a new CHRO also influenced the redesign of the balanced scorecard. In particular, it influenced the way the CPE Team cascaded the balanced scorecard to non-executive employees (managers and executive managers), as will be discussed later in this chapter. This decision was made by the new CHRO after deliberation with the CPE Team. The CPE Team was not satisfied with cascading the balanced scorecard to operational managers, because that required more effort and was difficult to achieve, but the CHRO enforced it, as confirmed by one interviewee from the CPE Team. Moreover, most interviewees claimed that the idea of cascading the balanced scorecard to the operational level was to further enhance the horizontal and vertical alignment in the company (e.g., the General Manager of Customer Care 24:2; the Director of Networks 10:1; the Manager of Customer Care 12:15).

Cascading the balanced scorecard to operational managers was also done through deliberation between the CPE Team and related parties, as confirmed by most interviewees. Nevertheless, since the employees who work at the operational level deal with day-to-day activities and deal more with the operational level than the strategic level, the CPE Team has a library of KPIs, and these KPIs are aligned with the corporate and departmental levels. One of the CPE Team said that people who work in this position have a limited number of KPIs that can be chosen from the library (three managers from Customer Care confirmed this). However, if someone needs to add new KPIs, they have to explain why and for what purpose they need them, because the CPE Team needs to ensure that they use smart KPIs and that they are aligned with the company's goals. The Director of the CPE Team (23:13) stated, "I want the evaluation based on specific and smart KPIs to measure the staff".

Cascading Mobily's rules to the operational level affected the performance evaluation and reward system for people who work at Manager and Executive Manager position (this will be clarified further in chapter nine). To help employees be aware of the new modification, the CPE Team also ran workshops, meetings and awareness sessions

to reduce anxiety and concern on the part of employees. The Director of Customer Care (11:10) stated:

> When the company applied the new rules [cascading the balanced scorecard in 2012], people were not happy with it. People are by nature against any change… However, the CPE Team did an awareness campaign, sent emails and ran workshops.

Although there was anxiety among employees, the decision to cascade the balanced scorecard to the non-executive level, made by a powerful actor (i.e. the CHRO), was applied normally by less powerful people. Moreover, it seems that increasing awareness by the CPE Team became part of the CPE's Team routines.

Moreover, the Holy seasons (Hajj and Umrah) had a notable influence on the company's KPIs, through the introduction of a KPI named "Holy seasons handling". As mentioned in chapter four, Saudi Arabia contains the two holiest places for Muslims in the world, Mecca and Medina. Since all Muslims in the world visit these two holy places, and they need either the internet or to talk to their family and friends, or both, Mobily as a mobile services provider gives these Muslim events high priority. In fact, to properly serve people in the two holiest places during Muslim events, the management established a committee for Hajj and Umrah, the Holy Seasons Committee. One member of this committee claimed that its purpose is to ensure that the people in the holiest places are satisfied with their mobile services.

The 'new' KPI (Holy seasons handling) was shaped by external institutions (i.e. religion and community) along with the ways of thinking and doing within the company, specifically non-financial perspectives, as argued by the General Manager of Networks, a member of the committee (2:2,2):

> See, from the financial perspective we are losing. I mean during Hajj and Umrah we paid more than what we got… if you ask me why, it is because we are looking to the holy seasons to have a great impact on our country and our company, but from the financial perspective, this does not happen. Let me tell you, it is not only for the sake of Allah but also to reflect a great image of our country and our company.

The Chief of Technology Officer, the head of Hajj and Umrah committee stated to Al Mowaten.net (2017):

> Within Mobily, we totally believe that what we provide during Hajj season is for guests of Allah …Mobily initiatives aim to show the hospitality and welcome of the Kingdom of Saudi Arabia and to ingrain a positive image in people's minds. It has been known that the Hajj experience will remain in the minds of pilgrims and from this perspective, Mobily believes that one of its responsibilities is to show the image in a way which suits the value of the land of the two Holy Mosques.

Informants stressed that the aim of this committee was to positively enhance the image of the Saudi community and the company itself. It can be inferred from this that individuals' rationality within the company was based around increasing the status and honour of individuals within the company as well as in the Saudi context "as basis of strategy" (Thornton et al., 2012). It seems that religion also plays a role in this KPI, through serving pilgrims, as their belief in the importance of faith, for the sake of Allah, to legitimise their actions. In addition to this, a continued focus on providing "better" services to pilgrims, even at a loss, suggests that shared ways of thinking within the company during Holy season were shaped more by non-financial perspectives than financial results. Thus, it seems that this group of interviewees especially the Hajj and Umrah committee believed that the new KPI was shaped by community and religion in addition to non-financial perspectives.

Another group of interviewees had a different perspective specifically the CPE Team. As a couple interviewees from the CPE Team argued that the Holy seasons influence on the KPIs, however, was not driven by religious and community logic, but by market logic. The Director of the CPE Team (23,2,8) stated:

> Let's be realistic; we are a profit company, my target is the brand value, market share and share price in the market… We come up with the theme called Hajj and Umrah, and we said we are part of this country, and we want to serve pilgrims, but this is not for free. If we want to serve pilgrims for Allah, we could give them free SMS. We do it just to build our name and brand… we measured our success during the Holy seasons based on our revenue.

It is inferred that this group believed that the new KPI was introduced as a source of legitimacy to increase share price (market). However, they agreed with the first group's viewpoint related to the financial perspective that the company was making a loss, as confirmed by the Director of the CPE Team (23,2,2), "We had information and were sure that we are losing during Hajj season".

Additionally, it was observed by the researcher that a monthly meeting was held to review departmental KPIs. This meeting took place 16 weeks before the pilgrimage. There was a significant debate how the company could serve pilgrims in a "good" manner. Besides this, before the meeting a government entity (the Ministry of Hajj and Umrah) had emailed the company to clarify the number of pilgrims in 2017, which showed that the government increased pilgrims compared to last year by approximately a million pilgrims. Thus, there was discussion about how they could serve this increase of people without impacting on customer satisfaction. From the observation, it can be

inferred that the rationality of this deliberation was mainly shaped by non-financial ways of thinking, which are at the heart of the balanced scorecard, specifically customer satisfaction and internal processes. The General Manager of the Network stated that there are specific standards which the company should fulfil in Holy places. However, as he also is a member of the Hajj and Umrah Committee, he affirmed that they do not consider government standards because the company has already exceeded requirements. Thus, the rationality of this meeting was to enhance internal processes to enable the company to provide better services for pilgrims.

Furthermore, the researcher observed from Mobily's annual reports that serving pilgrims was shaped by corporate and religious ways of thinking. For instance, the company endeavoured to send a message to stakeholders through the annual reports, in which the company was able to expand pilgrim subscribers (i.e. the scope of firm) in the holy places during the pilgrimage, along with providing free products to pilgrims as part of Islamic values (because of the importance of faith), such as free umbrellas, bottles of water and free internet access. In other words, the ways of thinking which extended beyond the company (i.e. corporate and religion) shape the management's decision to legitimise their actions when they send a message through the annual reports, whereas religious and community logics shaped staff rationality (i.e. the head of the Hajj and Umrah Committee and the CEO) when they send a message to the public. However, it is important to mention that all interviewees who commented about the Holy seasons, and particularly the Hajj season, agreed that the financial perspective takes a step back and that customer satisfaction and internal processes take the lead in specific contexts (Holy places) and at specific times (Holy seasons).

In summary, these pieces of evidence justify the suggestion that Mobily's KPI 'Handling Holy seasons' was shaped by religious and community as well as market logic, which are embedded in external institutions along with internal institutions (i.e. customer satisfaction and internal processes). Also, the management used different forms of rationality to send their messages. This finding supports Ter-Bogt and Scapens (2018, p.10) who state that "Individuals may belong to more than one group and so they may apply different forms of rationality in different situations". Moreover, the finding suggests that employees were motivated by a message sent out that serving pilgrims will not only be rewarded by Allah (i.e. religion) but also will enhance the reputation and image of the company as well as that of Saudi Arabia (i.e. community). Also, using the media to target pilgrims by sending a message that the company was willing to serve them as guests of Allah implies that the management used the power of religion and

community, which are embedded in external institutions, in specific situations (i.e. the Holy seasons). Interestingly, although Mobily is a private company, external institutions (i.e. religion and community) along with internal institutions (non-financial perspectives) influence the company's accounting practices in specific situations (e.g. the Holy seasons).

In the Mobily case, it seems that the revamp of the balanced scorecard was made to introduce appropriate accounting practices in a particular (new) situation (i.e. it was a transformational strategy). The revamp was also influenced by external and internal institutions, since the process of revamping the balanced scorecard was the same as that of the first design of the balanced scorecard, as affirmed by most interviewees from the CPE Team. Furthermore, revamping the balanced scorecard through deliberation demonstrates that communication and negotiation had become the ways of thinking and doing within Mobily.

It is important to mention that because the transformational strategy has not yet been achieved, the researcher was not able to investigate documents related to the redesign of the balanced scorecard. The Director of CPE Team (23:62) said:

> We stopped our strategy [transformational strategy] because of the financial crisis. But once we come back on the track, we will apply it again. So, I cannot tell you anything about it.

However, three participants provided some documents that included KPIs related to the revamp, to observe without being taken away.

8.2.3 The Second Modification: The Balanced Scorecard After the Financial Crisis

After two years of implementing the transformational strategy, Mobily faced a big financial crisis, which led to many changes in the company. Indeed, because of the crisis, the Saudi stock market stopped trading Mobily's shares for a while. Within the company, the crisis caused several changes. For instance, the company stopped its transformational strategy and implemented a new strategy, called the *turnaround strategy*. As mentioned in the previous chapter (section 7.2), the goal of the turnaround strategy was to put the company on track again. This strategy is split into two distinct parts: a turnaround from 2015 to 2016, and selective growth from 2016 to 2019 (Mobily annual report, 2015).

In addition to the new strategy, the board appointed two new CEOs[32] with a financial background in order to minimise financial losses, as well as to meet the company's strategy (as the Director of the CPE Team confirmed). In fact, most of the old chiefs left the company and new chiefs were assigned by the board after the crisis. The interviewees claimed that the balanced scorecard was influenced by these CEOs' rationality, and Mobily's situation. The Director of Customer Care (6:37) affirmed, "Changing the leader enormously affected our direction. The new leaders' rationale was conservative on cost. I mean there was a huge change, honestly". He added:

> Let me tell you something: our KPIs changed. We were focusing more on operations, and we entered business aggressively… now we have this crisis… now we focus more on costs because of the financial position of the company.

The Director of the CPE Team (23:2,5) said, "Regarding the balanced scorecard, the CEO asked us to go to back to basics till we had solved the financial crisis". It can be inferred that the financial crisis and the introduction of a new strategy, as well as appointing new CEOs, influenced the situated rationalities within Mobily, which were shaped by the new situation.

The Saudi economy was an external influencer that shaped the rationality within Mobily and thus influenced the redesign of the balanced scorecard. In 2015, the Saudi economy faced a financial crisis because of a decrease in oil prices. As discussed in chapter four, oil is the primary source of Saudi Arabia's income. This reduction in prices thus influenced the market and the economy in the country. For instance, because of the reduction, a recession developed in the Saudi market, which forced some companies either to stop hiring new employees or to terminate some of their employees. Consequently, people's consumption habits seemed to change, as noted by the Director of Customer Care (6:50):

> The market is influenced by oil prices and this is obvious from our subscribers. In 2014, we had between 19 to 20 million subscribers but now we are talking about between 11 and 12 million, and this is because of the economic situation, which led to a weak market.

The new government in Saudi Arabia also had an influence on the telecoms market and thus on Mobily. They are more rigorous in their regulations compared to the previous government. The General Manager of Risk Management (3,2,1) affirmed:

> There has been an improvement after the company's financial crisis, and we passed through it, but the telecoms market, in general, has problems because of

[32] The board members hired a new CEO. However, after less than a year, he was replaced with a new one.

> government decisions… the regulations have become more rigorous… Now we must obey the government due to the penalties it has imposed.

These evidences suggest that senior staff decisions were not only shaped by the company's situation, but that exogenous influences including status in the market and state regulations also shaped their situated rationalities.

In summary, when Mobily faced a new situation (the financial crisis), the (new) powerful people deliberated on the most appropriate accounting practices to be used in the crisis. The redesign of the company's management accounting practice was shaped by situated rationalities, which comprised the rationality embedded in both internal and external institutions. The findings of the first and the second modifications of the balanced scorecard in Mobily support Ter-Bogt and Scapens's (2018) arguments. They claim that during the process of change, agencies will meet with new situations and they will not have available routines to draw on, and thus they need to deliberate on the most appropriate course of action by applying their rationality to the new situation.

This section and the above have discussed the designing and modifying of the management accounting system, the balanced scorecard, and the influence on it of external and internal institutions. What follows is a description of the implementation process.

8.3 The Implementation of the Balanced Scorecard

As discussed earlier (section 8.2.1.4), the implementation of the balanced scorecard at Mobily was conducted in stages via a top-down approach. The first phase (corporate level) and the second phase (departmental level) were carried out in 2007. In 2008, the third phase of the implementation was carried out at the individual level. Thus, the balanced scorecard had been fully implemented to all managerial levels by 2008.

Implementing the balanced scorecard meant having scorecards and KPIs which represent guidance for employees in regards to their daily activities and the processes and means involved in assessing their level of achievement (Berry et al., 2005; Broadbent and Laughlin, 2009; Ferreira and Otley, 2009). Once employees accept their KPIs, they are responsible for achieving them. To follow up on the objectives and the progress of the KPIs, the CPE Team ran monthly, quarterly, semi-annual and annual meetings with key people to review and assess the strategic progress. The quarterly meeting, for example, includes chiefs, the CPE Team and a representative for each department. During this meeting, the CPE presents the KPIs, which were agreed upon at the beginning of the year,

against the progress of these KPIs, "actual versus budget", in front of the CEO and other chiefs. The results come in different colours, red, yellow or green, depending on the achievement, as illustrated in Figure 8.3. Also, during these meetings, key people discuss the results as well as the action plans for recovery of progress, as well as discussing short-term and long-term plans aimed at avoiding any issues that arise in the future. The Director of Customer Care (6:18) declared:

> We have weekly, monthly, and quarterly meetings to make sure of the results. The results come in different colours. The red flag means the target has not been achieved, yellow and green means the targets have been achieved. Also, the monthly meeting discusses the result as well as future plans and action plans. We discuss how we can make red flags green, how to improve our actions to make yellow flags green, and with green flags, how we can retain the green.

He added (6:3):

> Every quarter we had workshops for a whole day at HQ. They asked me as representative of [] to provide to them with my department's results for the last three months and bring the targets that we agreed on earlier. Then they ask why there is a gap if we have one, where the gap came from and how we can fill the gap. After that, we discuss action plans for the long run and action plans for the short run that can fill the gap.

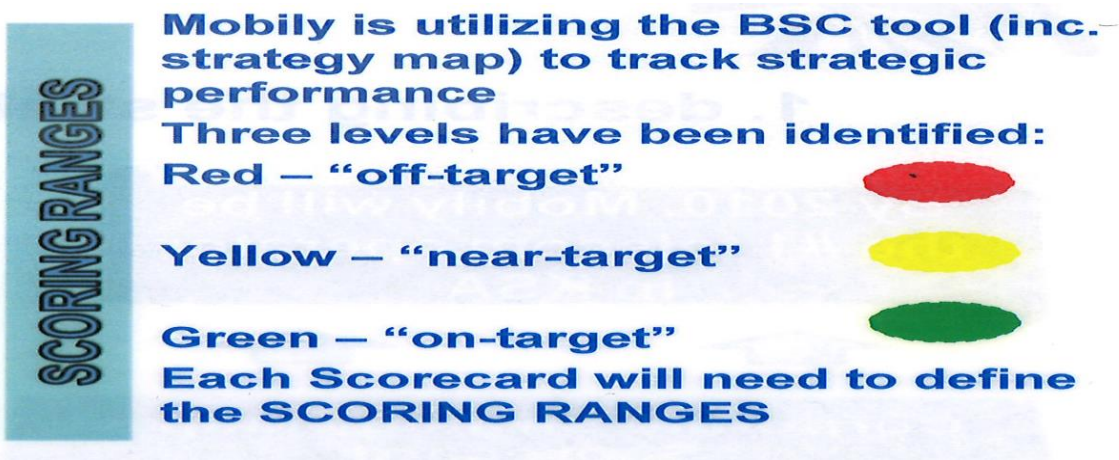

Figure 8.3 Scoring Ranges

Source: Mobily internal document

Another means used to achieve targets (or, conversely, what penalties are used when targets are missed) is the reward system. In the early stage of implementing the balanced scorecard, rewards and bonuses were not dependent on achieving the targeted KPIs. "At the first six months of implementing the balanced scorecard, the results were low", the Director of Customer Care (6:38) stated. Most interviewees argued that employees were not interested in the balanced scorecard and that this led to the motivation

regarding achieving their KPIs being low such as the Director of Customer Care (1:18) the General Manager of Networks (2:21) the General Manager of Risk Management (3:15). However, after half a year of implementing the balanced scorecard, the management changed the rules by linking achieving KPIs with rewards which reflected employees' performance.

Moreover, at the beginning of the implementation of the balanced scorecard, the company did not have a system for it, as mentioned earlier (section 8.4). To collect the data, the CPE Team asked the heads of the department to provide their results manually through Excel spreadsheets to evaluate the outcomes in regular meetings. This result indicates that the information flow was not efficient enough because it depended on results provided by participants themselves. However, in 2012 the company adopted a system called Performance Management System (PMS). The Director of Customer Care (6:30) stated:

> At the beginning, we did not have a performance system. Everything was done on Excel spreadsheets. In 2011, we applied a system that does 80% of our previous work in collecting data.

The General Manager of HR (8:42) affirmed:

> Everything was done manually, and thus we faced some problems. Now, we have a system. In 2012, we implemented the ERP[33] system. We place our objectives within it, and we monitor them through it.

An interviewee from the CPE Team confirmed that this was implemented in 2012. Additionally, it was observed by the researcher in the documentation of the company's PMS that this system keeps the whole company together in terms of accounting and control information, and that it monitors and evaluates corporate and departmental KPIs, as well as personal KPIs.

8.4 Cascading the Balanced Scorecard

After determining business need (strategy 2006), the next step was to cascade the balanced scorecard to other organisational levels. The cascading and alignment are important components of the balanced scorecard as management accounting practice, and exist to ensure that all employees are working toward one direction. It is a process of aligning the entire company around key themes (common goals). "Cascading refers to the process of further translating the strategic objectives, measures, and initiatives at the

[33] Enterprise Resource Planning

corporate level to the lower levels throughout the organisation" (Said, 2014, p.132). In Mobily, the balanced scorecard was cascaded into two stages: executive and non-executive levels.

8.4.1 Cascading at the Executive Level

The cascading structure in Mobily was based on the organisational hierarchy that is referred to as levels. It means that the cascading process of the balanced scorecard took place in a top-down manner, starting from the corporate level down to the individual level. Therefore, the first level was cascaded to the corporate level. Level two, the departmental level, refers to all the heads of business units, whose objectives and KPIs come from the corporate level. The strategic map is the basis for the development of the balanced scorecard in the departments. The departmental level is then cascaded down to individuals. To be more specific, the last level is level three, the individual level, and applies to all senior staff, director position and above, and involves their evaluating and rewarding individual performance. Cascading KPIs is part of the balanced scorecard cascading process. For instance, the Network IT Department's KPIs come from corporate KPIs. While individual KPIs, for those who work in the Network IT Department, come from the Network IT Department's KPIs. Thus, in 2008 the balanced scorecard was cascaded to the executive or managerial level.

Regarding the alignment, the management adopted two types of alignment, vertical and horizontal alignment, as shown in Figure 8.4. Regarding the vertical alignment, the company followed the five principles of strategy-focused organisation introduced by Kaplan and Norton (2001), which involve translating the strategy into operational terms, aligning the organisation with the strategy, making the strategy everyone's everyday job, making the strategy a continual process and mobilising change through the executive leadership. As an example of making the strategy a continual process, the CPE Team arranges periodic meetings (monthly, quarterly, semi-annually and annually) to ensure everything is aligned with the corporate level. Horizontal alignment, on the other hand, refers to the alignment of the KPIs with strategic objectives and alignment of the initiatives. In other words, this alignment is used to ensure that this process is synergised and carried out appropriately. The responsibility for this alignment at the departmental level falls to the CPE Team, whereas key people are responsible for the alignment within their own levels. Accordingly, there is horizontal and vertical

communication to confirm the alignment within the company (an in-depth discussion of this is provided in the next chapter).

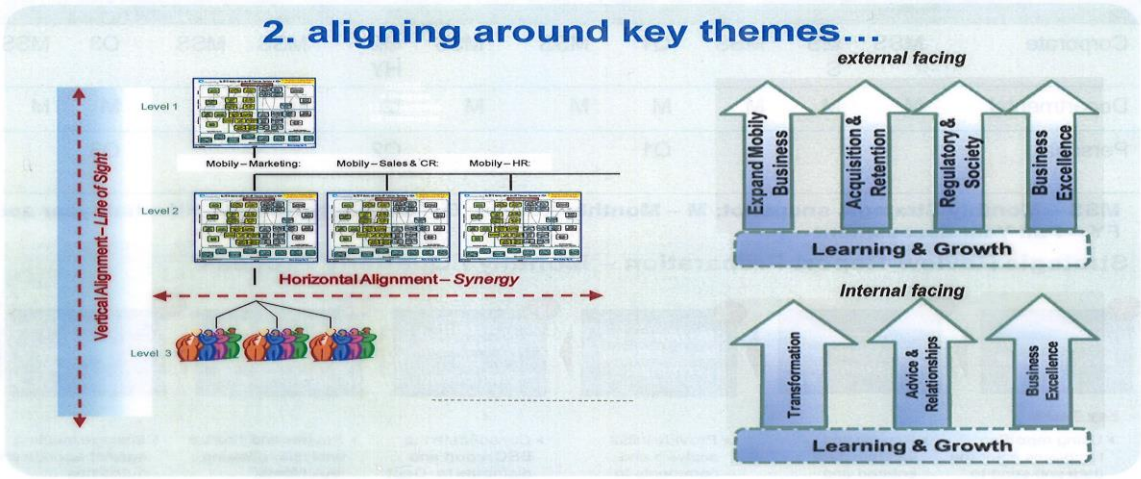

Figure 8.4 Mobily's Balanced Scorecard Alignment

Source: Mobily internal document

8.4.2 Cascading the Balanced Scorecard to the Non-Executive Level

At the non-executive level/operational level, managers were evaluated based on KPIs without linking them with corporate and departmental KPIs. In 2012, however, the management cascaded the balanced scorecard to the non-executive/operational level. Since then, non-executive managers' appraisal has been divided into two parts. The first part of their evaluation is dependent on the corporate and departmental balanced scorecard, whereas the second part is based on their direct manager, and the distributed percentage of the two components are different from year to year, as affirmed by most interviewees.

Interviewees stated that the reaction to cascading the balanced scorecard to non-executive employees was relatively normal. The Manager of Customer Care (26:19) commented:

> I studied an MBA and took a course in it [balanced scorecard], but I couldn't continue in my programme. Also, I heard about it from my manager before the balanced scorecard was implemented here…When the balanced scorecard was implemented on the manager level, I was aware of it… Also, we were involved in determining our KPIs at that time.

The Manager of Networks (15:2) stated:

> In 2012, I had to know about the balanced scorecard's factors such as customer experience. So, it influenced on our daily activities. To achieve our balanced scorecard in a professional way, we had internal KPIs to help achieve our balanced scorecard indirectly. In terms of determining our activities and responsibilities, we became more professional.

The Director of the CPE Team (29:41) affirmed:

> I would not say there was rejection from employees… I would assume that in regards to employees, the more you make their evaluations based on clear-cut KPIs and clear targets and clear evaluation, it is going to be more comfortable for them compared to topical appraisal.

This implies that cascading the balanced scorecard to the non-executive level did not receive overt resistance and became part of their daily activities. The awareness of the balanced scorecard and involvement in determining their KPIs and targets might reduce staff anxiety and concerns about the change. This finding is in line with those of previous researchers who maintain that enhancing awareness of change along with involvement of people in determining their activities has a major impact on the success of the implementation (e.g. Broadbent and Laughlin, 2009; Burns et al., 2003; Hardy, 1996; Yazdifar et al., 2008).

There are important factors that cannot be ignored, such as Saudi policies and behavioural norms which extend beyond the boundary of the company. For instance, those employees at the operational level did not have the option to resist the new rules, since Saudi Arabia does not have institutions (i.e. trade unions) that can influence the practice of an organisation (see Said, 2014). Thus, any resistance from such employees might have threatened their jobs. On the other hand, subordinates in the Saudi context tend to be obedient to their managers and they rarely resist managers' decisions (Al Harbi et al., 2017; Al Thunaian, 2014). Overall, it can be argued that Saudi politics and culture might have eased the process of change.

8.5 Summary/Discussion and Concluding Remarks

This chapter continues the story of the institutionalisation process of the balanced scorecard in Mobily, in particular the design and implementation process. By employing the framework of Ter-Bogt and Scapens (2018), this chapter has discussed how the company designed and implemented the new management accounting practice, and how the new system was influenced by internal and external institutions. This chapter has also addressed how and to what extent the balanced scorecard was cascaded in the company.

By providing answers to the above questions, the study's aims are partially attained (i.e. investigating the implementation process).

The Mobily case demonstrates that the management followed three steps, one of which was justifying the accounting change. Convincing people that existing routines were no longer appropriate in day-to-day activities and changing the focus of attention of employees to the new management accounting logic made the change more rational. Another step applied by the management was workshops and awareness sessions. In this case, the results reveal that carrying out workshops and raising awareness, and participating in formulating the (new) rules for implementing balanced scorecard by the CPE Team and the consultant minimised anxiety and concern among employees.

Since Mobily did not have appropriate accounting practices that were suitable for the new strategy (situation), the course of action was selected through deliberation. The CPE Team, a Western consultant, and the heads of department or their deputies, were all included in the discussion and negotiation. Having different actors (internal and external) with different rationalities confirms that the balanced scorecard was influenced by internal and external institutions through deliberation. The rationality of this deliberation was shaped by the forms of rationality (the situated rationalities) which were adopted in those specific situations. The findings of this study reveal that market, corporation, community, profession and the state as external institutions (i.e. ways of thinking and doing which extend beyond the organisation; Ter-Bogt and Scapens, 2018, p.11) shaped part of the situated rationalities, while the ways of thinking within Mobily (i.e. integration of non-financial and financial results) shaped another part of the situated rationalities, which were shaped by the logic of the situation. Thereby, the current study supports the thesis of Ter-Bogt and Scapens (2018, p. 12), who state:

> in any situation, there are likely to be institutions which are located entirely within the organizations (the local institutions) and broader institutions which extend beyond the organisation, and together these institutions shape forms of rationality within the organization.

The Mobily case demonstrates that the powerful people's rationalities (those at the top of hierarchy) (which are shaped by both the ways of thinking within and beyond the Mobily) were influenced by different situations (first design, revamp and the financial crisis) and accordingly these situations influenced Mobily's rules. Therefore, these results support the extended framework proposed by Ter-Bogt and Scapens (2018), who argue that in specific situations agents will need to deliberate on choosing appropriate action to adopt in the new situation. These deliberations were shaped by the situated rationalities,

whether through "pre-scripted rationality or planning rationality" (Redmond, 2004). The results are rather different to the vast majority of case studies of management accounting, which deal simply with the context by considering the background and/or location of the study (Ter-Bogt and Scapens, 2018). This study supports the work of previous scholars (Ahrens and Chapman, 2007; Ter-Bogt and Scapens, 2018) who suggest that researchers need to look more closely at the situated nature of accounting practices, since in specific situations individuals' actions, which are likely be shaped by institutions both internally and externally, are taken for reasons (i.e. making rules appropriate in daily practices). This also emphases the finding discussed in the previous chapter.

One unanticipated finding was that institutions at the societal level (i.e. religion and community) influenced the design of Mobily's rules by having a KPI shaped by these institutions. Saudi Arabia contains the two Holy Mosques. During the Holy seasons the situated rationalities within Mobily are heavily influenced by community, religious and market logic, along with non-financial perspectives (i.e. customer satisfaction and internal processes), and thus these institutions influence individuals' actions within an organisation. Indeed, the key findings of this study indicates that the case not only supports the thesis of Ter-Bogt and Scapens (2018) but also adds to it by showing how religion and community can influence the design of management accounting practices in non-religious organisations.

A number of studies (e.g. Bobe et al., 2017; Broadbent et al., 2010; Chang, 2007; Conrad and Uslu, 2012; Kasperskaya, 2008) conducted on the public sector have found that organisations formulated their measures and activities through communication and reflecting the values and concern of stakeholders. Thus, selection of performance indicators were driven by substantive rationality. The current study is in line with these previous studies. This research shows that substantive rationality was not absent during the process of designing the balanced scorecard in Mobily as a private company. Thus, the results of this study show that the balanced scorecard was shaped to suit local needs rather following Kaplan and Norton's model as a fixed or static object.

Moreover, the Mobily case indicates that designing a new management accounting practice through interaction with stakeholders might make the idea of change more attractive and smoother. This result supports previous research (e.g. Broadband and Laughlin, 2009; Conrad and Uslu, 2012) which claims that allowing stakeholders to reflect their values and concerns during the determination of the company's means of achieving its main goal, make the means more practical and the probability of achieving the target more likely to be high. Allowing actors to discuss and reflect on their values

and concerns in regards to determining an organisation's means might positively influence employees' psychological needs, which might in turn motivate actors to achieve an organisation's targets (this argument is examined further in the next chapter).

In terms of cascading, the Mobily case demonstrates that the company cascaded the balanced scorecard to the whole company, top, middle and operational managers (i.e. executive and non-executive levels). The results also show that powerful people cascaded the new system at two different points of time. The cascading of the balanced scorecard at the executive level was completed in 2008, while the non-executive level was completed in 2012. The findings show that reactions were the same among individuals at both levels, which is inconsistent with Said's (2014) study, which is one of very few studies to focus on all levels. Said found that individuals at the executive level accepted the new rules and the practice was embedded in their routines and became institutionalised, whereas individuals at the non-executive level (who were supported by a powerful trade union) rejected the balanced scorecard and followed the old systems. The results of the present study show how the balanced scorecard evolved at all levels, unlike the majority of previous studies, which focus only on one level (e.g. Cardinaels et al., 2010; Chen et al., 2016; Kang and Fredin, 2012).

Moreover, the Mobily case shows that resistance to implementing the new management accounting practice, as well as to cascading it, was not raised formally. In these two situations (i.e. executive and non-executive levels), there was anxiety and concern amongst employees about the changes. Nevertheless, these complaints were not raised formally. Thus, this study is in agreement with Siti-Nabiah and Scapens's (2005) findings, who found that resistance was not openly expressed in their context (a developing country). The results of the current research may be explained by the fact that overtly criticising organisational policy is not part of the culture of Saudi people, who are more obedient to the people at the top of the hierarchy (Al Harbi et al., 2017; Hofstede, 1984). Thus, the present study suggests that this value, which is part of the culture of developing countries, is considered a significant tool to manage accounting change.

This study confirms that Western consultant firms not only play a vital role in the diffusion of the balanced scorecard in developing countries (e.g. Said, 2014; Sutheewasinnon et al., 2016), as found in the previous chapter, but that they also have a pivotal role in designing and implementing management accounting practices (e.g. Sutheewasinnon et al., 2016) by disseminating global accounting principles and practices within less developed nations. The possible explanation for this might be that the lack of resources and expertise, and sometimes the leadership, in these developing countries

(Hopper et al., 2017) drives organisations to employ Western consultancy firms. It is important to mention that bringing in a Western consultancy firm does not guarantee the success of accounting change. However, it can be argued that consultants should be seen as ‘experts’ who co-produce ideas with related parties or ‘clients’ (Christensen and Skærbæk, 2010), as seen in Mobily case. The new system designed through discussion among consultant, CPE Team, related parties and reviewed by the leadership team i.e. including the CEO and other chiefs. This makes management accounting practice operable.

The story of the institutionalisation of the balanced scorecard in Mobily continues in the next chapter. Following the extended Burns and Scapens framework (2018), the next chapter will explain how and why the balanced scorecard become institutionalised in an organisational setting. The next chapter will also elaborate more on the role of deliberation and human agency, and the power of specific individuals to impose the new rules.

9 The Institutionalisation of the Balanced Scorecard

9.1 Introduction

The previous two chapters have discussed the process of implementing the balanced scorecard. This chapter proceeds with the story of the institutionalisation of the balanced scorecard. This chapter aims to answer the question of how powerful people legitimised the change and ensured usage of the balanced scorecard, how it became the taken-for-granted way of thinking within Mobily, and how the balanced scorecard has enhanced organisational culture. According to Ter-Bogt and Scapens's (2018) framework, a change of accounting system can be due to either external pressures/change or internal agency. Applying a set of policies and procedures created by influential people (i.e. those with hierarchical power) and external actors (in this case, the consultant) can put a new management accounting practice, in this case the balanced scorecard, into a company's routines, and over time routines can become institutionalised. Having the balanced scorecard as the taken-for-granted way of thinking and doing within Mobily influences organisational culture.

This chapter is organised into five sections. Section 9.2 explains the influence of powerful people on use of the balanced scorecard. This section is followed by section 9.3 which explains the process of making the balanced scorecard institutionalised in Mobily. This section highlights the significance of the power of resources, processes and meaning, for facilitating the process of change, and how such policies and procedures reinforced the rules that guide everyday activities. Section 9.4 then discusses how the introduction of the balanced scorecard has redefined Mobily employees' ways of thinking about the business. The chapter ends with a summary and discussion of the key findings.

9.2 Powerful Actors and the Use of the Balanced Scorecard

Due to the management style of the company, which was shaped particularly by the CEO, an external consultant and the CPE Team, people are considered the most important element of the process of change, and are seen as the key players. As mentioned in previous chapter, adopting a democratic management style by justifying the need for change and involving people in formulating the management accounting practice (the balanced scorecard) impacted on the introduction of the change of management accounting practice.

It should be made clear that while the management style was democratic during the process of introducing and designing the balanced scorecard, the implementation was

autocratic. After the decision to implement the new system had been made, the management emphasised that there would be no change regarding implementing the new rules. The General Manager of Networks (2:29) said, "The employees know that if they do not use it [the balanced scorecard], we will go over them". Most interviewees from the CPE Team confirmed this.

Having support from top management, particularly the CEO, meant the implementation of the new accounting system had more power and legitimacy, and that it gained momentum over time. As illustrated in chapter seven, prior to being transferred to Mobily, the CEO had used the balanced scorecard and knew the value it added. Thus, when the company decided to implement it, he fully supported this. Interviewees argued that there was considerable support from management. The Director of the CPE Team (23:27) stated:

> We have support from top management. Imagine [in case there is not support from top management] if we design the balanced scorecard and people take the idea. We take it as a formality but do not use it in our daily activities and do not depend on it even in a single report. This will make the tool useless and would take its power away.

Other chiefs (e.g. chief Technical Officers, and chiefs of Mobile Network and Network Development) and senior managers (e.g. the Director of Networks) were also transferred from Etisalat, and they believed in the balanced scorecard. As stated by the General Manager of Networks (2:17:19), "The top management was giving the balanced scorecard priority." He added (2:26):

> The privilege that we had while introducing the balanced scorecard was that our chief was completely convinced by it [the balanced scorecard], and thus we had tremendous power to influence how things were run based on the balanced scorecard.

This demonstrates that the new management accounting practice gained support from top management, which influenced the company's routines, in which the new rules were put into practice. In other words, having top management buy into a new system plays a critical role in situating the new rules within the company's routines (this will be discussed thoroughly later in this chapter).

Moreover, involving people in designing a new system does not guarantee the new rules will be applied to organisations' activities by employees. In the Mobily case, although key members were involved in formulating the new system, the results show that during the first half-year of implementing the balanced scorecard, employees to some extent continued with the old routines with an unspoken resistance to the new rules, as

discussed in the previous chapter (section 8.2.1.4; the next section discusses this more) and consequently the systems were "independent components that [did] not act responsively" (Orton and Weick, 1990, p. 205). Thus, this finding is not consistent with the arguments of some researchers (e.g. Broadbent and Laughlin, 2009; Thornton et al., 2012) who suggest that if employees are involved in formulating a new performance management system, they will apply it. Nevertheless, the research shows that the CEO, the CPE Team and the consultant applied a mobilisation of power that influenced the use of the new management accounting practice within Mobily, in the manner argued by Hardy (1996, p.S6), "Managers may need the power to confront resistance. Even in situations where employees support strategic change, power will still be necessary." The CEO on one hand, and the CPE Team and the consultant on the other, adopted three dimensions of power which influenced the company's rules: the power of resources, the power of process and the power of meaning, and changed the procedures within the company. As discussed in the theoretical framework chapter, Ter-Bogt and Scapens (2018) did not discuss power in detail in their framework, therefore the following section will discuss power in Mobily from Hardy's (1996) perspective.

9.3 Changes in Rules and Routines

9.3.1 Changes in Rules

9.3.1.1 The Power of Resources

As clarified in chapter seven, section 7.2.3, under the old rules, i.e. prior to the introduction of the balanced scorecard, employees were rewarded based on topical appraisal, 'unclear KPIs', with an inefficient rewards scheme, as affirmed by the Director of Customer Care (6:21), "We were working on normal KPIs and without linked bonuses". At the beginning of implementing the balanced scorecard, the management sustained the old rewards system. Engagement with applying the new rules to employees' routines did not go far enough, and this was noticed in the balanced scorecard's results, as affirmed by three interviewees (the Director of Customer Care 6:21 and most of the CPE Team members). However, after a short period of time, the first six months, the old rewards system was replaced with a new one, which influenced the company's rules. The Director of Customer Care (6:21) stated:

> To be honest with you, the results were not good at the beginning of implementing the balanced scorecard… But the company did something good. They linked the financial benefits with KPIs. This link was a key point in changing mindsets.

The CEO stopped bonuses for all employees who had a personal balanced scorecard, and payed bonuses only based on the results of the balanced scorecard. The Director of the CPE Team (29:36) affirmed, "The CEO said publicly, if you do not get this much in that score, no one, including me, is going to get a penny at the end." This was confirmed by most interviewees. This means the reward became based on the achievement of the individual's balanced scorecard. The CEO applied the power of resources, "the reward system", to ensure the desired behaviour was sustained (Hardy, 1996; Walsh et al., 1981). This drove management to force their subordinates to comply with the new system and achieve their targets, in order to get their bonuses. The General Manager of Networks (2:21) said, "The balanced scorecard became king". He added:

> Usually… we asked people to stop their projects before the last quarter. And I told them that the balanced scorecard is king and we usually say that the balanced scorecard is king because we believe that we have to achieve our balanced scorecard and thus we do not do anything to influence our balanced scorecard. And we tell the employees that if anyone wants to take the risk that is fine but he will answer to the chief. I mean the balanced scorecard has power, and we stopped some events just because of the balanced scorecard, unless they had a valid justification.

Linking the reward system with achieving the balanced scorecard is consistent with the findings of a questionnaire study undertaken by Chan (2004) in the USA (451 local governments) and Canada (467 municipal). Chan's study reveals that one of the most important factor for implementing the balanced scorecard successfully is linking the balanced scorecard to incentives.

In Mobily, the reward system has changed over time. The General Manager of Risk Management (3:2,2) confirmed, "The achieving of the balanced scorecard was not only linked with bonuses; promotions and bank allowances and other financial benefits were also linked with the balanced scorecard". The reward system also changed after the financial crisis. As mentioned in the previous chapter, in 2014, the company faced a financial crisis, which drove the board members to appoint a new CEO with a financial background to minimise financial losses. The Saudi economy also faced a financial crisis, which influenced the market. In turn the market situation reflected on Mobily. The General Manager of Networks (2:38) said, "Before the crisis, the company was giving the highest bonuses in the Saudi Market". The Director of Networks (13:28) commented:

> The old CEO gave high features [bonuses] for employees compared to our competitors. Now the situation is different. The new CEO's focus is on how we can be more effective and how our work is more efficient financially.

Most interviewees affirmed this. This demonstrates that the management modified the rules of the reward system to be acceptable practice during the financial crisis within Mobily. This modification was shaped by the CEO's rationality, which was shaped by a mix of internal and external (i.e. the profession and the market) institutions in this specific situation (the financial crisis). This finding supports the theoretical base of Ter-Bogt and Scapens (2018). They claim that the rules will most likely be put into practice, with some modifications along the way, to be appropriate for specific situations.

In summary, the Mobily case demonstrates that the management used the power of resources to implement the change of management accounting practice successfully, in the manner suggested by some researchers (e.g. Hardy, 1996; Shields, 1995; Walsh et al., 1981). Indeed, the Director of the CPE Team (29:54) affirmed, "Linking performance compensation to the system was one of the key factors in adopting the balanced scorecard successfully".

However, using the carrot and stick method, and localised authority as an instrument to induce a change in an organisation, might not be the best way to proceed (Decoene and Bruggeman, 2006). Hardy (1996) argues that using only the power of resources may not lead to long-term changes if the new behaviour clashes with underlying norms and values. In the Mobily case, the CPE Team and the CEO as internal actors and the consultant as an external agent applied other dimensions of power, the power of processes and meaning, which influenced ways of thinking within Mobily.

9.3.1.2 The Power of Processes

Both the internal actors (the CPE Team and the CEO) and the external actor (the consultant) applied several procedures and policies, which are considered "the power of processes" (Hardy, 1996), to influence the outcomes of introducing the balanced scorecard within Mobily. The CEO introduced a policy to influence the change, reorganising the internal reports. As discussed in chapter seven (section 7.2.3), before implementing the balanced scorecard, the heads of department used different methods to report to the CEO, which led to different results. Therefore, the CEO reorganised the periodical reports by forcing the heads of department to report their results by using only the balanced scorecard method. The Director of the CPE Team (23:32) affirmed, "The CEO stopped reports and accepted only reports that came through the balanced scorecard".

The CPE Team and the consultant, on the other hand, applied a set of procedures. For instance, making people participate in formulating and improving the accounting

system adopted by the consultant and the CPE Team, as explained in the previous chapter, section 8.2.1. Another process applied by the consultant and the CPE Team was increasing knowledge and awareness of the balanced scorecard. Even after the consultant left the company, this procedure still exists in the company. As discussed in the previous chapter, when the CPE Team revamps the balanced scorecard, the CPE Team holds workshops and meetings to enhance awareness of the new changes and to reduce employees' anxiety and concerns. Indeed, such meetings have run yearly. The General Manager of Risk Management (3:16) affirmed:

> The CPE Team are fully doing their job. Every year, they hold workshops if there are changes in the system [the balanced scorecard]. Also, they run workshops from time to time to teach us how we can evaluate our employees.

Thus, the power of processes was introduced by the consultant and taken up by the CPE Team. In general, this type of power, non-decision-making/power of processes, was adopted as a device by the powerful internal actors (the CEO and the CPE Team) and the external actor (the consultant) to mobilise employees to place the new rules in their daily activities. Hardy (1996) argues that the power of process can produce long-term changes, more so than the power of resources.

9.3.1.3 The Power of Meaning

The power of meaning was also applied by the consultant to convince staff about the change through justifying the purpose of implementing the balanced scorecard, as discussed in the previous chapter, section 8.2.1.2. For instance, before applying the balanced scorecard, the CPE Team and the consultant ran workshops and meetings for employees to increase knowledge about the balanced scorecard, and to clarify why the company needed to implement it and the benefits of using it in the company. The focus of attention was on enhancing recognition of a specific need for a change in management accounting practice.

Another critical type of power of meaning that encourages employees to place the balanced scorecard in their day-to-day activities is reviewing the results of the balanced scorecard periodically, as illustrated in Figures 9.1, 9.2 and 9.3. The Director of the CPE Team (29:26,54) argued:

> You can have a balanced scorecard, KPIs, you can have nice dashboard, but guess what nobody looks at it and nobody even cares about it. It might be nice and good for references… But adopting the balanced scorecard successfully is done by building a strong review process.

In the management calendar, the CPE Team scheduled a periodic meeting that includes the CEO and all chiefs, the heads of department, and the CPE Team, on a specific date. The interviewees described how the CPE Team brings balanced scorecard reports and presents each business line, and the CEO or the CPE Team as a proxy have one-to-one discussions with heads of department, to see what is going off the track and what the department is doing about it. In other words, having a meeting with the heads of department as well as the CEO to track strategic performance, whether it is red, yellow or green, every quarter, makes employees do their best to avoid unfavourable scenarios.

However, due to the company's financial crisis, the practice of face-to-face meetings with the CEO has stopped by the new CEO. Instead, a phone call was made whenever necessary. Three interviewees argued that the purpose of having a meeting over the phone rather than face-to-face is because such meetings are costly for the company and thus the reason for this change is the need to cut costs (the General Manager of Networks 2:51; the Director of Customer Care 6:41; the General Manager of Risk Management 3:32). Departments still have monthly and quarterly face-to-face meetings. It can be argued that Mobily's circumstances rationalised the new CEO's choice to modify practice regarding meetings. Ter-Bogt and Scapens (2018) claim that individuals will deliberate on the most appropriate practices to use in a particular situation. In general, Hardy (1996) claims that the power of meaning can produce more generalised and long-term changes though managing meaning, which in turn makes individuals see the change as legitimate and rational.

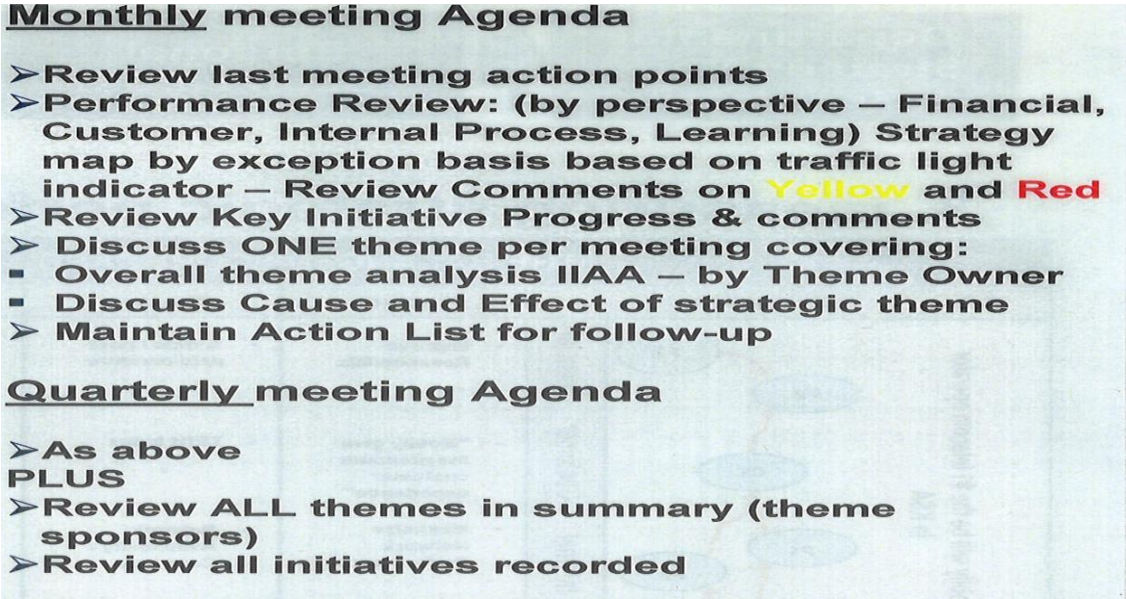

Figure 9.1 Mobily's Meeting Agenda

Source: Internal document

strategic review reporting Calendar

	J	F	M	A	M	J	J	A	S	O	N	D	J
Corporate	MSS	MSS	MSS	Q1	MSS	MSS	Q2 HY	MSS	MSS	Q3	MSS	MSS	Q4 FY
Departmental	M	M	M	M	M	M	M	M	M	M	M	M	M
Personal				Q1			Q2			Q3			Q4 FY

MSS – Monthly Strategic snapshot; M – Monthly Review; Q – Quarterly Review; HY – half-year assessment
FY – Full Year assessment

Figure 9.2 Mobily's Strategic Review Reporting Calendar

Source: Internal document

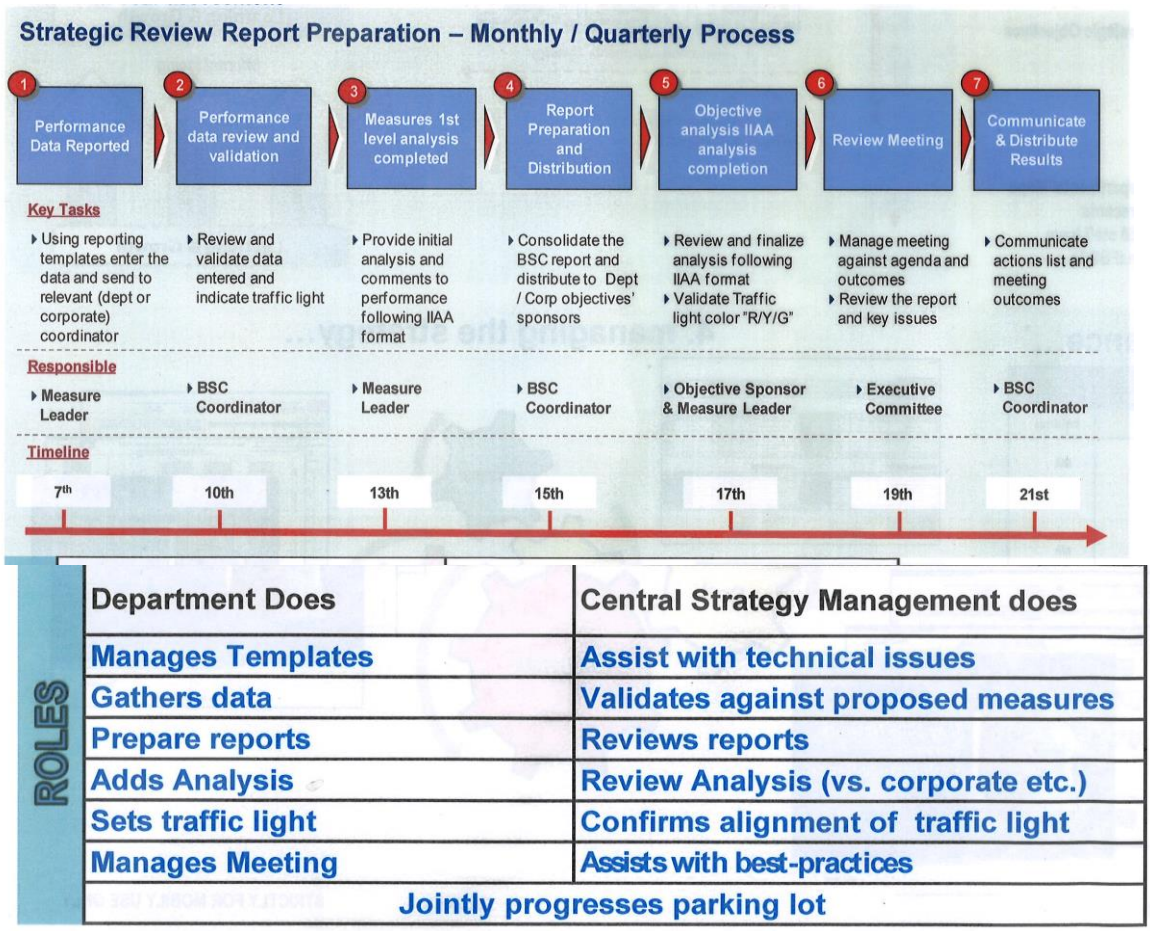

Figure 9.3 Mobily's Strategic Review Report Preparation

Source: Internal document

In summary, Ter-Bogt and Scapens (2018, p.5) said that powerful people "can use their resources to support the change process and/or give meaning to the changes; e.g., by influencing the perception and preferences of various actors in the organisation". However, they did not discuss the concept of power as a key facilitator to mobilise management accounting change. Drawing upon Hardy's (1996) study, the current study finds that powerful people applied a set of rules, the power of resources, processes and

meaning, to mobilise the accounting change. While this thesis breaks the actions down in order to enable more sense to be made of them, it is important to note that the actions taken by powerful internal actors (the CEO and the CPE Team) and the external actor (the consultant) to enforce the new rules represented a careful, coordinated, integrated strategy, in which the mobilisation and targeting of all three dimensions of power reinforced the other (Hardy, 1996, p. 13).

The results show that the CPE Team as group of people had the power and authority to ensure the successful of the implementation of the balanced scorecard through increasing awareness of the company's rules, ensuring the alignment of accounting practices with organisational goals and organising meetings with senior managers. This suggests that they had a significant influence on putting the new rules in place. "If you need to put the balanced scorecard in place and for it to be a success, as I said, make sure to count in reviewers", the Director of the CPE Team (29:54) affirmed. This finding supports Burns et al. (2003), who claim that it is necessary to have a committee who hold power and authority to ensure the implementation proceeds successfully and to monitor the process of accounting change. Hardy (1996) argues that having a committee to incorporate new viewpoints and raise awareness is an example of the power of processes, and might help change proceed effectively.

9.3.2 Routines

When rules are set by powerful people in an organisation, these people want those rules to become routinised in the organisation by less powerful people. However, it might be a challenge to change existing routines if they have become the internal institutions within an organisation (Ter-Bogt and Scapens, 2018). In Mobily, when the new rules were introduced, the management displaced the existing rules, and the new routines emerged by mobilising the dimensions of power to facilitate the change: the power of resources, processes and meaning. In a word, routinisation of the new management accounting practice did occur.

As explained above, the power of resources, processes and meaning were used in the company, mobilising employees to incorporate the new rules into their daily activities. Regarding the power of resources, for example, members who have a personal balanced scorecard will not receive their bonuses if they do not achieve their own KPIs and targets. This might motivate people to fulfil their responsibilities in order to be able to meet their targets and KPIs, and thus the new rules become part of their daily activities. Interviewees

argued that the reward system changed after linking balanced scorecard achievements with financial and non-financial benefits. As a consequence, there was more pressure on employees to change their daily work practices, in order to be able to protect their bonuses, achieve promotion and avoid sanction from their chiefs. Thus, this result supports other studies who found that linking a reward system with achieving targets can provide logical reasons to repeat something in a similar way (e.g. Chan, 2004; Shields, 1995). However, this does not always encourage employees to do what is in the interest of organisations. Burns and Quinn (2011) argue that incentives primarily serve the self-interest of those employees, and the bonus returns of those people managing the process, rather than the best interests of the organisation.

In addition to the rewards system (i.e. the power of resources), the management applied several procedures in the process of developing and reviewing the balanced scorecard (i.e. the power of processes). For instance, asking the heads of department to send their reports using only the balanced scorecard method. Most interviewees from the CPE Team argued that employees did not have an alternative that would have allowed them to say no or stop it, and they were evaluated based on the balanced scorecard (this was confirmed by the General Manager 2:29 and the Director of Networks 28:12). Besides, determining KPIs and targets, as well as the monthly and quarterly meetings, became a programmatic activity within Mobily. For example, selecting the new KPIs, targets or enhancing the percentage of existing KPIs/targets has to be done through deliberation (internal conversations), which is shaped by situated rationalities (such as the revamp of the balanced scorecard) and agreed by the employee, otherwise the rules will be not followed. The Director of Customer Care (11:4) claimed:

> I have a discussion with my manager to determine my KPIs and targets, and he takes my opinion… If they [KPIs and targets] are OK, I send him an email confirming acceptance.

This was confirmed by most intervewees. Having monthly and quarterly meetings to monitor company performance through the balanced scorecard and using its information in decision-making gives the accounting system priority within Mobily. Interestingly, the Director of the CPE Team (23:32) said, “The consultant placed the balanced scorecard’s framework on chiefs’ walls to make it part of their daily standards”. This finding supports Burns and Quinn’s (2011) suggestions, who argue that such procedures support and improve the outcomes of ‘selling’ and introducing the new rules, such as presentations, brochures, reports, etc.

When the balanced scorecard was revamped (the first modification), as discussed in the previous chapter (section 8.4.1), non-executive employees' routines were affected due to cascading the balanced scorecard, while it did not affect the other employees' routines (executives). In 2012, the management cascaded the balanced scorecard to non-executive employees (operational managers), which established new routines for the operational managers. These routines were enacted for both levels, executive and non-executive. Overall, the new rules (i.e. the balanced scorecard) were put in place and had a real effect on the company's routines. To be more specific, the new rules, "the formalised statement of procedures", became the company's routines, "the procedures actually in use" (Burns and Scapens, 2000, p.7).

It has been noted that the power of resources and the power of processes are inadequate by themselves to make a new accounting change institutionalised (see Burns, 2000a). However, in the Mobily case, despite these two types of power, the power of meanings was also stressed by internal actors (the CEO and the CPE Team) and the external actor (the consultant). Justifying why the company needs to implement the balanced scorecard, an annual gathering was organised to present the company's results for the past year and the plan for the coming year by the CEO. In addition to this, the interviewees stated that the interaction and discussion during the monthly and quarterly meetings ensured the new change and selecting accounting practices were seen as a solution to the existing problems in Mobily.

Interestingly, due to the regular meetings with the top management, especially the CEO, staff psychological needs were positively influenced, which is reflected in incorporating the balanced scorecard into their daily activities. The General Manager of Networks (2:19) said, "Having these meetings with top management gave us the motivation to work". The General Manager of Risk Management (3:17) stated, "Sitting down with top management and presenting our results gave us the motivation to apply and achieve our balanced scorecard". He added (3:18):

> I was very happy when the company implemented the balanced scorecard, because your work is measured. Even the general view was excellent. It gives you as Director and above more confidence because I have a balanced scorecard and I will be recognised in the company, and they follow my work… The CPE Team presents our work in front of all the chiefs, including the CEO, and for sure this gives us motivation.

It can be inferred from this that this kind of meeting, which shows the power of meaning, not only assists the management in monitoring company progress, but also fulfils personal needs which might provide the energy for the accounting change. In other words, having

such meetings can provide a pleasant feeling and satisfy deep personal needs, and consequently can influence individual behaviour within an organisation. Golembiewski (1991) argues that having face-to-face relationships during the process of organisational development can reduce anxiety and induce a sense of belonging and self-worth, and powerfully influence a person's self-esteem and perceived prestige. This suggests that having regular face-to-face meetings to review progress can effectively influence a change in management accounting systems.

There are other psychological issues that are important, such as acknowledgement and ownership of ideas. Interestingly, allowing people to participate in formulating their KPIs and targets, which is the power of processes, fulfils employees' psychological needs. The Director of Networks (28:17) claimed:

> I think the management style helped the company to implement the balanced scorecard easily by determining the KPIs and targets through discussion. This helps us to face no rejection or evident resistance. We found that even if employees face challenges and difficulties, they attain them at the end of the year because they were involved and believed these are the best KPIs to achieve their goal.

The Manager of Customer Care (12:11) stated, "One of the important things that motivated employees to achieve their scorecard is the recognition they received, as well as involving them to share ideas during the meetings". The Director of Customer Care (1:8) affirmed:

> One of the issues that influence achieving KPIs is the psychological aspect of staff. We have a checklist we follow to motivate our people such as appreciation and acknowledgement. In fact, motivation became part of our organisational culture.

This suggests that asking people to propose KPIs and targets and discussing with a powerful actor (internally or externally) enhanced the ownership of the rules and raised positive emotions in respect to the new system. This finding is in line with Goldratt (1990), who argues that allowing actors to negotiate in the process of change might raise positive emotions and might be sufficient for employees to take ownership of the new system. Also, Golembiwski (1991) investigated organisational development in the Third World, and suggests that letting a group of staff members engage with each other during an organisational development process can satisfy deeply personal needs and thus can exert a major influence on individuals' needs for a sense of belonging and self-worth.

In addition to the above, the close relationship and respect between managers and employees were a feature of the management style, aimed at fulfilling the employees'

psychological needs. Consequently, meeting the psychological needs of employees make the change proceed smoother. To be more specific, management were good listeners and dealt respectfully with their subordinates, which increased employees' feelings of belonging to the company. As the General Manager of Networks (2:46) argued:

> A good manager was a big part of the motivation for achieving targets; it was not all about money. Good dealings between a manager and his employees played a fundamental role, most importantly the listening.

The Director of Networks (28:13) said:

> I think the style of management was good at that time… the CEO and the chief of our business line were coming to us here and asking, what problems do you have? They were listening; maybe they did not solve all of those issues, but in other companies, we cannot see such people.

The General Manager of Networks (2:48) continued:

> Saudis do not like an arrogant person. We have to understand that Saudis do not accept this attitude. So, with regards to Saudi employees, if you maintain a good relationship with them, it will make a huge difference, and this one of the features of Saudis that is different to non-Saudis. Besides, as I told you, the listening, it has a huge impact.

This is to say that having such a management style in a Saudi context might drive subordinates to follow them, i.e. employees doing their operational responsibilities and in return their superiors appreciate them for doing so. It seems that the top management planned to consider psychological needs by enhancing staff feelings of belonging and being appreciated, as discussed in chapter seven. In general, these pieces of evidence suggest that using communication and interaction to design, enhance and review the management accounting practice is not only a useful method to monitor the change, but can also fulfil individuals' needs and enhance satisfaction, which might be reflected in employees' performance. This finding support Mellahi (2006), who argues that management style in Saudi Arabia does not only need to offer financial and economic security, but also they have moral obligations to provide emotional support to increase organisational solidarity.

It is noteworthy to point out that after a short period, employees accepted the balanced scorecard and were convinced that the change were rational and thus desirable. Several interviewees argued that the balanced scorecard provided them with an opportunity to challenge the existing stereotype of Saudi performance (the General Manager of Networks 2:33; the Director of Networks 13:10; the Director of HR 22:7; the Director of Customer Care 14:6). As the General Manager of Networks (2:33) said:

> Saudis are happy with the idea of the balanced scorecard because we have a stereotype that foreign employees are better than Saudis regarding their productivity. They think that Saudis are not bad, but the foreigners are better. But the balanced scorecard evaluates all employees under one standard, and at the end of the year, the results will protect them from this stereotype. Therefore, they are happy with it, everything is clear and has high transparency.

In Mobily, this suggests that employees not only see the new management accounting practice as a solution to the problems with the previous systems but also, due to its transparency, they can see it as a trusted system, which is important in a process of accounting change. This finding supports Johansson and Baldvinsdottir (2003), who argue that accounting reports and figures could be used by accountants to win the others' trust in a change, the openness, and consequently make the accounting change more successful. The Manager of Corporate Culture (19:15) stated:

> I believe that one of the influences of the acceptance of the balanced scorecard is its performance evaluation and its transparency. Because if an employee is not evaluated properly, he will feel injustice and as result this will kill his engagement with the company.

It can be argued that this study extends Johansson and Baldvinsdottir's argument by emphasising that presenting reports and figures is necessary in accounting change; particularly in Arab countries where performance evaluations are influenced negatively by their culture through social practice, i.e. *wasta*, which leads to perceptions of unfairness, as argued by previous studies (e.g. Al Harbi et al. 2017; Al Muall, 2012).

Overall, this study found that applying the three dimensions of power can fulfil individuals' psychological needs, which might impact significantly on the success of management accounting change.

In the Mobily case, the internal actors depended not only on the three dimensions of power to manage the accounting change. Rather, they used culture or, as this study prefers to name it, institutions at the societal level (i.e. community and religion) to legitimate and facilitate the accounting change. Interestingly, among individuals' values, which extend beyond the boundary of the company, "chivalry" was used to motivate employees to place the new rules into their daily activities and achieve their new KPIs and targets. The General Manager of HR said:

> Taking advantage of specific attitudes of chivalry, which Arabic in general and Saudi Arabia in particular are characterised by, we can stimulate employees to do any job we ask them. This attitude is a highly cultural aspect found in Arabic countries, while the meaning changes within Western countries. For example, if you show an employee that you are in need of him, respect him and he is a productive person, this will influence his inner part, whereas it does not mean anything to Western people. This behaviour will have a massive influence and

> eventually a difference. So, we exploited this characteristic [chivalry] during the implementation of the balanced scorecard which helped a lot.

This means that the values which were embedded in the societal level (i.e. community) were used to motivate employees to apply the new rules. It is somewhat unusual in accounting studies to see such characteristics used in a private organisation in the Western world. But in the Arab world, as Saudis, it seems people are still committed to following their values and norms, as argued by prior studies (e.g. Barakat, 1993; Hofstede, 1984).

Interestingly, the values and norms of religion, which originates outside the organisation, i.e. it is an external institution, shaped some employees' rationality to legitimise the use of the balanced scorecard, which is a very uncommon logic according to studies of the process of management accounting change. The idea of the balanced scorecard is to translate an organisation's vision into measurements, and the management must have metrics they will use to operationalise this vision (Kaplan and Norton, 1996). The concept of religion is similar to the idea of the balanced scorecard, as claimed by the General Manager of HR (8:28):

> We have a link between the purpose of our existence in this world and the purpose of our creation, which is the worship of Allah [God]. I used this link and applied it to the balanced scorecard… we know the purpose of our existence so we worship Allah in order to get to heaven and this is exactly the concept of the balanced scorecard. So, I used this idea to deliver the idea of the balanced scorecard.

In the Mobily case, religion was used by powerful people to explain the concept of the balanced scorecard and convince employees of the value of using a new accounting system as part of their daily activities. This suggests that religion was used to legitimise the implementation of the new system. Thornton et al. (2012) argue that in some societies corporate leaders rely on elements of religion to legitimate their power. Moreover, the logic of religion enables some employees to rationalise their choices, which is to achieve their required KPIs and targets after discussion and thus to adhere to religious obligations, which can be classified, according to Shukri and Owoyemi (2012), as the five attributes of the Islamic work ethic.[34] The Director of Customer Care (11:4) said:

[34] Five attributes of the Islamic work ethic:
1- Employees have to carry out their job both to fulfil societal obligations and with the purpose of seeking the pleasure of Allah.
2- Trustworthiness as a vicegerent of Allah, which comprehends all aspects of living as a human.
3- Muslims must perform their duty as a religious obligation as well as implement all ritual obligations. The motivational reward is not only linked with earthly rewards but also with those awarded in the hereafter.
4- Employees must adhere to diligence and efficiency as well as fairness in preserving the public interest.
5- Employer-employee relationships are based on a human value, which is beyond race, colour, language and inheritance.

> We are working in the company to earn a Halal salary, and we must work and give all things we are able to do for the company. So, we do not come here to play. Thus we have to discuss and agree on KPIs and targets in order to have a fair appraisal.

Shukri and Owoyemi (2012) maintain that the Quran and Hadith emphasise that people must utilise their working hours in dispensing all their duties and responsibilities in order to deserve their pay. Furthermore, religious logic rationalises some agents' activities, as conducting awareness sessions regarding the balanced scorecard and helping each other to achieve KPIs and targets was just for sake of Allah, as commented by three interviewees (the General Manager of HR 8:25; the Director of Customer Care 11:4 and the Manager of Customer Care12:20). For instance, the General Manager of HR (8:25) said:

> We are Muslims. As you know, when a man dies, his deeds come to an end except three things: Sdaqah Jariah [ceaseless charity], knowledge is beneficial or a virtuous descendant who prays for him[35]… I am doing this as a form of distributing useful knowledge, as a good deed which will continue after I die… For Western people, they spread knowledge and do it from a professionalism perspective or according to the code of management. But we are different; we do it based on the spirit of faith.

These pieces of evidence demonstrate that religious logic, as an external institution, shaped part of employees' rationality, leading them to follow the Islamic work ethic as an aspect of trustworthiness and to perform their duty as a religious obligation. Although the Islamic work ethic is similar to the accounting profession in some aspects, such as objectivity, a number of employees select a particular practice according to religious logic rather than professional logic. Ter-Bogt and Scapens (2018) maintain that actors will draw on "taken-for-granted" ways of thinking, internally and/or externally, and through such ways of thinking an agent will be able to rationalise his/her choice of action. However, it can be argued that it was unusual for management to use religion, which is embedded in institutions at the social level, in non-religious organisations, in order to motivate employees to rationalise their actions and put new rules into practice.

The above has discussed thoroughly the dimensions of power, the influence of employees' psychological needs, along with the use of the norms and values of specific logics, i.e. how community and religious logics were adopted by powerful people to manage the accounting change. All these together resulted in the new management accounting practice, and the rules and expectations of appropriate organisational forms and behaviour, gradually becoming embedded in Mobily's routines. This eventually

[35] For the deceased. See https://sunnah.com/riyadussaliheen/13/8.

resulted in a shared understanding of the importance of the balanced scorecard's logic (i.e. integrating non-financial perspectives with financial results) to them and the company, and over time, the new logic became institutionalised and a taken-for-granted way of thinking and doing within Mobily, as affirmed by the Director of the CPE Team (23:32), "The balanced scorecard became in our DNA". Ter-Bogt and Scapens (2018) argue that routines over time can become institutionalised, thereby modifying the situated rationalities and the existing internal institutions, or even creating new internal institutions.

The introduction of the balanced scorecard had an impact on existing institutions, which were the short-term orientation within Mobily. There were specific actions both internal (i.e. board members) and external (in this case the consultant) in the company, which directly challenged the existing ways of thinking and doing. The new system was designed to change the manner of decision making in Mobily. It was intended to promote the long-term orientation, such that management give attention to and engage with non-financial perspectives along with financial perspective in their decisions. Thus, the change in Mobily could be considered a revolutionary change without overt resistance.

In summary, Ter-Bogt and Scapens (2018) argue that a change in management accounting practice can be due to either external or internal agency. The change in the Mobily company can be traced to both kinds of actors, the CEO and the CPE Team as internal agency, and the consultant as external agency. This result is also in agreement with the findings of a study undertaken by Burns et al. (2003). Their research revealed that one of the steps that can guarantee successful implementation of an accounting change is the securing of top management support. The current study confirms Burns et al.'s argument, and emphasises that it is important to have support from top management in a developing country and particularly Arab society, which is still traditional, in the sense that there are commitments to respect and loyalty for a person who is at the top of hierarchy, whether in a family or in an organisation (Al Harbi, 2017; Ali, 1996; Hofstede, 1984).

In the case of Mobily, although management explained the purpose of the accounting change as well as formulating the balanced scorecard through communication, these were not sufficient to induce employees to apply the new rules. However, introducing the new rules by coordinating and integrating all three "mobilising" dimensions of power meant that they reinforced each other, and led the new rules (the balanced scorecard) to become routinised, and over time to become the taken-for-granted ways of thinking and doing within Mobily. The results of this study support other studies

which suggest that employing the power of resources, the power of processes and the power of meaning can produce more generalised and long-term changes (Hardy, 1996; Yazdifar et al., 2008). These findings also support Ter-Bogt and Scapens (2018), who argue that power can be used to impose (or to select) the rules to be followed and the role of agency within an organisation in facilitating the change. Moreover, the forms of rationality underpinning the balanced scorecard (i.e. the generalised practices), which are built into the new rules, were incompatible to some extent with the forms of rationality within the company – even though the balanced scorecard was adopted and institutionalised without overt resistance. This finding conforms to Ter-Bogt and Scapens's (2018) argument. They claim that a particular management accounting practice can be adopted and used without overt resistance even though it might be underpinned by different forms of rationality which are not (entirely) compatible with situated rationalities in an organisation.

Another significant finding was that justifying the change and having face-to-face meetings can satisfy psychological needs and hence can exert major influence on individuals. Goldratt (1990) argues that any process of change raises threats and insecurity among employees, which leads to raising emotional resistance. He states, "Anybody who thinks we can overcome an emotional resistance with logic, was probably never married. We can only overcome emotion with a stronger emotion" (p. 10). The current study supports Goldratt's argument, especially in regards to the Arab world. It has been argued that people in the Arab world are more emotional (Barakat, 1993), and thus fulfilling employees' psychological needs can tremendously enhance their commitment and responsibility in regards to following the management, which is needed in a management accounting change. Thus, the current study argues that if it was not clear before, it is now certainly obvious that considering psychological needs during a management accounting change can minimise resistance and make the change smoother.

An interesting finding from the current study is that the institutions at the societal level (i.e. community and religion), especially religion, shaped part of individual rationality in mobilising and rationalising the accounting change. It has been found that religion plays a role in religious organisations (e.g. Hauriasi et al., 2016) and Islamic banking (e.g. Kamala and Haque, 2017). Thus, it is common in such areas. However, having an influence from religion on individuals' rationality within non-religious organisations in the area of management accounting change would be an area for further research.

In the case of Mobily, the results show that the balanced scorecard was institutionalised in the company. Regardless, there were institutions which shaped individuals' rationality, which should be highlighted. Firstly, people in the Arab world, including Saudi Arabia, are more obedient and loyal to their superiors (Ali, 1996; Hofstede, 1984). Besides, the Saudi context does not have organisations that protect employees from those people at the top of the hierarchy, such as trade unions (see Said, 2014), and thus those people have to some extent unlimited power in bringing in the desired behaviour through hiring and firing, rewarding and sanctioning, etc. Secondly, implementing the new accounting system in the company met with little resistance because the management implemented the new system with non-institutionalised existing systems and thus people were more open to accepting the new system and the new changes. As discussed in chapter seven, the company implemented the balanced scorecard 18 months after the launch of the company, which suggests that older systems had not yet gained prevalent acceptance within Mobily. Thus, implementing balanced scorecard without overt resistance in Mobily can also be traced to both of these additional factors, which might influence individuals' rationality in accepting the new rules and having them become institutionalised.

A number of researchers have raised questions about the broadened role of the process of learning in management accounting change in general (e.g. Busco and Scapens, 2011; Scapens, 2006; Van der Steen, 2011) and with regards to the balanced scorecard in particular (e.g. Dechow, 2012; Janićijević and Milikić, 2011), and how it can change organisational culture. The following section discusses the influence of the balanced scorecard on the culture of Mobily.

9.4 Redefining the Company

Mobily is no longer a company suffering from poor performance. Moving from focusing on the financial perspective, with a short term-oriented, to being the best company in terms of customer experience and the highest profit company in the Saudi market in a short period, as affirmed by interviewees, was due to a big shift in the company's system. Although the logic of the new accounting system was to some extent not compatible with the existing situated rationalities in Mobily, the new management accounting practice was adopted and used without overt resistance. The company developed a new respect for accounting information and established new accounting routines, for example producing monthly and quarterly performance reports.

A strengthened organisational culture has been implanted in Mobily. This enhancement of Mobily's culture has relied heavily on the implementation of the new management accounting practice, the balanced scorecard, which reinforced the integration of Mobily's operational processes, alignment, openness, and emerging awareness of the financial and nonfinancial metrics of accountability. Staff members at Mobily know the rules, and what they do and why. To be more specific, after implementing the balanced scorecard within Mobily, employees realised how their roles are important and how they will be asked by top management, if things do not go well, whether there is a valid justification for what they have done. By introducing the balanced scorecard and through it becoming the taken-for-granted ways of thinking and doing within the company, it can be argued that Mobily's culture was enhanced in several ways, as will be discussed below.

9.4.1 An Open System

Janićijević and Milikić (2011) argue that the development of the balanced scorecard, from a performance measurement system which was intended to be applied for internal use, to a strategic management system, improved the system, changing it from a closed system to an open system. The authors claim that this change allows an organisation to find a way to create added value for the customer and to be able to meet the organisation's goals.

As the company is a mobile services provider in Saudi Arabia and competition in the Saudi market is high, the company relies heavily on customer experience to be able to accomplish its aims. When the company designed the balanced scorecard, they designed it with four perspectives in mind, one of which is the customer perspective, meaning they put more weight on customer experience than before.

To achieve the objective regarding the customer perspective, i.e. "Mobily gives me a premium customer experience" (Mobily internal document), the management invested in different ways to accomplish this objective. For instance, the call centre and retail branch sections, which are the main sections in regards to achieving a good customer experience, adopted a tool called the Pointing System. This system is used to measure all operational activities by employees who work in call centres and retail branches. Three interviewees claimed that the Pointing System measures the length of a call, the quality of a call, the number of calls received by employees and the length of time of putting a customer on hold, among other things (the Director of Customer Care 6:21; the Director of the CPE Team 23:7; the Manager of Customer Care 21:10). All these

measures are used by the CPE Team to evaluate employees' performance on a monthly basis in order to help the company to achieve a non-financial perspective, i.e. the customer perspective. Because the sections are the first to deal with the public, the "front-liners", the management implemented this tool to measure employees' performance monthly rather than quarterly, as stated by three interviewees (the Director of the CPE Team 23:7; the Director of Customer Care 6:21; the Manager of Customer Care 21:10). For instance, the Director of the CPE Team (23:7) said:

> We need to motivate employees more and more, and we would like to make sure they provide the right service at the right time and in the right way, and if there is any negative feedback, they can produce an action plan to improve the service, and they don't need to wait until the end of the year or the next year to recognise the problem.

The purpose of this system is to find employees' weaknesses and strengths. "From the Pointing System, we can recognise that this person has a problem and this person is good", the Director of Customer Care (6:21) claimed. This system, which Townely (1997) names "development performance evaluation", has been used to help management to attain the customer perspective. Indeed, the majority of interviewees believe that implementing the balanced scorecard has several advantages, one of which is enhancing the value of customer satisfaction within Mobily. The Director of Customer Care (6:17) confirmed, "The balanced scorecard helps us to make the company the best company in the Saudi market in term of customer experience/customer satisfaction". This suggests that the balanced scorecard along with the Pointing System contributed to creating added value for customers.

These pieces of evidence suggest that customer satisfaction is important and thus the value of an open system has implanted in the company's culture. Thus, the balanced scorecard implanted and strengthened Mobily's culture in terms of being customer-oriented.

9.4.2 Results

Another value developed in the culture of Mobily is the value of the result and responsibility. Kaplan and Norton (2005) claim that management not only need to quantify KPIs and targets but also to review and monitor the results being achieved. They also argue that reviewing strategy is not only crucial for communication but also for improving responsibility within an organisation.

As explained in chapter seven (section 7.2.3), employees were formerly evaluated based upon qualitative objectives and not clear-cut KPIs. However, during the process of implementing the balanced scorecard, the heads of department (or their deputies) were asked to participate in formulating their KPIs and targets, and were to be evaluated based on them. Since then, the process of determining and improving KPIs and targets became part of the company's culture. The Director of Customer Care (11:2) stated, "At the beginning of each year my manager meets with me to agree about our KPIs and these KPIs must be measurable, achievable and reasonable"; the majority of interviewees confirmed this. Having quantitative parameters helps managers to monitor and control their subordinates based on expected results. On the other hand, asking employees after the discussion to accept their KPIs as well as periodically monitoring the achievement of the plan, makes employees more responsible. Broadbent and Laughlin (2009) argue that employee participation in determining KPIs means that ownership and responsibility among staff is likely to be high.

Furthermore, having monthly and quarterly meetings to review and discuss the progress of the balanced scorecard, injected "An accountability culture in the company", as stated by the Director of the CPE Team (29:52). The Director of Corporate Culture (17:3) commented:

> Since 2012, the company has become results oriented… In Mobily, we are result oriented, therefore, because of that, thank God, you can see we achieve our targets because the primary goal is to get that result. How you are going to get it, that is a different story, but the most important thing is you get it.

This leads us to believe that participating in formulating the balanced scorecard through determining KPIs has implanted accountability in the company's culture. Furthermore, having such meetings helped employees understand that if they do not achieve their balanced scorecard, they will be responsible in front of the top management, and thus the process has improved accountability and results. The Director of Customer Care (20:14) stated that "There are some factors that may have an impact on the achievement of KPIs, for whatever reason. But if you fail you have to have your justification". Therefore, the value of responsibility and results were implanted and strengthened in the culture of Mobily after the implementation of the balanced scorecard.

9.4.3 Balance and Multifacetedness

When Mobily designed the balanced scorecard, they designed it with four perspectives in mind (customer, financial, internal processes, and learning and growth). A number of

studies have found that although companies design the balanced scorecard with both financial and non-financial measurements in mind, they focus more on financial measurement (e.g. Kang and Fredin, 2012; Kraus and Lind, 2010; Lipe and Salterio, 2000; Wing et al., 2007). In Mobily, the finding is different. The interviewees claimed that the CPE Team emphasised to departments that their KPIs have to cover four perspectives, including both customer satisfaction and revenue targets. The Director of the CPE Team (23:61) confirmed:

> When departments make a decision, they have to ensure that whenever they are planning to invest something, the company expects a return from it. In another way, they have to think about the four perspectives in their decision.

In addition, the researcher observed some internal documents from different departments and found that their KPIs cover the four perspectives.

However, due to the company's situations, the weight of these perspectives has changed over time. For instance, several interviewees argued that when the company implemented the balanced scorecard, the management placed more weight on customer experience (the Director of the CPE Team 29:53; the Director of Customer Care 6:16; the Manager of Networks 15:12; the Manager of Customer Care 21:9). The Manager of Customer Care (21:6) stated, "When the company implemented the balanced scorecard, one of the major KPIs for the call centre was customer care". Nevertheless, after the financial crises, the management placed more weight on the internal process perspective (this will be clarified in section 9.4.5). Ignoring the changes in weight among perspectives, implementing the new management accounting practice implanted and strengthened the value of balance between financial and non-financial perspectives in the culture of Mobily. Before this the management had focused only on the financial perspective.

9.4.4 Systematic Thinking

Placing equal importance on both financial and non-financial perspectives in Mobily means that the implementation of the balanced scorecard impacts all parts of the company, and these parts are strongly integrated in a unique system (Kaplan and Norton, 2008; Janićijević and Milikić, 2011). In Mobily, the value of alignment and coordination have improved in the company after implementing the balanced scorecard. Moving from working in uncoordinated departments – "It was like we were living on segregated islands", the Director of Customer Care (6:1) stated – not aligned with the company's

direction, to more integrated departments with everything flowing in one direction, was a considerable shift in the culture at Mobily.

For instance, when the company launched, the management focused purely on financial results, and each department was trying to achieve its goal without considering other departments, as demonstrated in chapter seven. After implementing the balanced scorecard, this problem has gradually diminished. To be more specific, embedding the balanced scorecard into employees' daily activities has enhanced the integration and coordination of both strategic and operative actions, especially when the management cascaded the balanced scorecard to the non-executive level (operational managers). Most interviewees stated that harmony and coordination among KPIs and departments has improved, and thus each department tries to avoid negatively impacting other related departments. Failure to achieve departmental and corporate objectives impacts employees' evaluations and consequently their financial and non- financial benefits. The Director of Customer Care (11:8) commented:

> The balanced scorecard has a positive effect on our daily activities. We must provide a report about our KPIs not only quarterly but also monthly. Before that, we did not do it. Now, I see the report monthly to see why the customer satisfaction KPI is low, and try to meet with my colleague who is from a different department and ask him, please, this KPI is low, what are the reasons. So, we work with other departments to improve our customer satisfaction KPIs. Before that employees did not care about any issue in other departments and we said we work in this department and we do not know and do not care about the company as a whole. Now we know our impact on the whole company.

He added (11:30), "We have more understanding of the issues, and everyone wants other departments to succeed, because we believe if they succeed we succeed". The Director of Networks (13:4) confirmed:

> Honestly, we try to help each other even if the other person is not asking for it. We try to offer help for them… Bear in mind that this is not just me, but all of the employees, because all of them are evaluated based on the same tool [the balanced scorecard]. So, we have the same mood that people are helping each other, and this has made a difference.

Nevertheless, this coordination and integration was influenced indirectly by the financial crisis. The Manager of Corporate Culture (19:5) commented:

> At the beginning of the financial crisis for sure there was ambiguity and there was a problem, no one denies it. But now we know where we are going.

The Director of the CPE Team (23:2,2) confirmed:

> Because we were in a difficult financial situation, we could not tell our employees about it because we were afraid of their reaction, which might be negative. So, we

> preferred to work silently to meet our targets… However, this situation will be changed after we solve our issues. Everything will come back to normal.

In addition to this, the process of the periodic meetings has changed. The meetings run through conference call rather than face-to-face meetings, for cost-cutting, as mentioned earlier. However, the management realised the problems and improved the alignment and coordination within the company. The Director of Customer Care (1:14) affirmed:

> After the crisis, the company has begun to face issues in our culture… however, the corporate culture realised there is an issue in regards to misalignment and thus applied some projects to improve the alignment.

The findings of this study demonstrate that implementing the balanced scorecard implanted and enhanced the value of systematic thinking in Mobily. Even when the company faced a financial crisis, and this issue was reflected in the integration and coordination of the company, the management put in place certain actions to enhance this value again. This implies that this value is embedded in staff rationality, and shows how integration and coordination is a fundamental success factor for the company.

9.4.5 Dynamic Processes and Integration

One of the balanced scorecard's perspectives in Mobily is internal processes, and its objective is to maximise network performance (Mobily, internal document), which is one of the key distinctive features of the balanced scorecard. As discussed in section 9.3.1.2, functional issues arise in monthly and quarterly meetings. Having such meetings allows related parties to be aware of important matters and consequently energises them to come up with ideas and initiatives to solve the issues for the short-term as well as the long-term, i.e. to create "strategic initiatives" (Janićijević and Milikić, 2011) in order to improve internal processes, as interviewees commented. The Director of the CPE Team (23:21) said,

> The balanced scorecard helps us to identify the gaps that we have. So, we ask the department, how do you think that your actions can help you to improve your performance and fill the gap? Also, we ask him could you suggest actions you are going to do to fill the gap before the next period. It means that the balanced scorecard is a tool help management to identify problems, and it ensures plans can fill the gap.

The focus on internal processes has improved gradually and became prominent during the financial crisis. The crisis forced the management to focus more on internal processes in order to manage the crisis and in order to be able to achieve the company's "turnaround strategy". The Director of Networks (10:7) confirmed:

> Recently, we have had a lot of discussion regarding processes and enhancing processes. In my department, employees have an objective that covers improving existing processes and the database.

Moreover, interviewees claimed that the CPE Team emphasised to the heads of department that their KPIs have to be enhanced regularly. The Director of Customer Care (11:10) affirmed, "We always have to stretch targets". To achieve this, staff have to achieve their KPIs and targets with consideration of related departments, i.e. to work as a network of dynamic business processes, in order to ensure all business lines undergo an improvement as a whole. The Director of Customer Care (11:30) commented, "We are gathering [and we say] we are in one boat…please do [x] because if you do it you will achieve your target and I will too". Overall, these pieces of evidence suggest that the members of the company understand that to improve organisational performance they have to consider it as a dynamic process, not as "a static business".

9.4.6 The Fixable and Changeable

As discussed above, Mobily placed more effort on improving its organisational performance through improving its business processes. Indeed, one of the balanced scorecard perspectives in the company is learning and growth, and it aims to continue improvement internally and externally, as illustrated in Figure 8.4 (chapter eight, section 8.6.1). This continuous development can help the company to survive in the Saudi market, which is a highly competitive environment. The company consistently implements changes within the balanced scorecard. The Director of Networks (10:12) stated, "A balanced scorecard is a tool, but processes are changing. These changes are caused by changing in objectives". He added, "Every year we have different targets in engineering; our KPIs and targets are not stable." The Director of Customer Care (20:36) affirmed:

> We change our KPIs' values [rates] yearly… We have monthly and quarterly review meetings, and if there is an indication that at the end of the year we will not achieve some KPIs and this is fact, we must change it.

However, it cannot be denied that the change depends on the department. The changes in some departments occur in their targets, KPIs or/and the percentage of achieving their KPIs as a network department, while the alteration in other units may happen only by increasing the percentage of meeting the KPIs as a finance department, as affirmed by the Director of Networks (10:12). The interviewees believe that the telecoms market is changing quickly; therefore, their objectives and targets have to keep track of these changes.

The findings indicate that implementing the balanced scorecard and changing the company's objectives, KPIs and targets frequently, leads employees to accept changes as natural (Janićijević and Milikić, 2011). The Director of HR (22:28) affirmed, "The KPIs always change after discussions and negotiations, which is very healthy". This suggests that the value of flexibility and change in Mobily has been enhanced.

In summary, implementing the balanced scorecard and having it become institutionalised within Mobily reinforced certain values in the culture at Mobily, values of openness, accountability, a balancing of financial and non-financial perspectives, systematic thinking, internal processes and integration, and flexibility and change. Busco et al. (2002) argue that organisational culture and performance measurement systems can evolve simultaneously. Janićijević and Milikić (2011) claim that successful implementation of the balanced scorecard may strengthen the values of an organisational culture, and the primary mechanism of that is either through the process of institutionalisation or through cognitive dissonance. As discussed in this chapter, the balanced scorecard became an institutionalised, taken-for-granted ways of thinking and doing within Mobily. Analysing the impact of the balanced scorecard on organisational culture has shown that this system influences organisational culture through mechanisms of institutionalisation, and this supports the study undertaken by Janićijević and Milikić (2011). Janićijević and Milikić's study explored how implementing the balanced scorecard successfully may implant and strengthen several values in organisational culture through the process of institutionalisation, and these values are open systems, a results-oriented focus, alignment and multifacetedness, systematic thinking, a dynamic process perspective, and flexibility regarding changes.

9.5 Summary/Discussion and Concluding Remarks

Drawing on the extended Burns and Scapens (2018) framework, this chapter answers how powerful people legitimised the change and ensured the usage of the balanced scorecard, and how it became the taken-for-granted way of thinking within Mobily. In addition, it shows how the balanced scorecard enhanced organisational culture. This chapter completes the story of the adoption of the balanced scorecard within Mobily and achieves the last part of the study's aims (i.e. exploring the outcomes of the introduction of the balanced scorecard in Mobily).

The new management accounting practice became part of the company's day-to-day activities and became institutionalised within Mobily. Although use of the balanced

scorecard kept on changing over the period of its adoption, it has continued to be applied within the company. This is due to the support that it received from the top management and the CPE Team, who have the power in relation to the day-to-day implementation of the balanced scorecard, and the authority to monitor the progress of the company's performance. Thus, Mobily's successful implementation of its aim (adopting the balanced scorecard) was primarily due to both internal and external actors. Having the CPE Team articulate the need for change before implementing the new system had a considerable impact on the success of changing the system. Thus, having a momentum of change from the CEO and the CPE Team to "keep things moving" (Kasurinen, 2002) were critical forces in the success of implementing the balanced scorecard in the Mobily case.

In Mobily, top management support, especially that of the CEO, was an essential step for the success of a management accounting change. As argued by Ter-Bogt and Scapens (2018), powerful individuals can play an important role in facilitating accounting change. It can be argued that if powerful individuals play a role in Western world, their influence will be twofold in developing countries in general, and the Arab world in particular because people are still traditional in the sense of commitment to respect and loyalty to those people at the top of the hierarchy (Ali, 1996; Hofstede, 1984). This argument was confirmed by the Director of the CPE Team (23:43), "We are Saudis; part of our culture is that if we do not have support from the top management the tool will not be implemented successfully". Thus, securing top management support to introduce a new system speeded up the acceptance of the new rules.

However, it is important to emphasise that having support from top management does not mean it will be institutionalised within an organisation, as found in previous studies (e.g. Al Thunaian, 2014). Al Thunaian, found that because management style was autocratic, the balanced scorecard was implemented but without change in ways of thinking and doing within the organisation. Nevertheless, in Mobily, the management was able to handle the change by having a good relationship with employees and considering the psychological needs of staff. Management in the Saudi context have more obligations, which are to develop a good relationship with staff and provide emotional support (Melhai, 2006). Involving people in formulating their activities and having face-to-face meetings with top management fulfilled individuals' psychological needs (Golembiewski, 1991). In other words, considering psychological needs and enhancing a sense of belonging, as a management style, has considerable influence on making accounting change easier and on helping it become institutionalised. It can be argued that the majority of existing studies in management accounting change have found that there

is considerable anxiety about change. However, considering psychological needs, which might play a critical role in the process of change, has unfortunately been underplayed. This study argues that if it was not clear before, now it is certainly obvious that management support twinned with consideration of the psychological needs of staff is essential for people to make a change successful. In addition to this, the use of the carrot and stick model alone, i.e. the power of resources, is not the most effective mechanism for long-term change (Deconene and Bruggeman, 2006; Hardy, 1996; Goldratt, 1990).

These findings, in general, show that utilising the extended Burns and Scapens framework (2018) for systematically analysing management accounting change is remarkably useful. It helps us understand how institutions (internally and externally) influence an agent's selection of the appropriate rules and routines to adopt in a particular situation. However, the concept of power is not explicitly argued in the framework. Thus, the current study has drawn upon Hardy (1996) to explain how an agent (or agents), either external or internal, with sufficient power, can introduce processes that can facilitate change. In addition, Hardy's perspective, which is focusing on power helps in understanding the complex dynamics of change process within management accounting practices over time.

In Mobily, the management designed the balanced scorecard through communication and interaction. Recognising that the interests of organisational actors do 'matter' was a useful step in successfully applying the new system. Determining the new rules through communication was an important step for introducing a new system, but it was not adequate to make people put the new rules into everyday practice, as suggested by some researchers (e.g. Broadbent and Laughlin, 2009; Thornton et al., 2012). The Mobily case demonstrates that although the management formulated the new rules through interaction and negotiation, getting the new system to be the actual procedures used in the company did not occur as required. However, by combining the three dimensions of power (power of resources, processes and meaning), the new rules became accepted and became part of organisational routines, and consequently, the new rules gradually became embedded in Mobily. The results of this study are in agreement with Yazdifar et al.'s (2008) findings, which reveal that justifying the purpose of implementing a new accounting system and making people participate in determining their KPIs and targets, as well as making plain the weaknesses of existing routines, enables employees to rationalise the change and accept that it is needed and desirable; this is the "power of meaning" (Hardy, 1996). These findings also support those of Kasurines (2002), who argues that it is unrealistic to expect employees to fully buy into changes unless top

management set new ideas and rules and convince employees to accept them. The current study indicates that the routines (over time) created new internal institutions, and the new rules (the balanced scorecard) were tightly coupled with the routines.

An interesting point is that institutions at the societal level (i.e. community) were used to mobilise employees to place the new rules into their daily activities. It is common to find in accounting change studies that management use external institutions at the societal level (i.e. state, market, profession) to legitimate and mobilise employees to place a new system into their daily activities; however, using values within community logic as a tool to facilitate change is uncommon. In the Mobily case, the results show that the attitude of chivalry which Arabs in general and Saudis in particular are characterised by was used to mobilise employees to apply the new rules in their daily activities. As mentioned in chapter four, 95% of Saudi Arabia is desert, where the Bedouin society originated. Barakat (1993) claims that one of the cultural values that is of great importance to Bedouin socializing is chivalry. Thus, the management was able to use an available tool that exists in the Saudi context to mobilise employees to follow the new rules. This extends prior work on management accounting practice change by providing the opportunity to exploit the values embedded in community logic to facilitate the process of change. This suggests that institutions at the macro level (i.e. community) can be a useful tool to manage accounting change.

Interestingly, individuals also invoked another institution at the societal level (i.e. religion) to mobilise accounting change. Some powerful people used religion to justify how the balanced scorecard is a tool that can help individuals to perform their duties and religious obligations, by having clear KPIs and targets that individuals will be responsible and accountable for after their acceptance. Thus, the most salient power in the Saudi context was invoked to legitimise the management accounting change, as affirmed by the General Manager (8:44): “During the implementation of the balanced scorecard, I used Islamic aspects”. Barakat (1993) claims that in the Arab world leaders in some situations might resort to using religion as a tool for encouraging people. Besides, the results show that some employees cognitively invoked practices embedded in the Islamic work ethic to rationalise the application of the balanced scorecard in their daily activities.

Studies regarding the influence of religion on management accounting change in non-religious organisations are limited. From the management perspective, Tracey (2012) critically reviewed management studies to explore the intersection between religion and organisation. He reveals that there is a considerable amount of research connecting religion and business ethics, without connecting religion and management. He also found

that the focus is overwhelmingly on Western Christianity, seldom investigating other faiths or parts of the world. Unfortunately, management accounting studies missed the influence of religion, especially in the Arab world, but people's rationality and behaviour are widely shaped by the concept of religion. Thus, it is important to investigate how the power of religion can be used to manage the complexity of accounting change. This extends the scope of management accounting change literature, informed by institutional theory, by offering the opportunity of using religion, which is embedded in institutions at the societal level, as a mobilising power in non-religious organisations in Islamic countries.

In the Mobily case, there were other factors (internally and externally) which influenced individuals' rationality within the company, and which meant acceptance of the new rules was easier. Saudis are habituated to respect and be loyal to those people at the top of hierarchy and thus, having the new system introduced by such people meant it met less resistance. On the other hand, the old system was not institutionalised, since the management introduced the balanced scorecard as a new set of rules 18 months after introducing the old system, and thus the old system did not influence the change, which might have made the adoption smoother. This finding supports Barley and Tolbert's (1997) and Burns and Scapens's (2000) argument. They maintain that institutions that have a short history or which have not gained prevalence in an organisation are more vulnerable to challenges and less likely to influence individuals' actions.

Regarding cultural change, implementing the balanced scorecard, and seeing it become institutionalised, has been a primary cultural change in the company. Employees now know the rules: what they have to do and why, and how they will be questioned if they do not do it well. Furthermore, they continually strive for improvement in their KPIs and targets, which has become the taken-for-granted ways of thinking and doing within the Mobily company. The culture has changed, and employees now consider it the nature of the business. The concept of customer satisfaction/experience is vital, and therefore serving customers both in the call centre and retail branches is constantly kept under control. The idea of balance between perspectives has become equally important to decision makers. Staff have become more aligned and integrated horizontally and vertically, and the previous I/me thinking has turned into we thinking. Thus, these results reveal that implementing the balanced scorecard as a management accounting practice is not only a useful tool to organise and monitor organisational resources and processes in order to achieve organisational goals (Wanderley and Cullen, 2013), but also that it is a system that can enhance an organisation's culture. Consequently, these findings support

the theoretical arguments of prior studies in general and Janićijević and Milikić (2011) in particular. These studeis found that changes in management accounting practices led to changes in organisational culture (e.g. Busco et al., 2002; Busco and Scapens, 2011; Yazdifar et al., 2008). Busco et al. (2002) argue that management accounting systems, by carrying, diffusing, validating and institutionalising taken-for-granted assumptions, can shape organisational culture.

From the above discussion and drawing from Burns et al.'s (2003) definition of successful management accounting change, it can be argued that the implementation of the balanced scorecard at the executive and non-executive levels in Mobily can be considered successful. Burns et al. (2003) maintain that successful change can be seen when a new management accounting practice is introduced into an organisation and is institutionalised, becoming the taken-for-granted ways of thinking and doing for the majority of the individuals in the organisation. The Mobily case can be classified as a process of revolutionary change. When the board members decided to introduce the new long-term direction, it was clear that there were going to be major changes. They decided to shift the management's focus from short-term oriented to long-term oriented. Within about four years Mobily became managed in the "board member way" (i.e. non-financial and financial results were integrated).

In addition to the above, the direction of change in Mobily was influenced by interrelated forces both within and beyond the company. As such, the interactions of social and political institutions, internally and externally, influenced individuals' rationality in specific situations. People and their source of power and the history of the company also influenced the process of change. Therefore, the results of this study support previous research (e.g. Burns and Scapens, 2000; Yazdifar et al., 2008) which claims that the dynamic of change through time is a complex (and often unpredictable) phenomenon.

The success of implementing the balanced scorecard in Mobily is consistent with the findings of a survey study undertaken by Shields (1995) in 143 taken-over firms' ABC implementing. Shields revealed that ABC success was associated with behavioural and organisational implementation variables, such as top management support, linking performance evaluation to compensation, training, ownership by non-accountants, and adequate resources, and was not significantly associated with technical variables, such as external consultants or integrated software.

Since the majority of the interviewees in the present study, as well as the people on the board and chief-level members of staff, graduated from business school, it can be

argued that this study is in accord with a recent study by Hvenmark (2013). He indicates that employees with academic degrees in fields such as law, business and communication can facilitate the process of new rules becoming institutionalised, because these fields are mainly derived from the business world.

10 Conclusion

10.1 Overview of the Research

The present study has examined the decision, the implementation process and the outcomes of the introduction of the balanced scorecard in a Saudi organisation (Mobily), having particular regard for the impacts of agency and institutions, endogenous and exogenous. The case study, Mobily, was the second provider of mobile services in the Saudi telecoms market, which was privatised around a decade ago. Drawing upon the institutionalisation perspective, and specifically Ter-Bogt and Scapens's framework (2018), the research has explained the process of the institutionalisation of the balanced scorecard in Mobily, a relatively new company.

Mobily was able to implement the balanced scorecard within eight months, and this revolutionary institutional change was accomplished within about five years at all hierarchical levels[36]. During that time, Mobily changed from a traditional performance measurement system, and poor functioning in terms of integration and reward systems, among other areas, to a fully aligned and strengthened system in the company, which now relies on the balanced scorecard. This formal change occurred by conscious design, through the introduction of the new rules, i.e. the balanced scorecard (see Burns and Scapens, 2000; Rutherford, 1994). As Ter-Bogt and Scapens suggest, it is helpful in a specific case to modify the boxes of their original model to capture the discussion of a particular case. Figure 10.1 illustrates the Mobily case. Although the three chapters of analysis discuss this in detail, this part highlights the main points to make the figure clear.

When the company was established, the role of management was to set a short-term strategy. It was taken for granted that short-term focus was needed within the company in order for it to survive. The heart of the old system was to focus on financial measures and the major role for heads of department was to manage their departments. As such, in the past, the idea of a short-term oriented approach shaped the institutions within the company. After 18 months, the board of directors decided to introduce a long-term strategy. A proposal by a Western consultant regarding implementing the balanced scorecard was provided to the board of directors as an institutional solution and a suitable tool to fulfil the new strategy, which was formulated by the consultancy firm. Consequently, the decision to implement the balanced scorecard (i.e. *Generalised Practice*, which is located at the top right of Figure 10.1), which fits the underlying

[36] As mentioned in chapter eight, the implementation of the balanced scorecard at the executive level was in 2008, while the implementation at the non-executive level was in 2012. This means that there was a gap of four years in between.

assumptions of the long-term orientation, was made. In other words, the consultant's proposal was taken up by the company's board of directors to deliberate (through internal conversation) about the balanced scorecard. The communication regarding the implementation of the balanced scorecard was shaped by board members' rationalities (*Situated Rationality*, located in the middle of Figure 10.1), which were shaped by both broader/external (profession) and local/internal (tacit knowledge held by some of the board members) institutions. This deliberation was shaped by the Mobily's situation (clear weaknesses of the company's systems along with the introduction of a new strategy). This supports the argument of Ter-Bogt and Scapens (2018) that actors draw on taken-for-granted ways of thinking, and through such ways of thinking they rationalise their decisions in a specific situation. Shifting the logic of the old system, the "traditional performance measurement system", to the new logic, the "advanced management accounting practice", following the long-term orientation, Mobily implemented the balanced scorecard (the *Generalised Practice*), which influenced the rules within the company to help facilitate the achievement of its strategy. This is illustrated at the top of Figure 10.1 and by the solid line between *Generalised Practice* and *Rules*.

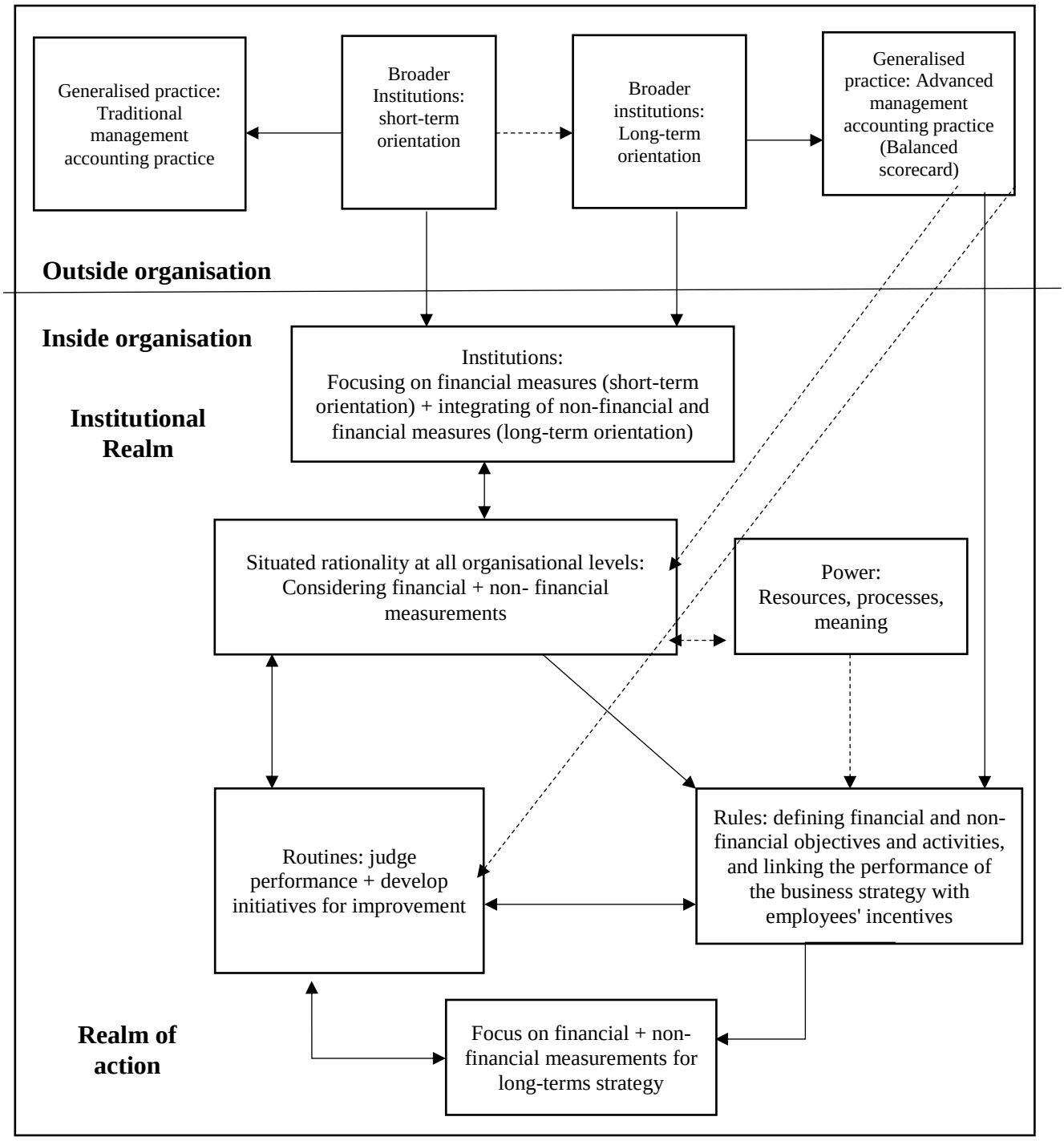

Figure 10.1 Adopted from Ter-Bogt and Scapens (2018, p. 13)

Note: In addition to the power box, separate boxes were used to reflect the shift in broader institutions. The solid lines are the main connections in the original framework. The dotted lines represent the identified connections from this research case study (Mobily)

After the new strategy was designed and the decision to adopt the new management accounting practice was made, the management hired a Western consultant to design and implement the new system. To plan for this change, internal (the CPE

Team) and external (the consultant) actors played a vital role, through increasing the extent of interactions for a full understanding of Mobily's aims as well as its departments' day-to-day activities, and the routines within the company. Based on this understanding of the company's dynamics and the "reality of life" in the company, on one hand, and the company's strategy on the other hand, the consultant proposed objectives and KPIs. Meanwhile, the consultant and the CPE Team attempted to justify the purpose and the benefits of the new system, and to convince staff of the necessity of the change. They began to change the focus of attention from the old system, which was shaped by a short-term orientation, and which gave little attention to non-financial perspectives, to the new logic, which gave equal, to some extent, attention to financial and non-financial perspectives. Considering non-financial and financial measures shaped the situated rationalities, which were reflected on determining the company's rules, as illustrated in Figure 10.1 by the solid line between *Situated Rationality* and *Rules*. The new system, which underpins the long-term orientation, was accepted, implemented and tightly coupled (Orton and Wieck, 1990).

In Mobily, the balanced scorecard was designed and adjusted (twice) cooperatively by different parties. The new management accounting practice was designed through discussion and negotiation. The aim of this discussion was to ensure that objectives, KPIs and plans were aligned with Mobily's corporate strategic plan. This study has revealed that selecting the accounting practices through communication became embedded in the culture of Mobily. The study has also revealed that, each time, the balanced scorecard was influenced by the situated rationality, which was shaped by internal and external institutions, to be adopted in those specific situations (Ter-Bogt and Scapens, 2018). Discussion of the design included the heads of department or their deputies, the CPE Team, and an external consultant as a facilitator to provide them with the necessary advice and "best practices". The design was then reviewed by the CEO. For instance, in the first design, the situated rationality, i.e. the "integration of non-financial and financial measures", was shaped by taken-for-granted ways of thinking beyond (i.e. profession, market, state, corporation, community) and taken-for-granted ways of thinking within the company (short-term orientation, focusing on financial measures) in determining the most appropriate accounting practices (rules) to be used in the new strategy (situation). Figure 10.1 it shows this by solid lines linking *Institutions* through *Situated Rationality* to *Rules*.

In 2012, the company implemented a new strategy (its *transformational strategy*). The new strategy drove the CPE Team to modify the balanced scorecard to be suitable

for the new strategy (situation). The first modification of the balanced scorecard, the "revamp", involved the same parties, the CPE Team and the heads of department, and a consultant was also involved in providing advice and recommendations. However, at this time, the management hired a consultant to provide advice for a specific department, not for the whole company. Western consultancy firms not only play a significant role in the diffusion of the balanced scorecard in developing countries (in this case the Saudi context), but also have a pivotal role in designing and implementing the system. The CPE Team worked with the heads of department or their deputies as well as the consultant to revamp the balanced scorecard, and their findings were reviewed by the leadership team. Discussion of the revamp of the balanced scorecard was shaped by external institutions (i.e. religion and other institutions cited above) and internal institutions (i.e. non-financial oriented with financial results integrated) to be used in Mobily's situation (i.e. its new strategy, its *transformational strategy*).

However, after two years of implementing the transformational strategy, the company faced a major financial crisis, which led the company to stop its transformational strategy and implement a new strategy called the *turnaround strategy*. The second modification of the balanced scorecard, which was driven by the company's financial crisis, was carried out cooperatively between powerful people and the CPE Team, without the external actor. Facing a financial crisis as well as appointing a new CEO, Mobily's management accounting practices were modified to be appropriate for the new situation. Consequently, the management deliberated on the most applicable practices. This deliberation was shaped by external institutions and internal institutions to be suitable for Mobily's situation (i.e. the financial crisis). The findings of the design of the first and second modifications support the central thesis of Ter-Bogt and Scapens (2018), which emphasises that in order to explore the process of accounting change, researchers need to pay attention to and look more closely at the situational nature of management accounting practices.

The management cascaded the balanced scorecard to the executive level (top and middle management) in the first design. During the first modification of the balanced scorecard, the management cascaded the balanced scorecard to the non-executive level/operational managers. At all levels, when the balanced scorecard was introduced in the company, employees were generally stressed, and there was anxiety about the new rules. Nevertheless, resistance to the new system was not formal and overt and the new rules were embedded in their routines. It seems that the resistance was not spoken due to introducing the balanced scorecard via powerful people (i.e. those with hierarchical

power), since the value of obedience and deference to those people at the top of the hierarchy, like in other Arab countries (Barakat, 1993), is embedded in Saudi culture. Having such norms meant the less powerful people easily accepted the balanced scorecard. In addition to this, imposing policies by powerful people to diminish the influence of societal institutions (i.e. the practice of *wasta*) within the company enabled the hiring of capable employees (with knowledge and experience) in the company and consequently lowered the level of resistance due to lack of capability. In general, reactions among employees were the same at all levels. These results show how a group of actors, who are at different organisational levels, respond to accounting change. The majority of previous studies focus only on one level.

In addition to the above, the key actors, either internal (the CEO and CPE Team) and external (the consultant in Mobily's case) played a central role in facilitating the change, which was reflected in the placing of the new rules into staff's daily activities. The change was justified to staff by holding meetings with heads of department (i.e. the power of meaning). At this point, the management was able to shift staff attention from the old system, the "traditional performance measurement system", to the new logic, the "advanced management accounting practice", the balanced scorecard. This was also accomplished by allowing employees to be involved in decision making (i.e. the power of processes) and linking employees' incentives with the achievement of their personal scorecard (i.e. the power of resources). In addition, having periodic meetings with top management motivated employees to ensure that all employees were working toward achieving their targets, as did discussing the initiative's short- and long-term action plans and how they would help the company to attain its corporate strategic plan (i.e. the power of meaning). These three dimensions of power were utilised by both internal and external actors to institutionalise the new rules within the company. As a result, the new rules were put into the company's practice.

As discussed earlier, this study used Ter-Bogt and Scapes framework as a valuable lens for analysing the process of management accounting practice. Ter-Bogt and Scapens (2018) have demonstrated considerable progress in defining the conceptual framework for examination of the processes of management accounting change. However, the concept of power is not explicitly discussed and incorporated within Ter-Bogt and Scapens's framework. This research study has found that *Power* has a significant role in the process of accounting change, specifically between *Situated Rationality* and *Rules*, which are already in the framework, therefore *Power* is added to the framework as an independent concept, as shown in Figure 10.1. To explain the relationship firstly between

Power and *Rules* in the figure, there is a line in between them to indicate that the *Power* of dimensions (the power of resources, processes and meaning) has influence on the *Rules* (and the *Routines*) which facilitate the accounting change. For instance, linking reward system with the achievement of individual's personal scorecard by means of power mobilisation over resources has influenced the formal statements, procedures and individual action in Mobily case. Furthermore, making people participate in formulating and improving the accounting practices i.e. power mobilisation over decision-making processes has influenced individuals' rules. Determining the new rules through deliberation between related actors means that the rationality of this deliberation was shaped by the situated rationality of the staff and this is depicted in Figure 10.1 by a line between *Power* and *Situated Rationality*. In addition, justifying the purpose of implementing the balanced scorecard and reviewing its results periodically (mobilisation of power over meanings and perceptions) not only has influenced the rules but also has impacted individuals' rationality. The recursive relationship between *Power* and *Situated Rationality* is expressed by the double-headed arrow shown in Figure 10.1. Overall, applying the three dimensions of power, which influenced Mobily's rules and individual rationality, facilitated the process of management accounting change and hence, over time, employees accepted the balanced scorecard and were convinced that the change was rational and desirable.

The implementation of the balanced scorecard in Mobily can be classified as successful. From the beginning of the introduction of the new management accounting practice in 2007 until today, the company has managed to implement and develop the balanced scorecard so that it is now embedded in the company. Mobily's successful implementation of its plan was mainly because of its attention to the interests of organisational actors, and the belief that change had to be accepted by related parties. In addition, Mobily employed a mobilisation of power (the power of resources, processes and meaning), as well as principles of community and Islamic religious logic, to bring institutional change, by shaping the manner in which organisational staff perceive matters, in such a way that taken-for-granted ways of thinking and doing within the company were increasingly unquestioned. To be more specific, Mobily's rules and routines shaped individuals' actions within Mobily and over time the routines became institutionalised. As illustrated in Figure 10.1, the double-headed arrows between *Institutions*, *Situated Rationality* and *Routines* show the recursive nature of these connections. The institutionalisation of the balanced scorecard within Mobily implanted

and strengthened its culture in several ways, such as the introduction of systematic thinking and the balance and multifacetedness.

In summary, the findings of this study show that the balanced scorecard came to Mobily as a result of both inside factors (clear weaknesses of the previous systems and a new strategy) and outside factors (external institutions). Mobily implemented and maintained the balanced scorecard to meet the company's strategies. Ter-Bogt and Scapens (2018) claim that a change of accounting practice depends on either external or internal agency, and this is indeed demonstrated in the case of Mobily. Drawing on an institutional perspective, in particular that of Ter-Bogt and Scapens (2018), this study has considered: (1) why Mobily implemented the balanced scorecard; (2) how the company designed and implemented the balanced scorecard; (3) how and to what extent the balanced scorecard was cascaded; (4) how the external and internal institutions influenced the shaping of the dynamics of the process of change; (5) how powerful people legitimised the change and ensured usage of the balanced scorecard; (6) how the balanced scorecard enhanced organisational culture. This thesis has provided answers to these questions and thus achieved the aims of this study, which were to explore the decision to introduce the balanced scorecard, the implementation process and the outcomes of its introduction in a Saudi organisation, having particular regard for the impacts of agency and institutions, endogenous and exogenous.

10.2 Contributions

The current study emphasises the importance of studying processes of accounting change across all organisational levels and in developing countries. Thus, this study provides both theoretical, methodological and practical insights.

10.2.1 Theoretical Contributions

This study contributes to the literature in several ways. It contributes to the growing amount of research that provides insights into how management accounting practices evolve in specific organisational contexts (e.g. Burns, 2013), primarily by drawing upon the most recent framework based on the institutional theory of Ter-Bogt and Scapens (2018). This study has shown how internal and external institutions and human agency influenced the process of accounting change in Mobily. To be more specific, this study demonstrates how different modifications in the development of the balanced scorecard were influenced by situated rationalities, which were shaped by external and internal

institutions, and how deliberation led to change in specific situations (the revamp of the balanced scorecard and the financial crisis). The results of this study are different to what has conventionally been suggested by neo-institutional theories and accounting researchers, who draw on institutional theory (Thornton et al., 2012) and tend to take institutional logic as mainly given (Zliber, 2016), in order to explore how types of institutional logic interact in specific organisations (e.g. Amans et al., 2015; Carlsson-Wall et al., 2016). Hence, this study conforms to the perspective of prior scholars such as Ter-Bogt and Scapens (2018), who state that it is important to focus on the situated rationality which is applied in specific situations, while simultaneously recognising both internal and external institutions, in order to understand management accounting change. Overall, this study generally supports the framework of Ter-Bogt and Scapens (2018). The findings of this study suggest that the framework of Ter-Bogt and Scapens, as a meta-theoretical framework, is a valuable lens through which to explain the process of introducing a new management accounting practice in an organisational setting.

The empirical evidence from this research contributes to a further understanding of the importance of power in bringing about accounting change. In particular, this study contributes to Ter-Bogt and Scapens's (2018) framework by adding three dimensions of power, drawing upon Hardy (1996) for the types of power that influence organisations' rules and routines. These powers had a strong influence on the process within the case study company. Although Ter-Bogt and Scapens mentioned the concept of power, they did not discuss how the dimensions of power can play a role in mobilising (management) accounting change. This limits the ability of their framework to interpret and explain the issues which emerged during the case study. However, drawing upon Hardy's study helped to illuminate the dynamics of the three dimensions of power in the process of management accounting change in Mobily. In Mobily, powerful people (i.e. those with hierarchal power) exercised power over "resources", "processes" and "meanings" to mobilise the accounting change. A positive response was obtained from executive and non-executive staff members by applying these mechanisms, which led them to embrace the change, and the balanced scorecard became part of their routines and was institutionalised within Mobily. Thus, the results indicate that powerful people can use their resources (i.e. the power of resources, processes and meaning), which requires a careful and integrated approach, incorporating all three dimensions of power, to facilitate the process of change in an organisation. Moreover, paying attention to power in relation to a change helps tease out the dynamics of the process of change and provides a better explanation of a change of management accounting practice.

This study contributes to existing analyses of the interactions between performance management systems and the processes through which organisational cultures change with regards to the balanced scorecard (e.g. Busco et al. 2002; Busco and Scapens, 2011; Janićijević and Milikić, 2011) by showing how the balanced scorecard influences organisational culture. In particular, the study shows that implementing the balanced scorecard implanted and strengthened Mobily's culture in several ways: introducing a more open system, becoming more results-oriented, balancing multifacetedeness, using more systematic thinking, having more dynamic processes, and being more flexible and open to change. This suggests that implementing the balanced scorecard successfully and having it become the way of thinking and doing within an organisation strengthens organisational culture.

Other contributions have emerged from the empirical evidence of this research. In the existing studies of management accounting practice change in non-religious organisations, researchers have not explored the interaction between religion and organisations in a meaningful and determined way, especially with regards to the Islamic faith (e.g. Busco and Quattrone, 2015; Hassan, 2005), given that Muslims claim that their actions are influenced by Islamic rules (Ali, 1996; Barakat, 1993). Although Busco and Quattrone (2015) say that it is logical to consider the impact of Arab culture and the Islamic religion, they do not discuss how these types of logic influence accounting change. This study, therefore, expands the current literature by proposing that religious logic, particularly in the Islamic world, can be used as an alternative tool to rationalise change and mobilise employees to incorporate a new management accounting practice into their daily activities. This study demonstrates how management in Mobily used the Islamic religion, which is embedded in institutions at the societal level, to mobilise employees to make the new rules part of their routines. Thus, this finding suggests that as the rationality and behaviour of Muslims are widely shaped by the Islamic religion, the opportunity to use religion as a mobilising power to manage the complexity of an accounting change should be considered.

In terms of the Islamic religion, the results of this study contribute to the existing studies in management accounting by showing the religious influence on accounting practice in non-religious organisations, and how the financial perspective has less influence than non-financial perspectives (i.e. customer satisfaction and internal processes) at specific times (Holy seasons) and specific places (Holy places), by having a KPI called "Holy seasons handling".

The findings of the current study support those of Nabiaha and Scapens's (2005) study, conducted in a developing country, which found that resistance was not openly expressed during management accounting change. The current study is in line with their findings and argues that the acceptance of change with unspoken resistance is part of Saudi culture. To be more specific, people in the Arab world accept a hierarchical order, which needs no further justification because they accept that power is distributed unequally (Hofstede, 1984). Also, the current study's findings indicate that traditional values and norms (e.g. chivalry) were used to manage the accounting change. Thus, this study suggests that the culture of the Arab world can be used as tool to help speed up the acceptance of a new management accounting practice.

The results of this study contribute to existing research in accounting change by showing how agency plays an important role in the process of the change (e.g. Järvenpää and Länsiluoto, 2016; Maran et al., 2018; Ter-Bogt and Scapens, 2018), whether that of internal or external actors. For instance, this study illustrates how the Western consultants played an important role in introducing and designing the balanced scorecard. This study also demonstrates how the CEO and CPE Team as internal actors and the consultant as an external actor facilitated the change. For instance, the results show how the CPE Team, which has the power in relation to the day-to-day implementation of the balanced scorecard, played an essential role in monitoring and ensuring the success of the implementation programme. In addition, the findings of this study support previous researchers who argue that the acceptance of a new accounting practice by the various actors within an organisation becomes easier if there is trust in the changes (Burns and Quinn, 2011; Johansson and Baldvinsdottir, 2003). Overall, this study supports previous studies (e.g. Maran et al., 2018; Ter-Bogt and Scapens, 2018) which argue that considering the role of agency can provide a better explanation of the process of a change of management accounting practice.

This current study's findings expand existing research by arguing that focusing on psychological needs during a change, i.e. involving people in formulating a new management accounting practice, having a good relationship between management and employees, and having face-to-face review meetings can diminish resistance and create a positive feeling within an organisation, which is reflected in the process of change. To be more specific, a change of management accounting practice usually faces resistance and has an unpleasant conclusion, because people feel they are threatened by the change. Anxiety and concern about the change are not always overcome with logic, because it is emotional resistance (Goldratt, 1990; Scapens and Roberts, 1993), and thus the best way

to overcome this emotion is by using a stronger emotion. The results of the current study show that fulfilling psychological needs of staff enhanced a sense of belonging which made the management accounting change easier. Thus, fulfilling psychological needs, especially in the Arab world where emotion is high (Barakat, 1993), can reduce resistance and help the change be applied in a short period of time within an organisation.

The existing literature explores management accounting change within organisations, whether examining parent-subsidiary relationships in terms of management accounting change (e.g. Granlund, 2003; Yazdifar et al., 2008), or the process of change in privatised companies (e.g. Said, 2014), or other organisations which have been established for at least a decade. As existing studies were predominately conducted on established companies, understanding of the processes of how and why new management accounting practices emerge (or fail to emerge) in relatively new companies over time is lacking. Thus, the current study extends existing research into the process of management accounting change by exploring how the change took place within a relatively new company. The results of this study show how the dynamics of accounting change were influenced by different situations, starting 18 months after the establishment of the company.

The findings of this research also contribute to further understanding of the balanced scorecard evolution on all organisational levels. For instance, the majority of the existing studies (e.g., Banker et al., 2004; Cardinaels et al., 2010; Chen et al., 2016; Kang and Fredin, 2012; Kraus and Lind, 2010; Lipe and Salterio, 2000; Maas and Verdoorn, 2017) investigated the balanced scorecard focusing only at one of the business levels (i.e., corporate, middle, operational) which might prevent researchers from providing comprehensive picture of the application of the balanced scorecard evolution. The findings of the present study show that powerful people cascaded the balanced scorecard across the company, through the executive levels (i.e. the top and middle levels) and the non-executive level (i.e. the operational level). The reactions of staff to the changes were similar at both levels, which is inconsistent with Said's (2014) study, which is one of very few studies to focus on all levels. Thus, the result of this current study investigates thoroughly management accounting change by showing how the balanced scorecard is adopted at all organisational levels within a specific organisational context.

Hopper et al. (2009) argue that most research conducted in developing countries is in financial accounting, therefore this study contributes to the management accounting literature on developing and transitional economies (e.g. Bobe et al., 2017; Sutheewasinnon et al., 2016), by specifically confronting the question of whether

Western management accounting practice vehicles such as the balanced scorecard can be successfully introduced in countries with very different cultures and different economic and political structures, with consideration of agency and internal and external institutions which may influence management accounting change. The results show the implementation process is not simple and linear, rather it is a complex one involving interactions of social, political, institutional and situational contexts. It fulfils the requests of scholars who were interested to hear voices and debates about how advanced management accounting systems are developed throughout the world (Hopper et al., 2009; Hoqe, 2014; Hopper and Bui, 2016).

10.2.2 Methodological Contributions

This case study adds weight to the argument that conventional wisdom is too simplistic to be practically useful in the actual implementation of a management accounting change. By looking at the existing literature in management accounting research in general (e.g. Wanderley and Cullen, 2013), and the balanced scorecard in particular, the majority of studies have employed a positivist approach (Hoque, 2014). Therefore, the practice of management accounting change should take into account the importance of power, politics and culture in facilitating (or preventing) change (Yazdifar et al., 2008). There is a shortage of interpretive studies of management accounting. According to Hooper et al. (2009), within private enterprises in developing countries, there have been no studies of advanced management accounting practice which apply in general a qualitative approach, and few for public and non-profit organisations. Van Helden and Uddin (2016) support Hopper et al.'s (2009) finding that social theories in accounting are generally weak. Van Helden and Uddin claim that 20% (14 out of 69) of studies[37] applied the interpretive approach. Therefore, employing an interpretive approach, focusing on multiple levels, along with the longitudinal nature of this thesis, are considered a methodological contribution to management accounting research in developing countries and balanced scorecard studies in general. This study strongly believes that an interpretive approach can considerably increase our understating regarding the process of management accounting change, which is infused with culture, values, beliefs, cognition, ideology, power and politics in other parts of the world.

[37] Van Helden and Uddin review studies in management accounting in developing countries, focusing particularly on the public sector (from 1995 to 2014).

10.2.3 Practical Insights

When the findings of the current study are synthesised, they provide several practical insights for two groups: consultancy firms and organisations. Although the researcher does not argue that there is a set of factors that will guarantee successful implementation in all cases of change, understanding such features might help other organisations become more aware of the factors affecting successful implementation of new management accounting practices, and provide a better basis for managing their introduction.

Regarding consultancy firms, applying the power of processes and meaning through justifying change, and formulating management accounting practices through communication and interaction can enhance the process of putting management accounting change into practice, and thus minimise the abandonment of new accounting practices due to failure or rejection.

In terms of organisations, powerful people are considered the most important element in the process of a change of management accounting practices. To be more specific, having top management buy in to the new practice, and having a powerful steering committee which can monitor the day-to-day implementation and enhance awareness of the change, can reinforce the incorporation of the new rules into daily activities. This study suggests that developing a new management accounting system through deliberation can make the new accounting practice more practical and more likely to be successfully achieved. The case suggests that an organisation might not need to invest in a highly sophisticated accounting system to meet demands for efficiency. The most important step is to have a systematic review meeting between top management and related parties, in order to evaluate the activities. As mentioned above, justifying change, and formulating management accounting practices through communication and interaction, in addition to linking the reward system with achieving the new KPIs and targets, can facilitate the process of change. Having a good relationship between management and employees, and a balance between democratic and autocratic management styles, are more likely to satisfy staff psychological needs. Doing so can minimise anxiety and concern about the change and fulfil psychological needs, and consequently contribute to the success of the implementation of the new management accounting practices.

Another critical factor that can play a vital role in the success of a management accounting change is the effect of cultural (in this case Saudi) norms and values, if powerful people understand how they can use a culture's values and norms to assist them

in managing the change. For instance, the values of religion and community, which are embedded at the societal level, can be used to reinforce and facilitate the process of change. As the value of obedience and deference to those people at the top of the hierarchy is still embedded in Arab society and Saudi society in particular, this study suggests that this value can play an important role in managing and enhancing the acceptance of accounting change. In brief, the norms and values that are embedded beyond the boundary of an organisation can be used to mobilise employees to put a new management accounting practice into effect, and thus enhance the possibility of successful implementation of the new practice.

However, it has been argued that intervention on behalf of a family or community (i.e. *wasta*), which is embedded in societal values in developing countries in general and the Arab world in particular, has a significant effect on individual actions within an organisation, competence and performance evaluation. Therefore, this study suggests that powerful people need to focus and enforce policies and procedures to diminish the practice of *wasta* and improve employees' competence and the transparency of internal processes, and then not only will resistance to change be low, but acceptance of any new management accounting practice (if the new system improves transparency) will be easier.

The final practical insight synthesized from the findings of the present study is that implementing the balanced scorecard at all organisational levels is crucial to enhancing the horizontal and vertical alignment within an organisation and consequently enabling the organisation to achieve the desired aim(s). However, introducing the new system in stages at different organisational levels with a process of testing, adjusting and embedding before moving to the next stage is essential to facilitate the process of management accounting change. Moreover, Organisational members have to understand that implementing a new management accounting practice and having it become the way of thinking and doing within an organisation can enhance and strengthen organisational culture.

10.3 Limitations and Suggestions for Future Research

In light of the discussion above, there are several limitations and possible implications of the Mobily case for future management accounting research. First, the researcher was not present during the initial design and implementation process in the organisational setting. The process of designing and implementing the balanced scorecard was presented based

on what has been expressed by participants. Attending a meeting or workshop that discussed the design and implementation of the balanced scorecard might enhance understanding of how institutions shaped situated rationalities within the company and the role of agency therein. Thus, the findings perhaps would be more accurate with direct observation of the process. However, this limitation is minimised by having multiple stories from different levels and different actors who were involved in the implementation process, as argued by Ter-Bogt and Scapens (2018). They claim that the only way to recognise the influence of both external and internal institutions and the role of deliberation is by discussion with individuals who were involved. In addition, the data triangulation method was employed, which allowed the researcher to support the data gathered from interview sessions with corroborative evidence from relevant internal documents and direct observations. For instance, comparison of the proposal of the first design of the balanced scorecard to the directors of the board and the final design of the balanced scorecard helped the researcher to recognise how the balanced scorecard was influenced by internal and external institutions. Observing the real practice of using the balanced scorecard also contributed to enhance the understanding of the influence of internal and external institutions on the forms of rationality. Although the influence of institutions cannot be recognised directly, the researcher can observe them in the application of the associated forms of rationality (Ter-Bogt and Scapens, 2018, p. 20). Thus, it is recommended that future processual case studies engage in the actual process of change in order to provide wider observations of the day-to-day deliberation on, introduction of and implementation of management accounting practices.

Another limitation of this research can be seen in the collection of data; the researcher faced difficulties in conducting interviews with previous key leaders in the company, particularly the CEO and a number of the board members. This happened as a result of the financial crisis, which caused major changes in the key leaders. Missing the discussion with the CEO might limit the findings about the decision to introduce the balanced scorecard and how his rationality was influenced by internal and external institutions. However, this was minimised by interviews with the CPE Team, who were also responsible for the balanced scorecard. Furthermore, the findings were confirmed with one of the directors of the CPE Team who was in charge of the decision regarding the balanced scorecard and had a direct connection with the CEO. The researcher also faced difficulties with some documentation. Due to the financial crisis, the company is still under investigation; thus, some employees were concerned about providing documents to the researcher. The researcher was however able to observe some

documentation during interview sessions, which was provided by the interviewees. However, because of the company's situation, some interviewees requested that certain critical internal documents were not published.

Third, another potential limitation of this research is the application of the case study approach. One of the limitations associated with the use of the case study method is the inability to generalise from the findings of a single case study in a specific context. The findings from the Saudi context will likely differ from those of other developed and developing countries, with different influences on management accounting practice change. Additional case studies of management accounting practices, adopting the extended Burns and Scapens (2018) framework, are recommended in other developing and transitional economies, particularly those with very different cultures. This would test the reliability of the conclusions of this study. Such studies should result in a more holistic understanding of the introduction, implementation and outcome of accounting change. Moreover, future research might focus on change in relatively new companies, which need more studies to explore inter-organisational processes of change over time.

The current study was conducted on a single private company, which has substantial differences from public and non-profit organisations. Studying the process of management accounting change in public and non-profit organisations might lead to different conclusions. This study suggests that there is a need to conduct more studies in the public sector and non-profit organisations via a process-oriented approach, which is rarely done in the Saudi context. It also suggests testing the impacts of the Islamic religion and Arab culture on accounting change.

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APPENDIX A

Accounting journals searched for balanced scorecard research from 1992-2018

Journal acronyms	Journal name
A & F	Accounting and Finance (March 2018)
AAAJ	Accounting Auditing & Accountability Journal (issue 4 2018)
ABACUS	Journal of Accounting and Business Studies (issue 4 2017)
ABR	Accounting and Business Research (issue 4 2018)
ADIC	Advances in Accounting (June 2018)
AH	Accounting Horizons (issue 1 2018)
AOS	Accounting, Organizations and Society (April 2018)
BAR	British Accounting Review (issue 3 2018)
BRIA	Behavioral Research in Accounting (Spring 2018)
CAR	Contemporary Accounting Research (Spring 2018)
CPA	Critical Perspectives on Accounting (May 2018)
EAR	European Accounting Review (issue 2 2018)
FAM	Financial Accountability & Management (May 2018)
IIAED	Issues in Accounting Education (issue 2 2018)
JAAF	Journal of Accounting Auditing and Finance (issue 2 2018)
JAE	Journal of Accounting and Economics (March 2018)
JAED	Journal of Accounting Education (March 2018)
JAPP	Journal of Accounting and Public Policy (issue 1 2018)
JAR	Journal of Accounting Research (issue 2 2018)
JBFA	Journal of Business Finance and Accounting (May/June 2018)
JMAR	Journal of Management Accounting Research (issue 3 2017)
MAR	Management Accounting Research (June 2018)
RAS	Review of Accounting Studies (Dec 2017)
TAR	The Accounting Review (issue 3 2018)
TIJA	The International Journal of Accounting (issue 1 2018)

*I have searched British Library EThoOS website for the balanced scorecard theses from 1992-2018 and ProQuest from 1992-2014.

Business and management journals searched for balanced scorecard research from 1992-2012

Journal acronyms	Journal name
AJM	Australian Journal of Management
AMJ	Academy of Management Journal
AMLE	Academy of Management Learning and Education
AMR	Academy of Management Review
ASQ	Administrative Science Quarterly
BJM	British Journal of Management
CMR	California Management Review
DS	Decision Sciences
EJIN	European Journal of Information Systems
HBR	Harvard Business Review
HRM	Human Resource Management
HRMJ	Human Resource Management Journal
HRMR	Human Resource Management Review
HRs	Human Relations
I&M	Information and Management
IJHRM	International Journal of Human Resource Management
IJOPM	International Journal of Operations and Production Management
JAR	Journal of Applied Psychology
JBR	Journal of Business Research
JBV	Journal of Business Venturing
JIBS	Journal of International Business Studies
JMIS	Journal of Management Information Systems
JMS	Journal of Management Studies
JOB	Journal of Organizational Behavior
JOM	Journal of Management
JOPM	Journal of Operations Management
JPIM	Journal of Product Innovation Management
JWB	Journal of World Business
LQ	Leadership Quarterly
LRP	Long Range Planning
MIR	Management International Review
MISQ	MIS Quarterly
MISQE	MIS Quarterly Executive: A Research Journal Dedicated to Improving Practice
MITSMR	MIT Sloan Management Review
MSC	Management Science
OBHDP	Organizational Behavior and Human Decision Processes
OMEGA	OMEGA International Journal of Management Science
OR	Operations Research
ORL	Operations Research Letters
OS	Organization Science
OST	Organization Studies
R&DM	R & D Management
ROB	Research in Organizational Behavior
SCM	Supply Chain Management: An International Journal
SDR	System Dynamics Review
SMJ	Strategic Management Journal
SO	Strategic Organization
TAMP	Academy of Management Perspectives
TJB	Journal of Business

APPENDIX B

1. What is the vision and mission of the organization and how is this brought to the attention of managers and employees? What mechanisms, processes, and networks are used to convey the organization's overarching purposes and objectives to its members?

2. What are the key factors that are believed to be central to the organization's overall future success and how are they brought to the attention of managers and employees?

3. What is the organization structure and what impact does it have on the design and use of performance management systems (PMSs)? How does it influence and how is it influenced by the strategic management process?

4. What strategies and plans has the organization adopted and what are the processes and activities that it has decided will be required for it to ensure its success? How are strategies and plans adapted, generated and communicated to managers and employees?

5. What are the organization's key performance measures deriving from its objectives, key success factors, and strategies and plans? How are these specified and communicated and what role do they play in performance evaluation? Are there significant omissions?

6. What level of performance does the organization need to achieve for each of its key performance measures (identified in the above question), how does it go about setting appropriate performance targets for them, and how challenging are those performance targets?

7. What processes, if any, does the organization follow for evaluating individual, group, and organizational performance? Are performance evaluations primarily objective, subjective or mixed and how important are formal and informal information and controls in these processes?

8. What rewards — financial and/or non-financial — will managers and other employees gain by achieving performance targets or other assessed aspects of performance (or, conversely, what penalties will they suffer by failing to achieve them)?

9. What specific information flows — feedback and feed forward —, systems and networks has the organization in place to support the operation of its PMSs?

10. What type of use is made of information and of the various control mechanisms in place? Can these uses be characterised in terms of various typologies in the literature? How do controls and their uses differ at different hierarchical levels?

11. How have the PMSs altered in the light of the change dynamics of the organization and its environment? Have the changes in PMSs design or use been made in a proactive or reactive manner?

12. How strong and coherent are the links between the components of PMSs and the ways in which they are used (as denoted by the above 11 questions)?

APPENDIX C

موبايلي
mobily

From: Mobily Human Resources Department

Date: 11/05/2016 .

Dear *Mohammed bu Haya, PhD Student*

Letter of access for research

In accepting this letter, Mobily confirms your right of access to conduct research for the purpose and on the terms and conditions set out below. This right of access commences on [**6th of June 2016**] and ends on [**10 of September 2016**] unless terminated earlier in accordance with the clauses below.

You are not entitled to any form of payment or access to other benefits provided by Mobily and this letter does not give rise to any other relationship between you and Mobily, in particular that of an employee.

While undertaking research through Mobily you will remain accountable and you are required to follow the reasonable instructions of Mobily and the policies & procedures and you are required to co-operate fully with any claim and to give all such assistance as may reasonably be required regarding the conduct of any legal proceedings.

You are required to ensure that all information regarding Mobily or staff remains secure and *strictly confidential* at all times. You must ensure that you understand and comply with the NDA requirements of Mobily Confidentiality Code of Practice. You should know that unauthorised disclosure of information is an offence and such disclosures may lead to legal action to be taken against you.

Mobily has the right to may terminate your right to attend at any time immediately without any notice if you are in breach of any of the terms or conditions described in this letter or if you commit any act that we reasonably consider to amount to serious misconduct or to be disruptive and/or prejudicial to the interests and/or business of Mobily. After you completing your research, Mobily has the right to take official copy of your research study.

Yours sincerely,

شركة إتحاد إتصالات
11 MAY 2016
Etihad Etisalat Co.

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شركة اتحاد اتصالات
Etihad Etisalat Company

From: Mobily Human Resources Department

Date: 12/03/2017 .

Dear *Mohammed bu Haya, PhD Student*

Letter of access for research

In accepting this letter, Mobily confirms your right of access to conduct research for the purpose and on the terms and conditions set out below. This right of access commences on [**1st of June 2017**] and ends on [**30th of July 2017**] unless terminated earlier in accordance with the clauses below.

You are not entitled to any form of payment or access to other benefits provided by Mobily and this letter does not give rise to any other relationship between you and Mobily, in particular that of an employee.

While undertaking research through Mobily you will remain accountable and you are required to follow the reasonable instructions of Mobily and the policies & procedures and you are required to co-operate fully with any claim and to give all such assistance as may reasonably be required regarding the conduct of any legal proceedings.

You are required to ensure that all information regarding Mobily or staff remains secure and *strictly confidential* at all times. You must ensure that you understand and comply with the NDA requirements of Mobily Confidentiality Code of Practice. You should know that unauthorised disclosure of information is an offence and such disclosures may lead to legal action to be taken against you.

Mobily has the right to may terminate your right to attend at any time immediately without any notice if you are in breach of any of the terms or conditions described in this letter or if you commit any act that we reasonably consider to amount to serious misconduct or to be disruptive and/or prejudicial to the interests and/or business of Mobily. After you completing your research, Mobily has the right to take official copy of your research study.

Yours sincerely,

شركة إتحاد إتصالات
12 MAR 2017
Etihad Etisalat Co.

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Head Office: Riyadh - P.O. Box 9979 Postal Code 11423
CR 1010203896 - Chamber of Commerce # 151900
Western Region: Jeddah - P.O. Box. 8399 Postal Code. 21842
CR 4030157320 - Chamber of Commerce # 106 949
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للإستعلام يرجى الإتصال على: 056-010-1100 أو زيارة موقعنا على الإنترنت: www.mobily.com.sa

APPENDIX D

INTERVIEW GUIDE

Interview guide for the top and middle management

Personal Information

Please tell me about your background, experience, position and responsibility when applying the BSC and currently at Mobily Company?

Semi-structured interview: "why, how and by whom BSC is introduced, designed, implemented and used in Mobily Company

1. Can you tell me how was the company running its performance management system before implementing BSC? (this Q gives me clear idea about the internal institution within the company before implementing BSC and it allows me to find the changes that have taken place)
2. How was the adoption of BSC decision made? Why? (this Q is important to understand the process of how the company made the decision of implementing BSC and investigate the reasons that makes the company to implement new system)
3. How did you formulate the BSC? Why? (this Q was asked if a participant was involved in designing the BSC) (this Q helps me to understand how the BSC was generated and reproduced with considering the implications of external and internal institutions on it)
4. How was the BSC cascaded in the company? (this Q helps me to understand the process of cascaded the BSC at all levels and the influences of multiple rationalities on implementing BSC)
5. How much priority and centrality did the BSC have at the time of the adoption? (this Q helps me to understand the process of how agency was able to rationalize the new system and mobilize employees to place it in their practice)
6. Can you tell me please about your experience and understanding of the BSC and how was the transfer to the new system taken place? (this Q helps me to understand how participants make choices and take social action, which are shaped by both internal and external institutions)
7. What were the challenges in implementing BSC? Why? (this Q helps me to find if there were any challenge in general and resistance in specific with the new change and how employees reacted during the process of change)
8. How do you perceive the impact of the changes after implementing BSC upon your tasks and the company? (this Q helps me to explore the influence of the BSC on employees' routines and performance and the internal institution within the company)

Interview guide for the top and middle management

Personal Information

Please tell me about your background, experience, position and responsibility when applying the BSC and currently at Mobily Company?

Semi-structured interview: "why, how and by whom BSC is introduced, designed, implemented and used in Mobily Company

1. Can you tell me how was the company running its performance management system before implementing BSC?
2. How was the adoption of BSC decision made?
   - Why did the company implement the BSC?
   - How was the decision made?
3. How did you formulate the BSC? Why?
   - How precise and elaborate was the BSC at the first time?
   - Were people satisfied with it at that time? Why? (follow up by what about you)?
   - How do you formulate your KPIs?
4. How did the management spread the BSC in all levels and become practiced? influences of multiple rationalities on implementing BSC)
5. How was the BSC cascaded in the company?
6. How much priority and centrality did the BSC have at the time of the adoption?
   - How much support and commitment was there from managers?
   - How important was the BSC for employees seen in relation to their daily activities?
7. Can you tell me please about your experience and understanding of the BSC and how was the transfer to the new system taken place?
   - How did employees receive the BSC? (follow up by "What about you")
   - What changes have been made since the implementation of the BSC? (process, new measures, reward system, etc.)?
   - Are there any changes in using BSC after 2014? Why?
8. What were the challenges in implementing BSC?
   - How could you minimize resistance and the challenges?
9. How do you perceive the impact of the changes after implementing BSC upon your tasks and the company?
   - How do you mobilize employees to achieve the targets and their KPIs?
   - What contributions do you gain from using the BSC in your work practice/organizational culture?
   - Do you have any (other) recommendations for improving BSC?

Interview guide for the operational management

Personal Information

Please tell me about your background, experience, position and responsibility when applying the BSC and currently at Mobily Company?

Semi-structured interview: "why, how and by whom BSC is introduced, designed, implemented and used in Mobily Company

1. Can you tell me how was your department designing its KPIs and evaluating the performance of your subordinates before implementing BSC? (this Q gives me clear idea about the internal institution within the company before implementing BSC and it allows me to find the changes that have taken place)
2. How was the BSC cascaded in your level? (this Q helps me to understand the process of cascaded the BSC at all levels and the influences of multiple rationalities on implementing BSC)
3. How do you formulate your KPIs? Why? (this Q helps me to understand how and why the KPIs were generated, reproduced with considering the implications of external and internal institutions)
4. How much priority and centrality did the BSC have at the time of the adoption? (this Q helps me to understand the process of how agency was able to rationalize the new system and mobilize employees to place it in their practice)
5. Can you tell me please about your experience and understanding of the BSC and how was the transfer to the new system taken place? (this Q helps me to understand how participants make choices and take social action, which are shaped by both internal and external institutions)
6. What were the challenges in implementing BSC? (this Q helps me to find if there was any challenge in general and resistance in specific with the new change and how employees reacted during the process of change)
7. How do you perceive the impact of the changes after implementing BSC upon your tasks and the company? (this Q helps me to explore the influence of the BSC on employees' routines and performance and the internal institution within the company)

Interview guide for the operational management

Personal Information

Please tell me about your background, experience, position and responsibility when applying the BSC and currently at Mobily Company?

Semi-structured interview: "why, how and by whom BSC is introduced, designed, implemented and used in Mobily Company

1. Can you tell me how was your department designing its KPIs and evaluating the performance of your subordinates before implementing BSC?
2. How was the BSC cascaded in your level?
3. How do you formulate your KPIs?
   - What are the factors that influence on formulating your KPIs? Why?
   - Were people satisfied with it at that time? Why? (follow up by what about you)?
4. How much priority and centrality did the BSC have at the time of the adoption?
   - How much support and commitment was there from managers?
   - How important was it for employees seen in relation to their daily activities?
5. Can you tell me please about your experience and understanding of the BSC and how was the transfer to the new system taken place?
   - How did employees receive the BSC? (follow up by "What about you")
   - What changes have been made since the implementation of the BSC? (process, new measures, reward system, etc.)?
   - Are there any changes in using BSC after 2014? Why?
6. What were the challenges in implementing BSC?
   - How could you minimize resistance and the challenges?
7. How do you perceive the impact of the changes after implementing BSC upon your tasks and the company?
   - What contributions do you gain from using the BSC in your work practice/organizational culture?
   - Do you have any (other) recommendations for improving BSC?

APPENDIX E

Participant Consent Form

The Impact of Balanced Scorecard on Performance Improvement:

I agree to take part in this research, which is to examine the impact of Balanced Scorecard on performance improvement in private sector in Saudi Arabia.

The researcher has explained to my satisfaction the purpose of the study and the possible risks involved.

I have had the principles and the procedures explained to me and I have also read the information sheet. I understand the principles and procedures fully.

I am aware that I will be required to answer questions.

I understand that any confidential information will be seen only by the researcher and will not be revealed to anyone else.

I understand that I am free to withdraw from the investigation at any time.

I understand how to rise a concern and make a complaint.

I agree to participate to this study.

Please tick the following box if you agreed to record your voice through the interview

☐ I agree to record my voice during the interview and that will be only use for academic purposes.

Name (optional)
.....

Signed (or you can write: " I have read this sheet and Participant information sheet")
.....

Date
.....

Thank you very much for agreeing to participate, I really appreciate it.
Mohammed Ibrahim Bu haya

نموذج الموافقة على المشاركة بالمقابلة

تآثير بطاقة الآداء المتوازن على تطور الاداء في السعوديه:

أنا أوافق على المشاركة في هذا البحث، والذي هو دراسة **تآثير بطاقة الادا المتوازن على تطور الاداء** في الشركات الخاصه في المملكة العربية السعودية.

وأأكد بأن الباحث أوضح لي الغرض من الدراسة والمخاطر المحتملة.

كما إقر بإن الباحث قد شرح جميع الخطوات والإجراءات المتبعة لإجراء هذا البحث، كما أنني أقر بأنني قرأت ورقة معلومات البحث. وأقر بفهمي وإستيعابي لكل هذه المعلومات المعطاة.

أنا على علم بأنني سوف أرد على أسئلة المقابلة.

أنا على علم بأن اسمي وهويتي ستبقى سرية ولن يطلع أي أحد على بيانات مساهمتي الي الباحث نفسه فقط.

أنا أفهم بأنني أمتلك كامل الحرية في الانسحاب من المقابله في أي وقت.

أنا أعرف كيف أتقدم شكوى، وكيف أستفسر عن أي شيء متعلق بهذا البحث .

أوافق على المشاركة في هذه الدراسة .

يرجى وضع علامة في المربع التالي إذا وافقت على تسجيل صوتك من خلال المقابلة

☐ أنا أوافق على تسجيل صوتي أثناء المقابلة و التي سيتم استخدامها فقط للأغراض الأكاديمية **.**

الاسم (اختياري) .....

التوقيع (أو يمكنكِ كتابة : " لقد قرأت هذه الورقة و رقة المعلومات البحث")

.....

التاريخ .....

شكرا جزيلا لكِ لموافقتك على المشاركة، وأنا أقدر ذلك حقاً .
محمد ابراهيم بوهيا

Information Sheet

What will happen to the data?

1. Data referring to respondents will be based by their position only.
2. The findings will be used only for academic purposes.
3. You can withdraw at any time during the research by informing the researcher of your decision.

What is the institution to which this study belongs?

It belongs to the University of Brighton. It is also received ethics clearance from the Brighton Business School.

Who should I contact if I need more information or if I have a concern?

If you have inquiries or want to speak to the researcher about this research study, please feel free to contact me either on my mobile number: 0509325928, or by email: M.BuHaya1@uni.brighton.ac.uk

If you still not happy and want to make a complaint, please contact Professor. Aidan Berry A.J.Berry@brighton.ac.uk who will pass on your complaint to the University's Research Ethics Committee Chair.

What type of questions I would be entitled to answer?

The questions are related to Why and How Mobily Company implemented balanced scorecard in a Saudi context. However, you are going to answer the following questions:

Look at the interview guide

معلومات عن البحث

ماذا سيحدث للبيانات ؟

1 . بيانات المشاركين (الموظفين) سوف تشير إلى منصب المشارك فقط.
2 . سيتم استخدام النتائج فقط للأغراض الأكاديمية .
3 . يمكنك الانسحاب في أي وقت خلال البحث عن طريق إبلاغ الباحث.

ما هي المؤسسة التي تنتمي إليها هذه الدراسة؟

أنها تنتمي إلى جامعة برايتون. كما أنها تلقت الموافقة الأخلاقية من برايتون كليه اداره الاعمال.

من هم الذين يجب أن أتصل بهم في حال كُنْت بحاجة الى مزيد من المعلومات أو كانت تساورني بعض الشكوك؟

إذا كان لديك استفسارات أو ترغب في التحدث إلى الباحث، لا تتردد في الاتصال بي إما على رقم هاتفي المحمول 0509325928 : أو عن طريق البريد الإلكتروني ، M.BuHaya1@uni.brighton.ac.uk

إذا كنت لا تزال غير سعيد وتريد أن تُقدم شكوى ، يرجى الاتصال بالدكتور ايدن بيري (المسؤولة عن الباحث) A.J.Berry@brighton.ac.uk ،الذي سوف يقوم بدوره بتمرير شكواك لرئيس لجنة أخلاقيات البحوث لجامعة برايتون.

ما هو نوع الأسئلة اليت سوف أقوم بالإجابة عليها؟

ترتبط الأسئلة بتجربة تطبيق بطاقة الاداء المتوازن وأثاراها على تطوير الاداء في القطاع الخاص السعودي.
ولكن سوف تجاوب على الاسئلة التالية:-

انظر الى دليل المقابلة

APPENDIX F

Position	Acronyms
CHRO	CHRO
Chief Technology Officer	CTO
Senior Executive Officer HR	SEOHR
General Manager Corporate Strategy	GMCS
General Manager of HR	GMHR8
General Manager of Corporate Process Excellence Team	GMCPET27
General Manager of Risk Management	GMRM3
General Manager of Network	GMN2
General Manager of Customers Care	GMCC24
Director of Corporate Process Excellence Team	DCPET29
Director of Corporate Process Excellence Team	DCEPT23
Director of Corporate Process Excellence Team	DCEPT22
Director of Corporate Culture	DCC17
Director of HR	DHR22
Director of Customers Care	DCC11
Director HR	DHR18
Director of Customers Care	DCC14
Director of Customers Care	DCC1
Director of Network	DN13
Director Network	DN10
Director Network	DN28
Director of Customers Care	DCC20
Director of Customers Care	DCC6
Manager of Customers Care	MCC25
Manager of Customers Care	MCC26
Manager of Network	MN15
Manager of HR	MHR16
Manager Corporate Culture	MCC19
Manager of Customers Care	MCC21
Manager of Customers Care	MCC12

These acronyms are used in the below table (without the full titles of the interviewees).

Themes	Codes	Interviewees mentioned this code
Company	Management style	GMHR8, GMRM3, GMN2, DCPET29, DCEPT23, DCC6, DN10, DCC11, DHR18, DCC20, MCC21, DHR22, DCC11, DN13, MN15, DCC17, DN28
	Employment in the company	DCC1, GMHR8, GMRM3, GMN2, GMCC24, DCPET29, DCEPT23, DCC6, DN10, DCC11, DCC14, DHR18, DCC20, MCC21, DHR22, GMCPET27, DCC11, MCC12, DN13, MN15, DCC17, DN28, MCC19, MCC25
	Organisational structure	CPET29, DCEPT23, DCC6, DN13, DHR18
	Department: IT, marketing etc.	GMRM3, GMN2, DCPET29, DCEPT23, DCC6, DCC20, MCC21, DHR22, DN13, MN15, DN28
	HR business partner	GMHR8, DHR18, DHR22
	HR	GMN2, GMHR8, DN10, DCEPT23
	HR learning curve	GMHR8, DHR22, GMRM3
	Communication & internal conversations b/w management and employees	DCC1, GMHR8, GMRM3, GMN2, GMCC24, DCPET29, DCEPT23, DCC6, DN10, DCC11, DCC14, DHR18, DCC20, MCC21, DHR22, GMCPET27, DCC11, MCC12, DN13, MN15, DCC17, DN28
	Mobily's culture	DCC1, GMHR8, MN2, DCEPT23, DN10, DCC11, DHR18, DCC20, MCC21, DHR22, GMCPET27, DN28, MCC19, MHR16, DCC17
	Environment	MHR16, GMHR8, DCEPT23, DCC6, DN10, DCC11, DHR18, MCC21, DHR22, MCC12, DN13, MN15, DCC17, DN28, MCC19, MCC25
	System for BSC (PMS)	DCC1, GMHR8, GMRM3, GMCC24, DCEPT23, DCC6, DN10, DCC11, HR22, DN13
	Pointing system	DCC6, DCEPT23
Old rules (before the BSC)	Acquisition goal	DCC6, DCC14, DHR22, DCEPT23, DCEPT29
	Focusing on financial info	DHR22, DCEPT23, DCPET29
	KPIs before BSC (objectives)	DCPET29, DCC1, DCC6, GMHR8, DN13, DHR18, DCC20, MCC21, GMN2, DCEPT23
	Topical appraisal	GMHR8, DHR18, DHR22, DCPET29, DCEPT23, GMN2
	Reward system	GMRM3, DCPET29, GMHR8, GMCPET27, DCEPT23, GMN2

Old routines	Lack of engagement	DCEPT23, DCC6, MCC21, DCC11, DCPET29
	No existing routine	DCEPT23, DCC20, DCPET29, MCC21, DN28

	Lack of alignment among Depts.	DCC6, DCC11, MCC21, GMN2, DCEPT23, DCPET29, DHR18
	Less systemisation	DCEPT23, DCPET29, DHR18, DCC20, MCC21, DCC6, GMN2
	Lack of accountability and responsibility	GMN2, GMCPET27, MCC21, DCEPT23, DCPET29, DHR22, DHR18
	Lack of unified reporting	DCEPT23, DCPET29

Idea of the BSC	Recommending the BSC (consultant)	GMCC24, GMCPET27, DCEPT23, DCPET29
	Purpose of the BSC	GMN2, GMHR8, DHR22, DCEPT23, GMCPET27, DCPET29

Designing the BSC	Stages of designing the BSC	GMN2, GMRM3, DCEPT23, DCC6, GMCC24, DCPET29, GMCPET27, DN10, DCC11, DCC14, DHR18, DCC20, MCC21, DHR22, DN28, GMHR8,
	Designing the BSC at the corporate level	GMCPET27, DCEPT23, DCPET29
	Designing the BSC at the departmental level	GMHR8, GMRM3, GMN2, GMCC24, DCPET29, DCEPT23, DCC6, DN10, DCC11, DCC14, DHR18, DCC20, MCC21, DHR22, GMCPET27, DN28
	Designing the BSC at the operational level	DCC1, GMHR8, GMRM3, GMN2, GMCC24, DCPET29, DCEPT23, DCC6, DN10, DCC11, DCC14, DHR18, DCC20, MCC21, DHR22, GMCPET27, DN28
	Designing the personal BSC	DCC14, DCC20, GMHR8, GMRM3, GMN2, GMCC24, DCPET29, DCC6, DN10, MCC21, DHR22, DN28, DCEPT23

KPIs	Smart KPIs	GMRM3, DCPET29, DCEPT23, DCC17, DHR22, DCC11, DHR18, DCC14, DCC1, DN13, DN10, DCC20, DCC6, MCC25, MCC26, MN15, MCC19, MCC21, MCC12
	Challenging KPIs	DCC1, DN10, DCC11, DN13, DCC14, MN15, DHR18, DCC20, MCC21, MCC25, MCC26, DN28
	Accepting the KPIs	GMN2, DCC11, DCC14, DHR18, MCC19, DCC20, DHR22, DCEPT23
	Measurable	DCC1, GMRM3, DN13, DHR22, MCC25, DCC11
	Achievable	GMRM3, DCC6, DCC11, MCC12, DN13, DHR18, DCC20
	Reasonable	GMRM3, DCC6, DCC11, MCC12, DN13, DCC20
	Cascading KPIs	DCC11, DN13, DCC14, DCC20, DHR22, DCEPT23, GMCC24, DCPET29
	KPIs vs matrix	DCPET29

Mobily's institutions and situations		
Existing institutions	Short-term orientation	DCPET23, DCPET29, GMN2, DCC6

	Historical data	GMN2, DCC6, DCC20, DHR22, DCEPT23, DCPET29, GMRM3
Situations	Mobily's strategy	GMHR8, GMCC24, DCPET29, DCEPT23, DCC6, DN10, DCC14, DHR22, GMCPET27, DN28, DN13
	(New situation) transformational strategy	DCEPT23, DCC6, DN13, GMHR8
	Revamping the BSC	GMCC24, DCEPT23, DCPET29, DCC6, DCC11, DN10, MCC12, MN15, DN28, GMRM3, GMN2
	(New situation) turnaround strategy	GMHR8, DN13, DCC14, DCEPT23
	The BSC after the crisis	DCC1, GMRM3, DCC6, GMHR8, DCC11, DN13, DN10, DN28, DCC20, MCC21, GMCC24, MCC26, DN28

Individual human agents	Existing habits (routines)	GMHR8, GMRM3, GMN2, DCPET29, DCEPT23, DN10, DHR18, GMCPET27, DN13, DN28
	Educational level	DCC1, GMN2, DN10, GMHR8, DN13, DHR22, DCC6, CEPT23, MCC26
(Re)habilitation	Change o mindset	GMHR8, DCC6, DCC11, DN13, MCC19, DCC20, DHR22, DCEPT23
	Employee development, training, job rotation, programs	DCC1, GMHR8, DCEPT23, DCC6, DN10, DCC14, DCC20, MCC21, DHR22, MCC12, DN13, MCC19, MCC25, MCC26
Psychological needs	Fulfil personal needs	GMN2, GMHR8, DN10, DCC11, HR18, DCC20, GMRM3, MCC26, DN28, MCC12, DCC1
	Emotional	GMRM3, GMHR8, DCC20, MCC25
	Belonging	DN28, DCC1, GMRM3, GMN2, DCC11, DCC14, DHR18, DCC20, MCC21, DHR22, DCC11, MCC12, DN13, MN15, DCC17
	Fulfil self-esteem	DCC14, DHR22, DN13, GMN2, HR18, DCC20, GMRM3
	Acknowledgment	DCC1, GMN2, GMRM3, DCC11, DCC14, DN13, DN28, MCC12, DHR18, DCC20, MCC25

External institutions		
Community	Increase status and honour of members	DCC1, GMHR8, GMRM3, GMN2, DCPET29, DCEPT23, DCC6, DN10, DCC14, DCC20, DHR22, DN1, CTO
	Group membership	GMN2, DN10, DN13, GMHR8, MCC25, DCC20
	Emotional connection, ego-satisfaction	GMHR8, MCC12, DN13
Family	Membership in household	GMHR8
Profession	Status in profession	DCC1, GMN2, DCC6, DN10, GMHR8, DCC11, DCC20, DCEPT23, DCPET29, DCC20, DCC14, MCC12, GMRM3, MCC26, MCC21

	Consultant expertise	DCC1, GMHR8, GMRM3, GMN2, DCPET29, DCEPT23, DCC6
State	Bureaucratic domination, e.g. Ministry of MRA etc.	DN28, DN10, DCC14, MCC21, GMRM3, DCC11, GMN2
Religion	Importance of faith	GMN2, DN10, GMHR8, DCC11, DCC20, MCC25, DN13, DN28, MCC19, DHR22, MCC12, CTO
Market	Status in market before Mobily	DCC14
	Market status	GMN2, DCC6, DN10, DCEPT23, DCPET29, DCC14, GMRM3, DN13, DN28, DHR22
	Shareholders	DCC14, GMHR8
Corporation	Corporation as hierarchy	DN10, MCC19, MCC21, DCEPT23, DCPET29

External factors	Saudi economy	GMRM3, DHR22, DCC6
	Other external entities, e.g. supplier, contractors	DN28, DN10, DCC14, MCC21

Implementing the BSC	Implementing the BSC at the corporate level	GMN2, GMRM3, DCC6, GMHR8, DCEPT23, DCPET29
	Implementing the BSC at the departmental level	DCC1, GMHR8, GMRM3, GMN2, GMCC24, DCPET29, DCEPT23, DCC6, DN10, DCC11, DCC14, DHR18, DCC20, MCC21, DHR22, GMCPET27
	Implementing the BSC at the operational level	DCC1, GMHR8, GMRM3, GMN2, GMCC24, DCPET29, DCEPT23, DCC6, DN10, DCC11, DCC14, DHR18, DCC20, MCC21, DHR22, GMCPET27, DCC11, MCC12, DN13, MN15, DCC17, DN28
	Cascading the BSC	GMN2, GMRM3, DCC6, GMHR8, DN10, DCC11, DCEPT23, DCPET29, MCC26, MN15

Resistance to the BSC	Oldest people	DCEPT23, DCPET29, GMRM3,
	Challenges of implementing the BSC	GMRM3, DCC6, GMHR8, DCPET29, GMCPET27, DN28, DCEPT23
	Non-cooperation in providing data	DCC6, DCEPT23, DCPET29, GMCPET271
	Executive resistance	DCPET29, DCEPT23
	Conflict interest	GMHR8, DN10, DN28
	Lacking knowledge and awareness	DCC6, GMHR8, DCPET29, DHR22, GMCPET27, DN28, DCEPT23, DN13, DN10
	Anxiety	GMRM3, DCC6, GMHR8, GMCPET27, MCC12, MCC21
	Resistance at operational level	GMRM3, GMHR8, DN13, DCC11, DN10, MCC26, DCC20

Limitations of the first design of the BSC	Challenges of using the BSC (focus)	DCPET29, GMRM3, DCC6, GMHR8, DN13, DN28, GMCPET27, DCC11, MN15
	Very complicated BSC	GMRM3, DCC6, GMHR8, DN13, DCPET29

Powerful people	CEO support	DCC1, GMN2, DN10, GMHR8, DCEPT23, DCPET29, DN13, DCC14, MCC21, DHR22, DN28
	Leadership	MCC19, MCC25, MCC26, DCC1, GMHR8, GMN2, GMCC24, DCPET29, DCEPT23, DCC6, DCC14, DHR18, DCC20, MCC21, DHR22, MCC12, DN13, MN15, DCC17, DN28
	Corporate Process Excellence	GMHR8, GMRM3, DCPET29, DCEPT23, DCC6, DCC11, DCC14, DDCC17, HR18, MCC21, DHR22, MN15
	New CEO: conservative	DCC1, DCC6, DN13, DCC14, DHR18, MCC21, MCC26
	Old CEO: risk free	DCC6, DN13, DCC14, DCC20, DHR22
	Consultant	MCC19, MCC25, MCC26, DCC1, GMHR8, GMN2, GMCC24, DCPET29, DCEPT23, DCC6, DCC14, DHR18, DCC20, MCC21, DHR22, MCC12, DN13, MN15, DCC17, DN28
	Chief/s	GMN2, GMRM3, GMHR8, DCEPT23, DCPET29
	Key members (GMs or their deputies)	DCC1, GMRM3, DN10, GMHR8, DCEPT23, DCPET29

Power of dimensions		
Power of resources	Compensation and benefits	DCC1, GMHR8, GMRM3, GMN2, GMCC24, DCPET29, DCEPT23, DCC6, DN10, DCC14, DHR18, DCC20, MCC21, DHR22, DCC11, MCC12, DN13
	Appraisal	DCC1, GMHR8, GMRM3, GMN2, GMCC24, DCPET29, DCEPT23, DCC6, DN10, DCC11, DCC14, DHR18, DCC20, MCC21, DHR22, GMCPET27, DCC11, MCC12, DN13, MN15, DCC17, DN28
Power of processes	Close follow-up	DCC1, GMHR8, GMRM3, GMN2, GMCC24, DCPET29, DCEPT23, DCC6, DN10, DCC11, DCC14, DHR18, DCC20, MCC21, DHR22, GMCPET27, DCC11, MCC12, DN13, MN15, DCC17, DN28
	Engagement	DCC1, GMHR8, GMRM3, GMN2, GMCC24, DCPET29, DCEPT23, DCC6, DN10, DCC11, DHR18, MCC21, DHR22, GMCPET27, DCC11, MCC12, DN13, MN15, DCC17, DN28
	Meeting (designing, implementing or using)	DCC1, GMHR8, GMRM3, GMN2, GMCC24, DCPET29, DCEPT23, DCC6, DN10, DCC11, DCC14, DHR18, DCC20, MCC21, DHR22, GMCPET27, DCC11, MCC12, DN13, MN15, DCC17, DN28
	Management calendar	DCPET29, DCEPT23
	Increase knowledge & awareness	DCC1, GMHR8, GMRM3, GMN2, GMCC24, DCPET29, DCEPT23, DCC6, DN10, DCC11, DCC14, DHR18, DCC20, MCC21, DHR22, GMCPET27, DCC11, MCC12, DN13, MN15, DCC17, DN28

	Meeting dynamic	DCPET29
Power of meanings	Workshops	GMHR8, GMN2, GMRM3, DCPET29, DCEPT23, DCC1, GMRM3, DCC6, DMCC12, CMCC19, MCC21, DN28
	Annual gathering	DCC1, DMCC12, MCC21, DN28
	Trust in the BSC	GMN2, DCPET29
	Transparency	CMCC19, DCEPT23, DCC11, DCC20, MCC21, DHR22, MCC12, DN13, GMRM3
	Clear	GMN2, GMRM3, DCPET29, DCC6, DHR22, DN13, DN28, GMCC24, MCC26

Using the BSC	Using the BSC at the corporate level	DCEPT23, DCPET29, GMCC24, GMHR8
	Using the BSC at the departmental level	DCC1, GMHR8, GMRM3, GMN2, GMCC24, DCPET29, DCEPT23, DCC6, DN10, DCC11, DCC14, DHR18, DCC20, MCC21, DHR22, GMCPET27, DCC11, MCC12, DN13, MN15, DCC17, DN28
	Using the BSC at the operational level	DCC1, GMHR8, GMRM3, GMN2, GMCC24, DCPET29, DCEPT23, DCC6, DN10, DCC11, DCC14, DHR18, DCC20, MCC21, DHR22, GMCPET27, DCC11, MCC12, DN13, MN15, DCC17, DN28
	Negatives of using the BSC	GMN2, GMRM3
	Secret of success of the BSC	DCPET29
	Positives of using the BSC	DCC1, GMHR8, GMRM3, GMN2, DCEPT23, DCC6, DN10, DCC11, DCC14, MCC21, MCC12, DN13, MN15, DN28

Impact of the BSC on organisational culture	Open system	DCC1, GMN2, DCPET29, DCEPT23, DCC6, CC11, DCC14, DCC20, MCC21, DHR22, MCC12, MN15, DN28, GMCC24, MCC25
	Result	DCC1, GMN2, DCPET29, DCEPT23, DCC6, DN10, DCC11, DCC14, DCC20, MCC21, DHR22, MCC12, DN13, MN15, DN28, GMRM3, DHR18
	Balance and multifacetedness	GMHR8, DCC1, GMN2, DCPET29, DCEPT23, DCC6, CC11, DCC14, DCC20, MCC21, DHR22, MCC12, MN15, DN28, GMCC24,
	Systematic thinking	DCC1, GMN2, DCPET29, DCEPT23, DCC6, DN10, DCC11, DCC14, DCC20, MCC21, DHR22, MCC12, DN13, MN15, CMCC19, DN28
	Dynamic process	GMHR8, DCC1, GMN2, CEPT23, DCC6, CC11, DCC20, MCC21, DHR22, MCC12, MN15, DN28, DN13, DN10, MCC25

	Flexibility of change	DCC1, GMRM3, DCC6, DN10, DMCC12, CMCC19, DCC20, MCC21, DHR22

Impact of the BSC on external institutions		
Performance	Performance	DCC11, DHR22, DCPET29, MN15, GMN2

APPENDIX G

A sample of Arabic versions of exemplary English quotations in chapter Eight

انا مسؤول على [X department] KPIs of يعنى هم مو فاهمين concept كان فيه big challenge بالنسبه لي ماكان يعطونا data صحيحه من [X department] لما اجمع data علشان نعمل full picture ماكان في تعاون مع الادارات يعني انا لم اطلب منه data يقول انا ماعندي من فين اجيبلك انت خش. اتهاوش مع الناس علشان اطلع data

When I was asking people to provide me the data, they were responding as 'I do not have it, where do I get it from, go and get it by yourself'. It was challenging for me as there was no cooperation. I was fighting with them in order to collect the data.

A sample of Arabic versions of exemplary English quotations in chapter Nine

اننا مسلمين يعنى اذا مات بنى ادم انقطع عمله الا من ثلاث وحده فيهم علم ينتفع به انا حاموت وهذه بتكمل عندي .
انا بدعى ان المسلمين عندهم مقومات لنشر العلم اكثر من عند الغرب للاسف احنا الان تخلفنا لكن لو نرجع للخلف
احنا كنا ننشر العلم اكثر منهم الان هم ينشرون العلم اكثر منا علشان هم صاروا يخذونها من ناحيه
professionalism ومن جانب code of management احنا عندنا في الاصل موجود في روح الايمان

> We are Muslims. As you know, when a man dies, his deeds come to an end except three things: Sdaqah Jariah [ceaseless charity], knowledge is beneficial or a virtuous descendant who prays for him[38]… I am doing this as a form of distributing useful knowledge, as a good deed which will continue after I die… For Western people, they spread knowledge and do it from a professionalism perspective or according to the code of management. But we are different; we do it based on the spirit of faith.

[38] For the deceased. See https://sunnah.com/riyadussaliheen/13/8.