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Why has not it worked? An empirical application of the extended Burns and Scapens' framework within the implementation of a controlling department*

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ABSTRACT

The aim of this study is to understand the implementation of a controlling department within Bogt and Scapens' framework (2014) as an empirical observation mechanism towards investigating rationalities that prevented its implementation. This study was conducted in a quite successful 63-year old company in the South of Brazil. We hope these results promote practical insight to those interested in supporting changes within this field of organizational environment. There had been two main reasons leading to such work: a lack of equivalent study in the scholarly literature as well as empirical application of Burns and Scapens' framework (2000) reorganized by Bogt and Scapens (2014). Bogt and Scapens (2014), inspired by different logics (Bogt & Scapens, 2012) and in order to reevaluate their original framework (2000), suggest the introduction of a fairly important term: rationality. This new element shows the deliberate action from the organizational player – his/her way of thinking. However, even with the introduction of rationales within the model by Bogt and Scapens (2014), rules and routines remain as important elements so that actions take shape. Used methodology consists of an interpretational case study with document analysis, direct observation, and application of semi-structured interviews. Through the interviews and discussions with individuals involved in the study, it can be observed that some rationality resulted in conflicts. Different rationales and the culture of the individual and the organization are relevant aspects observed in the speeches analyzed; all may be factors, which led to the gap within the process of implementation of controlling department in the organization. In addition, time factors suggested in the extended Bogt and Scapens' (2014) framework is of utmost importance for changes must occur gradually.

Keywords: controllership, institutional theory, study case, implementation.

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1. INTRODUCTION

The constant evolution in business world creates ever complex environments, demanding managerial strategy innovation (Burns, Ezzamel, & Scapens, 2003; Ezzamel & Burns, 2005), specially from their managers. In order to fulfill those demands, the controlling department is summoned up and thrives on pieces of information supplied by cost, financial, and management accountings, among others (Boff, Beuren, & Guerreiro, 2008; Borinelli, 2006; Borinelli & Rocha, 2007; Busco & Scapens, 2011; Siti-Nabiha & Scapens, 2005).

According to Almeida, Parisi, and Pereira (2001), controlling splits into two main ranges: (i) controllership – field of knowledge, providing most conceptual bases, and (ii) controlling department (administrative unity), responsible for information coordination and dissemination. In this study, controlling department shall be approached as an administrative unity and, therefore, its main objective shall be promoting efforts towards mission fulfillment and organization endurance (Boff et al., 2008).

According to Boff et al. (2008), the controlling department has been seen, by an individual who interact with it, as a department with daily routines activities; and such activities may had been imposed by those with decision-making power or simply being imperceptibly adopted by some within the organization. It is important to notice that habits and routines are some of the characteristics defining organizational culture; however, the controlling department, as such, also possesses, either directly or indirectly, its own organizational culture. Therefore, the controlling department organizational culture may be forcefully shaped by managers or according to organization individual culture (Boff et al., 2008).

In lieu of such context, the lens towards institutional theory emerges as an adequate option to study changes in company management accounting, especially in a controlling department (Burns & Scapens, 2000). The changing process within this study is related to the implementation of a controlling department. Contradictions among individuals or groups of individuals related to this process due to their different logics would result in conflicts and resistances, ultimately altering course of actions (Bogt & Scapens, 2014).

Burns and Scapens (2000) mention three trends: (i) Old Institutional Economics (OIE); (ii) New Institutional Economics (NIE), and (iii) New Institutional Sociology (NIS). Although these had different origins and lens, they share a common interest towards institution and

institutional changes themes (Burns & Scapens, 2000; Liguori & Steccolini, 2012).

Relying on OIE insights, Burns and Scapens (2000) have developed an institutional basis to study the intraorganizational processes of accounting management change. The framework has been extensively used when studies deal with change context in management accounting (Bogt & Scapens, 2012; Busco & Scapens, 2011; Cruz, Major, & Scapens, 2009; Ribeiro & Scapens, 2006).

However, Bogt and Scapens (2014) decided to widen Burns and Scapens' framework (2000) after having found some contradictions in the institutional basis of two universities examined in 2012. An extended framework is developed, which recognizes both external and internal institutions, the role of deliberation and human agency, and the power of specific individuals and/or groups to impose new rules (Bogt & Scapens, 2014).

Therefore, this research shall be based on Burns and Scapens' framework (2000), however adapted towards Bogt and Scapens' framework (2014). Bogt and Scapens (2014), inspired by different logics (Bogt & Scapens, 2012) and in order to reevaluate their original framework (2000), suggest the introduction of a fairly important term: rationality. This new element shows the deliberate action from the organizational player, his/her way of thinking. These different types of rationalities may be applied by one individual or a group of individuals and may result in a specific action. However, even with the introduction of rationales within the model, rules and routines remain as important elements so that actions take shape. According to Bogt and Scapens (2014):

The rules may be expressed in formalized procedure manuals, or they may be expressed verbally by the senior members of the organizations. [...] As such, routines emerge out of the application of rules, but in another way routines can influence the rules as established practices (i.e., routines) may eventually come to be codified in new rules. (p. 10)

The inclusion of rationality within the original framework has caused a research gap not solely due to the fact it is a recent framework, but also due to the fact there are no discussions regarding the theme in literature described to Bogt and Scapens (2014). The inclusion of rationalities in Bogt and Scapens' framework (2014) occurs towards filling a known gap within institutionalist research provenient from two distinct stands: the first from Meyer and Rowan (1977) and Zucker (1977), based on their interpretations of works of Berger and Luckmann

(1967), who consider institutions as socially constructed as models of action, generated and kept through ongoing interactions; such ones would lead to the construction of taken-for-granted institutions, that is, the passive organizational player. The second one, according to DiMaggio and Powell (1983), considers the role and the self-consciousness of players and their own interest more explicitly – their power of agency.

Furthermore, the critical mass expansion regarding over the rationality on the model may mitigate the apparent fragility of the extended model once: (i) one of the authors suggested the extension of the original framework and (ii) the papers based on the original framework.

Based on institutional theory on Bogt and Scapens' framework (2014) and on the empirical research basis, the following research question has been reached: how may the implementation of a controlling department be understood according to the extension to Burns and Scapens' framework (2000)?

The aim of this study is to understand the implementation of a controlling department within Bogt and Scapens' framework (2014) as an empirical observation mechanism towards investigating rationalities, as local logics, which prevented its implementation.

This study is justified by the empirical testing of the adjusted Bogt and Scapens' framework (2014) in a distinct environment from the original one located in a different country (Brazil) and within a different sector – industrial – instead of the original educational one.

Brazil is an economically emerging country with

large markets and it has been attracting major foreign investments (Kamakura & Mazzon, 2013; Sethi, 2009). The emerging markets, as such, are going to become even more important to global development from 2011 to 2025 (Srivastava, 2012).

Both practical and theoretical contributions justify the present study. Theoretically, further discussions on Bogt and Scapens (2014) may contribute to reinforce the theoretical basis presented. The empirical contribution of this work relies on testing Bogt and Scapens (2014) given framework by including rationalities as a manifestation of the organizational player power of agency. Moreover, companies aiming to implement a controlling department may take some preventive measures due to this study.

Any process of change within an organization involves investment of time and resources and individual paradigm shifting towards organizational objectives. Therefore, there is need for previous planning, a “way of thinking”. Pressures provenient from it are present in any process of change and within the institutional environment where organizations are inserted (Busco, Quattrone, & Riccaboni, 2007; Scapens & Roberts, 1993).

Bogt and Scapens' framework (2014) – rationality included – has proven to be important to explain the reasons for controlling department implementation failures. The various rationalities of individual within the process and how these resulted in conflicts – causing a detour in the courses of action – have been clearly observed through interviews.

2. THEORETICAL BASIS

2.1 An Extended Framework

Burns and Scapens (2000) explain studies comprising changes in management accounting, which are, generally, carried out under assistance by institutional theories from distinct background: the NIS, the NIE, and the OIE.

NIS focuses on organizations in lieu of a comprehensive network of interorganizational relations and cultural systems (DiMaggio & Powell, 1983; Meyer & Rowan, 1977); it also emphasizes organization behavior arises from both market pressure as institutional one (Guerreiro, Frezatti, Lopes, & Pereira, 2005). Besides such facts, this approach is characterized by the creation of rules, practices, symbols, beliefs, and normative requirements that individuals and organizations must condone in order to acquire support and legitimacy (Guerreiro et al., 2005).

Literature concerning NIE range considers contributions from several authors (Coase, 1937; North, 1992; Williamson, 1992). Such approach considers institutional environment as a group of social, legal, and political rules, which establish the basis for production, exchange, and distribution (Guerreiro et al., 2005). Moreover, it greatly influences economical organization behaviors, which may be considered as groups of individuals related to a common purpose towards reaching their objectives *via* market transactions (Guerreiro et al., 2005).

OIE comprises quite a heterogeneous theoretical corpus (Guerreiro et al., 2005). Such trend sees institutions as basic elements of analysis, substituting the individual and his/her rationality, as suggested in the neoclassical paradigm (Guerreiro et al., 2005), therefore leading the

way to the development of concepts of habits and routines (Burns & Scapens, 2000). Even though there is no simple and broadly accepted definition of institution, it may be conceived as a way of thinking or acting that stands out and remains part of the habits of a group or individuals (Guerreiro et al., 2005).

Based on OIE, Burns and Scapens (2000) have developed a framework to study the processes of change in management accounting, widely used for more than 15 years (Bogt, 2008; Bogt & Scapens, 2012; Börner &

Verstegen, 2013; Busco & Scapens, 2011; Rautiainen & Scapens, 2013; Ribeiro & Scapens, 2006; Siti-Nabiha & Scapens, 2005; Van der Steen, 2009, 2011; Youssef, 2013).

Before delving further on the reformulated Burns and Scapens' framework (2000), it is paramount to review the framework within its original format, as shown in Figure 1. According to Burns and Scapens (2000), the institutionalization framework may be presented in four steps: encoding, enacting, reproduction, and institutionalization.

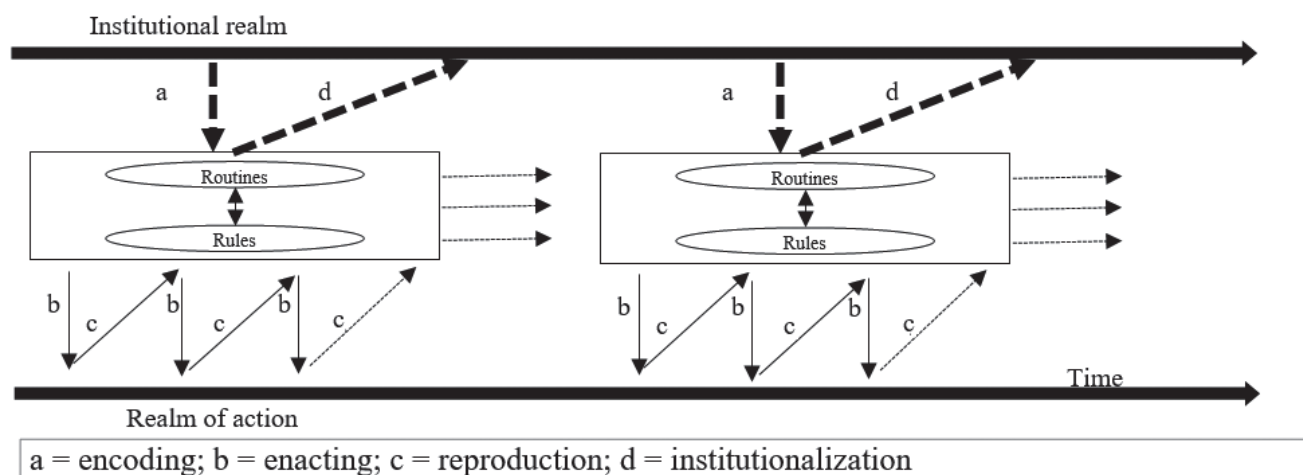


Figure 1 Institutionalization process

Source: Burns and Scapens (2000).

The first step (arrow a) explains the codification of institutional principles towards rules and routines. The second step (arrow b) explains the rules and routines by the ones who incorporate institutional principles. The third step (arrow c) explains how behavior repetition leads to reproductions on routines and rules. The last step (arrow d) is the institutionalization of rules and routines that have been reproduced through individual behavior, within a time frame (Burns & Scapens, 2000).

However, Bogt and Scapens (2014) aimed to widen Burns and Scapens (2000), acknowledging both internal and external institutions in the framework,

and the importance of the role of human deliberation, of agency, and of specific individuals and/or groups of individuals towards imposing new rules. By incorporating deliberation within the framework, the importance of logic is emphasized (Bogt & Scapens, 2014).

They explain that every group, or even individual, has different ways of thinking, related to specific situations. To understand such groups and individuals, therefore, we may lead to alternatives regarding the rationale between institutions and actions (Bogt & Scapens, 2014). For a better understanding of rationality importance, see the extended Burns and Scapens' framework (2000) (Figure 2).

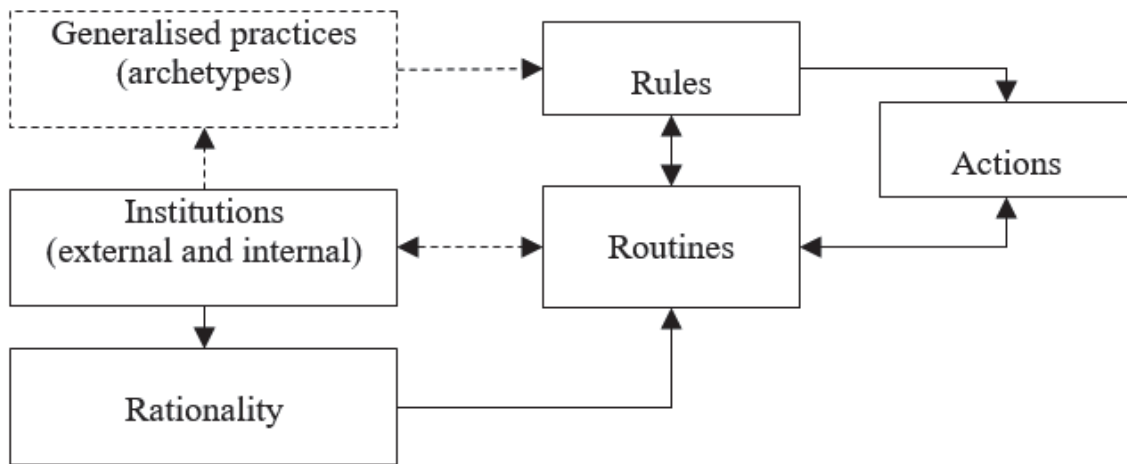


Figure 2 Extended Burns and Scapens' framework

Source: Burns and Scapens (2000).

In Figure 2, elements such as institutions (external and internal), rules, and routines influence and are influenced, producing effects on the actions and establishment of general practices (archetypes) that are beyond the organization boundaries and, in a generalized way, act on the rules within the organization. This possibility introduces a NIS view into the model, considering the taken-for-granted as responsible for establishing standards considered within rules.

Rationality, which is an important element, is also included with its direct effects towards routines. These act towards external and internal institutions and towards its own rules. The framework still dwells on interaction possibilities among rationalities and rules, external and internal institutions, among others, although not graphically represented.

Burns and Scapens' framework (2000), within its original format and in accordance to Figure 1, uses arrows "a" and "d" to indicate that institutions are coded according to rules and routines, and they may become institutionalized routines, as shown through the dotted line, with two tip arrows between the institutions (internal and external) and routines. However, in the extended framework, this connection may also occur through rationales. Therefore, different rationales – and conflicts – may spawn.

A plethora of institutions (internal and external) may shape the rationales applied within an organization. There had been incompatibilities, confusion and conflict regarding these rationales, and potential resistance towards implementation and further action may arise.

According to Bogt and Scapens (2014), rationale

ought to be shaped by a diversity of internal and external institutions; for any situation there may be these two kinds within the organizations. The external ones are understood as the correct way of thinking, ranging beyond organizations, for instance, values and codes of specific professional groups, such as engineers and accountants, while the internal ones represent the values and codes shared by the same engineers or accountants, for instance (Bogt & Scapens, 2014). Although rules are generally defined by those in a higher hierarchical position, the individuals and groups within the organization will daily shape these rules into routines (Bogt & Scapens, 2014).

On the other hand, rules and routines may be usually adopted or selected as a result of proper deliberation, which emphasizes logic (institutional or situated).

Situated logic (SL), adopted in specific cases, allows actors to rationalize choices and to supply mechanisms to abstract situations, creating the standards for individual and organizational actions. The notion of SL recognizes that in any organization there will be multiple institutions (Bogt & Scapens, 2014). When the term "institutional logic" is used, the reference relies on forms of rationality, which are embedded in the external institutions and which underpin the generalized forms of practice, i.e., the archetypes (Bogt & Scapens, 2014).

In order to stimulate the logics importance understanding, it is highlighted in Figure 3 the rationality as a way to deepen the understanding about the model new element. As suggested by Bogt and Scapens (2014), the figure was rotated 90° in order to better visualize the Time element.

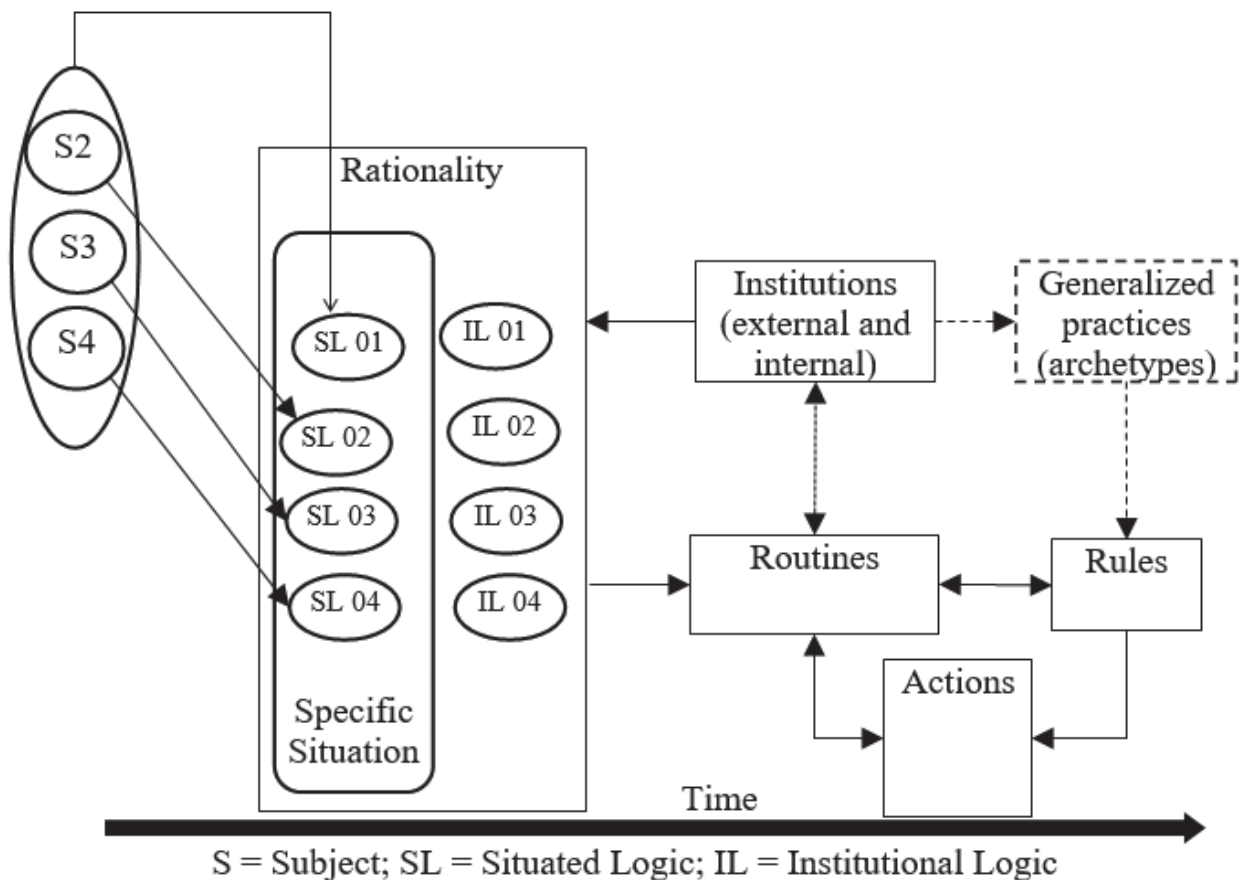


Figure 3 Rationality process

Source: Prepared by the authors.

In the Figure 3 presented, S2, S3, and S4 are considered individuals taking part on a specific situation within the organization. Each one may present his/her SL2, SL3, and SL4, respectively. These individuals may also present a single logic together: SL1. Therefore, taking different logics in consideration, distinct rationalities would be imposed. Furthermore, explicitly including “rationality” in the framework allows the discussion of SL and the distinction of them from the “institutional logic” discussed in the NIS literature.

2.2 General Aspects of Controlling Department

As a controlling department is analyzed, it is important to examine its functions; according to Lunkes, Schnorrenberger, Gasparetto, and Vicente (2009), even though literature remains somewhat fuzzy about this specific issue, the most cited functions are planning and control, emphasizing the controller’s role, who shall have a proactive character in the organization.

After an extensive literature review, Borinelli (2006) has defined a Basic Conceptual Structure of Controllershship (BCSC) comprising the following functions: accounting, fiscal, internal control, audit, financial or treasury, managerial, related to information management, among others. Such BCSC has been tested by the author on the 100 largest Brazilian companies and the results indicate 77.27% of them do have a department called Controlling Department, some of them – despite not having such department *per se* – do perform many of its functions through further departments within the organization (Borinelli & Rocha, 2007).

Cruz (2009) has adapted Borinelli’s BCSC (2006) and has tested it within Brazil top 50 banks. Findings have shown functions such as corporate accounting, fiscal accounting, information management, and external customer service had been highlighted in the study, despite the fact functions as risk, internal control, and finances have not been confirmed as basic functions from controlling departments.

Borinelli's study (2006) was performed nationwide. Internationally, the International Federation of Accounting (IFAC, 1998) indicates as controlling functions: activities planning, evaluation, and control, aiming to assure the optimizing usage of organizational resources. According to Borinelli and Rocha (2007), some aspects ought to be present whenever controlling departments exist as a formal organizational system: its mission, its objectives, its hierarchical position within company organization chart, and its internal organization.

As far as Boff et al. (2008) are concerned, the mission of the controlling department is to be a link between all areas of an organization and organizational mission. Some authors mention that the controlling department mission is to protect the company, assuring global result optimization (Catelli, Guerreiro, & Pereira, 2001). Frezatti, Rocha, Nascimento, and Junqueira (2009) mention:

The controlling department mission strives for management efficacy towards both internal and external goals, for the availability of financial and economical information to all stakeholders [...], striving towards monitoring balance in their relations; towards the coordination of management processes – from strategic and operational planning until budget control. (p. 26)

Besides its mission, the controlling department has specific objectives. According to Almeida et al. (2001, p. 372), "the objectives of controlling, in accordance with established mission, are: i) organizational efficacy promotion; ii) economic management feasibility granting; iii) promotion of responsibility area integration".

Regarding controlling department hierarchical position within company organization chart, it may be presented as line department, actively taking part in the decisions, or as a staff one, supporting decision processes (Borinelli & Rocha, 2007). Regarding controlling department internal organization, it exists within the organization through activity and function rendering, being the "controller" the professional responsible by the controlling department (Borinelli & Rocha, 2007).

Further studies (Anthony & Govindarajan, 2004; Roehl-Anderson & Bragg, 1996) suggest one of main duties of a controlling department is the supply of management accounting information. Frezatti, Carter, and Barroso (2014) indicate that the lack of managing accounting information may mislead the organization into formulating baseless managing discourses, besides focusing on operational daily issues. Kirch, Lima, and Terra (2012) stress accounting information is not exclusively related to its nature and contents but also to its timely nature.

Cavalcante, Luca, Ponte, and Gallon (2012) state that, considering international accounting aspects, it is important that the controlling department embraces modern practices. According to Robalo (2014), external and internal pressures that may cause any impact to a controlling department ought to be considered over time and not only during the initial phase of the changing process. Neitzke, Voese, and Espejo (2014) demonstrate recurrent associations among variables as internal and external environment, organization behaviors of members, and organizational culture; therefore, the latter is evidenced through internal and external institutions.

Granlund (2001) has carried out a study regarding changes on management accounting and affirms that management accounting systems are strenuous about change, regardless of external pressure. The writer concluded that in any changing process the human, institutional, and economical factors become entangled.

Nor-Aziah and Scapens (2007) have studied a Malaysian Government company, which introduced private management practices: they concluded that any changing process is constructed through accountant and operational management interactions, mixing trust, resistance, and power.

Guerreiro, Pereira, and Frezatti (2008) have tested the applicability of Burns and Scapens' framework (2000) towards evaluating the institutionalization process of the management accounting. The authors suggested the framework as a conceptual reference towards management accounting system change processes.

Boff et al. (2008) examined controlling department institutionalization process of habits and routines in companies in the state of Santa Catarina, identifying the individual as the main role in the institutionalization process of habits and routines within controlling department staff.

Busco et al. (2007) stress that the changing process within managing accounting may be gradually implemented, rejected, or accepted. In our study, the changing process has been rejected.

This study aims to understand the controlling department implementation within Bogt and Scapens' framework (2014) as an empirical observation mechanism towards investigating rationalities (as local logics) that prevented its implementation.

Rationalities are local logics that allow routine alteration and, therefore, work on rules and actions, despite the fact they remain as a mean to materialize actions (Bogt & Scapens, 2014). Through context literature, this research suggests diverging rationalities shared during organizational change result in conflict and resistance.

3. METHODOLOGICAL STRATEGIES

Rules, routines, and institutions are not suggested as empirical variables, so that they may be objectively measured. Some objectivity may be specified on procedure manuals, for instance. Furthermore, routines and institutions are useful theoretical tools, once they ease observable action interpretation (Burns & Scapens, 2000).

When the specific phenomenon to be studied may only be captured through observation or interaction, a case study approach becomes adequate (Martins & Théophilo, 2007). According to Yin (2001), a single case study is acceptable whenever confirming a theoretical proposition previously formulated.

As far as epistemological and ontological aspects are concerned, this work relies on interpretation. Therefore, an interpretational case study will be carried out in an industrial organization that intended to implement a controlling department; however it was temporarily unsuccessful. The interpretational approach is one of the four paradigms used on organizational analysis identified

by Burrell and Morgan (1979). Besides the interpretational approach, this research can be considered exploratory, *ex post facto*, explanatory, cross-sectional, and case study (Cooper & Schindler, 2011).

3.1 Research Field Specification

A company had been unsuccessful in its attempt towards implementation of a controlling department and, therefore, selected; its headquarters is located in the state of Paraná and belongs to the segment of metal-mechanic industry. For more than 60 years, it has grown, extended its markets, developed state-of-the-art projects, and opened branches in the state of Santa Catarina.

The company had been temporarily unsuccessful in its attempt towards implementation of a controlling department. Nowadays, some controlling practices have been adopted through third -parties. The Figure 4 represents company organization and its organizational structure.

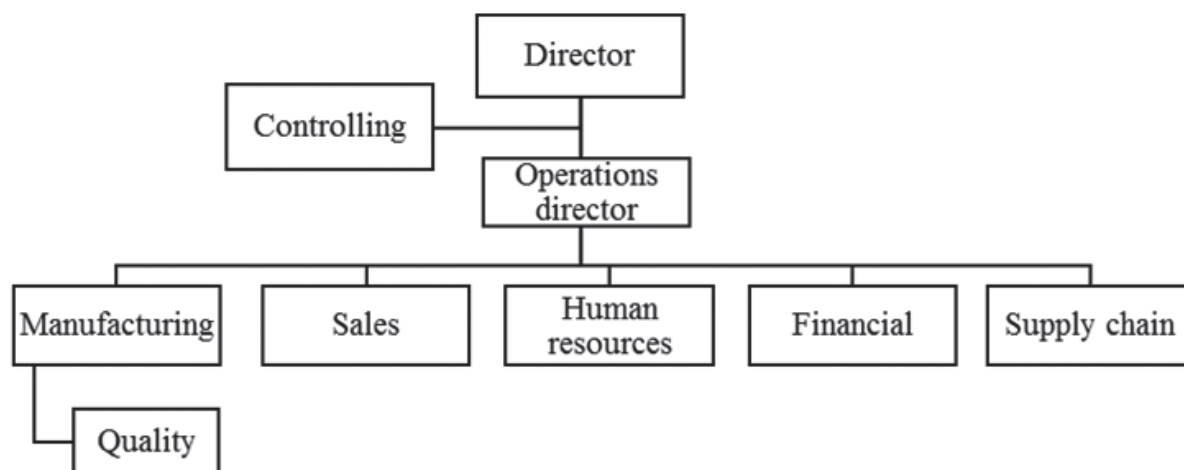


Figure 4 Organizational chart

Source: Prepared by the authors.

Company structure is somewhat minimal and the operations director is responsible for both Santa Catarina branch and headquarters.

In order to develop research construct, it has been necessary to identify analysis categories established in accordance with Bogt and Scapens (2014). Controller and Controlling Department categories were also investigated

due to the fact that this research analyses specifically the implementation of a controlling department (Borinelli & Rocha, 2007).

Research construct conducts interview development cross-referenced with other techniques, such as documental analysis and environment observation (Eisenhardt, 1989; Yin, 2001) (Table 1).

Table 1 *Research construct*

Categories	Constitutive definition	Questions	Authors
Controlling department	A formal organizational system with daily routines activities and its own organizational culture. Aspects presents: its mission, its objectives, its hierarchical position within company organization chart, and its internal organization.	1-5	Boff et al. (2008); Borinelli (2006); Borinelli and Rocha (2007); Cavalcante et al. (2012); Frezatti et al. (2009); Guerreiro et al. (2008).
Controller	The professional responsible by the controlling department.	6-8	
Institutions (external and internal)	The external ones are understood as the correct way of thinking, ranging beyond organizations; for instance, values and codes of specific professional groups, such as engineers and accountants, while the internal ones represent the values and codes shared by the same engineers or accountants, for instance. Specifically regarding internal environment, it refers to the analysis of organizational culture manifestation.	9	Bogt and Scapens (2014); Burns and Scapens (2000); Busco and Scapens (2011); Busco et al. (2007); Granlund (2001); Scapens and Roberts (1993).
Rationality	This new element shows the deliberate action from the organizational player, his/her way of thinking.	10-13	
Rules	Formal declarations of procedures.	14	
Routines	Procedures in use.		
Actions	The Result. The rules and routines are not actions <i>per se</i> , but they have the potential to shape action.		

Source: *Prepared by the authors.*

After research construct presentation, and still in accordance with Yin (2001), a case study development requires a protocol, as follows: (i) planning, production, and posting of a letter of invitation to selected company, case study protocol development, research schedule definition; (ii) data gathering (company environment observation), documental research, focused semi-structured interviews; (iii) data analysis, cross-reference (documental research and interviews), discourse analysis; (iv) conclusion, analysis of different rationalities considering Bogt and Scapens' framework (2014).

3.2 Data Sources

The study has been carried out through an interpretational case study. The data collection procedure is described as follows: (i) documental analysis – published on company website and others of similar nature, such as manuals and internal memos issued made available by

the company; (ii) semi-structured interviews – directors, department managers related to controlling, and further relevant personnel; (iii) direct observation – within company premises.

3.3 Research

The first contact with the company happened in August 2014, through the controller who had received the invitational letter and had forwarded it to the Board of Directors. Once approved, the first visit happened in October 2014. At that time, such controller no longer worked in the company and the operations manager carried out the procedures.

The interviews were carried out in October 2014, December 2014, and February 2015. The objective was to interview all personnel who had actively taken part on the implementation of the controlling department. Only three individuals were selected, because the employees,

including the controller, had already left the company; thus, two individuals were interviewed within the company and the previous controller – contacted outside the company and having gladly accepted the invitation – summed up to three individuals in total.

Observations regarding company environment, as well as focused semi-structured interviews and documental research, were then performed. A small quantity of documents had been made available for analysis: monthly

income statement from 2013, accounts payable and receivable, sales cockpit. They have been considered sufficient for this study analysis.

According to Yin (2001), focused semi-structured interviews are rendered in a short period of time within an informal approach and in accordance to pre-established questions. Further details regarding interview procedures are in Table 2.

Table 2 Interview procedures

Interviewee	Positions	Interview location	Interviews (n)	Interview date	Interview duration (h)	Data validation
S2	Operations director	In company	2	10/30/2014 12/10/2014	1 2	Email
S3	Controller	Outside company	1	02/12/2015	3	Email
S4	Financial analyst	In company	2	12/10/2014 02/18/2015	3 1	Email

Source: Prepared by the authors.

Once the interviews had been rendered, they have been transcribed and validated *via* email with the interviewed. A discourse analysis was identified within the texts, which messages would be subject to this analysis (Pêcheux, 2001).

Caregnato and Mutti (2006), in accordance with M. Pêcheux (1938-1983), highly praise the fact that the French Discourse Analysis (henceforth also AD) *corpus* is constituted by the following formula: ideology + history + language. Ideology is understood as a system of ideas that constitutes representation, history represents historical social context, and language refers to text materiality, generating “clues” regarding meanings intended by the subject. This formula is used as standard for this paper and, therefore, the reading of the texts, which comprise

this research analysis object, has been carried out towards the discursive position of the subject – socially legitimized by the union of social, history, and ideology – producing meanings. According to Caregnato and Mutti (2006), AD works with the meaning of the discourse – not translated, but produced – and it is concerned with the comprehension of the meanings the subjects manifest through their discourses.

Regarding pertinent social science ethical questions, all documental analysis data, interviews, and direct observations have been kept secret. No information has been shared among interviewed personnel and the interviewees' name, as well as the company's name, were omitted.

4. CASE STUDY

4.1 Presentation of Empirical Evidence

The most relevant information, gathered in accordance to study case protocol, are as follow: website company information regarding its background, mission, values, supplied products, market shares, and such were first analyzed. The company possesses a well defined mission, a differentiated range of products, and strong brand within its segment. Secondly, documents made available by the company were analyzed, such as daily and monthly

financial reports. Some were considered more relevant, as billing reports, placed orders daily report, unfilled orders, cash flow. Regarding monthly ones, the most relevant income statements and balance sheets, both analyzed in comparison with previous months and previous years, were the most relevant.

All reports and some complementary Excel chart were promptly made available. Further observation towards company premises has shown affable work environment reinforced by interview results.

Once first steps in data collection had occurred, further interviews were conducted with more specific questions and towards deep understanding of selected themes. In order to do so, interviews with the operations director, followed by further personnel related to the controlling

department implementation process attempt, had been performed.

The document analysis, direct observations, and interviews were performed from September 2014 until February 2015. Table 3 illustrates the personnel directly concerning with the controlling implementation process.

Table 3 *Research subjects*

Individual	Position	Length of service	Gender	Educational background
S1	Interviewer		F	Master of Accountancy
S2	Operations director	Since Dec. 2013	M	Post-Graduated
S3	Controller	Dec. 2013 - Sep. 2014	M	Post-Graduated
S4	Financial analyst	Since Jul. 2014	F	Post-Graduated

F = female; M = male.

Note: All individuals had 25-35 years old.

Source: *Prepared by the authors.*

All interviews were conducted individually between the interviewer (S1) and only one other respondent (S2, S3, and S4). The answers given by any of these were not – at any time during or before the interviews – disclosed to another interviewee; in this way, the responses occurred independently. While S2 and S4 had their interviews within the company, S3 had it outside the company, since he/she was off of it.

Once the personnel were identified, as starting point for the interviews, questions were asked regarding what controlling was. As a starting point, questions were made to S2 regarding what controlling department was. The objective of this question is the confirmation of a company controlling department existence (questions 1-5).

[1] S1 – Question 1: What is controlling?

[2] S2 – What is controlling to you?

[3] The same question was asked to S3, following your answer:

[4] S3 – Controlling is the department that informs the administration about all performances aspects regarding the organization: personnel, accounting, and further variables that form the entire business.

[5] Continuing questions, further characteristics have also been found when, for both S2 and S3, questions were asked regarding whether the controlling department was concerned with organization costs.

[6] S1 – Question 2: Was the controlling department concerned with organization costs?

[7] S2 – Yes, all costs were analyzed, and a minimum result was always expected. Whenever it was negative, there were two problems, either market or cost; a problem within the market or wastage, for example. There had been being many losses in the last three years within the

company.

[8] S3 – The company had its objectives and the controller had to carry them on, therefore verifying costs.

[9] Analyzing the answers of S2 and S3, one can notice the focus on cost areas, attempting to optimize results within the organization. Towards a better performance, the controlling department needs data and information; therefore, questions were asked regarding the usefulness and gathering of them.

[10] S1 – Question 3: How did the controlling get the information? Question 4: Was the information useful?

[11] S2 – All information was in the company system. With the information produced by the controlling department, some clients were dismissed due to poor profit margin. The information was always important, however, sometimes not so useful due to the time frame, a possibility to understand things better.

[12] S3 – After the accounting monthly closing and with the produced information the indicators were created. The information was useful and the quality of the information varied; either highly, not so much or not at all, usually regarding differences in reliability from the new controls (low) and the old ones (high).

[13] S1 – Question 5: Does the company have an Enterprise Resource Planning (ERP) system? Did the controller use it?

[14] S2 – Yes, it has been being used for more than six years.

[15] Once the existence of controlling office was established, its profile was questioned towards fulfilling company demands (questions 6-8). S2 and S3 were asked.

[16] S1 – Question 6: Which were the roles performed by the company controller?

[17] S2 – The production of many reports towards cost management, daily and monthly financial and accounting reports, financial controlling, information-technology (IT) support and human resources (HR) department.

[18] S3 – Basically, financial, controlling, IT, and accounting ones. He also performed as company accountant and was responsible for the taxes. It was not an ideal framework; the best would be to have both a controller and an accountant working together, which was the objective of the administration.

[19] Analyzing S2's and S3's answers, some controlling profile characteristics may be observed. Further questions were asked to S2.

[20] S1 – Question 7: Was the controller knowledgeable of Excel?

[21] S2 – Yes. Mandatory skill to such positions. Advanced Excel.

[22] S1 – Question 8: Was the controller proficient towards international accounting?

[23] S2 – In this case, yes; for the controller came from multinational operations. It is not mandatory, however.

[24] The following question has been formulated with the intention to grasp the internal and external institutions within the organization's changing process.

[25] S1 – Question 9: Was there resistance due to attachment to ways of thinking and acting incorporated in existing routines and institutions?

[26] S2 – Yes. Rules of performing tasks in the very same way made the process difficult. Many managers came and went, each one wanted things his/her way, and nothing worked.

[27] S3 – Yes. The company had protocol standards (from one area to another) with stamps and signatures, substituted by Google productivity tool. Simple matters started to be solved faster, with a large reduction of email usage. Outlook was eliminated; therefore, when the need for replacement arose – either equipment or personnel – the information had been stored in the cloud and not in machines. Further changes occurred in personnel hiring, implementing a new rule: whenever someone was hired, there must be previous availability regarding premises and equipment.

[28] The following questions (10-13) have been formulated towards grasping the rationalities of the interviewees.

[29] S1 – Question 10: How did the company controlling department come to be?

[30] S2 – It came to be as a consequence of the need to know what was happening. Before December 2013, it did

not exist for the owner; did not believe it was important. The controlling systems came first, an audit to result in cost analysis. After six to eight months, more consolidated reports had arisen.

[31] S3 – Through the hiring of a controller, instead of an accountant.

[32] S4 – From the very birth of a company, the need for a controller is paramount.

[33] S1 – Question 11: Was there any formal resistance regarding conflicts of interest towards changes?

[34] S2 – Plenty, especially regarding lacks of competence.

[35] S3 – There was formal resistance for both conflicts of interest and due to the lack of competence. The former appeared through disputes within the company, many due to sheer narcissism, since everyone wants to highlight their best angles. Due to the latter, some areas had never worked with indicators, which may be, quite often, a neglected reality within a company sector. Therefore, some areas created resistances and critics against indicator acceptances. Areas with good results in fulfilling their duties showed no resistance.

[36] S1 – Question 12: What is the role of a manager in the organization?

[37] S2 – In management, the most important is the creation of indicators. Management is similar to flying: the manager needs a cockpit able to supply everything he needs to pilot the company.

[38] S3 – The manager needs to transmit the objectives of the administration in micro activities, aiming towards its objectives.

[39] S1 – Question 13: Why was not the controlling department kept within the company?

[40] S2 – Due to the need of tax updating and specialized companies in the field. The important issue is that the controlling by a third-party keeps the same quality, however more up-to-date. The cost of third-party controlling is not always lower; besides, I believe the culture of the people was the main factor which hindered the evolution of company controlling.

[41] S3 – When the controlling was being implemented, there were changes regarding rewards and production workers went on strike. In order to solve it, there was a meeting between union and company directors, without agreement. After the fifth strike day, negotiations halted, extending the strike for further 30 days. Union background caused interference, even though I do not believe it was crucial. The desire for either a "yes" or "no" answer may have influenced on the implementation of a controlling

department. The need of this answer should not be required by force, but by risk analysis, and its results in decision-making process. Management is a continuous and humble process.

[42] S4 – By the size of business, it went out of hand. Also by the amount of information, we had them, but there was nobody to analyze it. People's way of thinking also influenced changes.

[43] The following question has been formulated with the intention to examine rules, routines and actions, prior to and after the changing process was concluded.

[44] S1 – Question 14: How would you characterize the company, before and after the controlling department, taking in consideration company environment and established controls?

[45] S2: Before the implementation of a controlling department, the company worked as the owner dictated. Afterwards, controls have been used to guide it; it was a very important moment to establish them. Daily and monthly controls have been created. From daily reports we use billing reports, placed orders daily reports, unfilled orders, and cash flow. From monthly ones, an income statement and balance sheet, both analyzed in comparison with previous months and previous years. All reports may be produced by sector, such as boiler factory, oxy-fuel, and cut-and-bend divisions.

[46] S3 – Before, it was accounting towards tax and invoices; afterwards, all necessary indicators came from the implementation of income statement and dashboard. Some reports were created, such as: accounting closing schedule, average collection period, and average payment period. The time among issuing a purchase invoice, product reception in the company, and the input of such invoice started to be controlled in order to assure more precise information in the company cash flow. The more effective control resulted in a meaningful improvement regarding cash flow reports. All controls were discussed in a monthly meeting, divided in small segments, and it lasted all day. The objectives were presented and an action plan was defined. The person responsible for it should present results within one month. These results were not always a solution to a problem. The solution itself was always a consensus among controller, chief executive officer (CEO), and management.

[47] S4 – After the implementation of a controlling department, cost reduction ensued, better benefits from personnel. Nowadays, people are able to perform duties within their departments. Some were discharged. Payment control improved greatly.

4.2 Case Study Discussion

In this section, the extended framework of Bogt and Scapens (2014) appears as a useful tool to understand a specific context: the gap in the implementation of a controlling department.

4.2.1 Controlling department.

As a starting point, questions were asked to S2 regarding what controllership was. The objective of this question is the confirmation of a company controllership department existence. S2, replying the question concerning definitions of controlling, raised a question regarding the actual existence of a company controlling department ([2]).

Certain doubts regarding controlling definitions are common. Lunkes et al. (2009), when analyzing controlling functions/positions in relation to works published in Brazil, Germany, and the United States of America relate there are works defining such terms unintelligibly, mentioning adversarial points of view and controversial references, a difficult situation for the reader. Regarding international standards, the IFAC (1998) defines as controlling functions the planning, evaluation, and control of activities in such a way as to guarantee the adequate usage of resources.

The same question was asked to S3 ([1]). S3 showed characteristics that Borinelli and Rocha (2007) also agree: when the controlling office formally exists within companies, it emphasizes planning, budgeting, and development report issuing and analysis – short and medium term ([4]). Therefore, due to this answer, one may conclude that there was a controlling department for one of the main duties of controlling offices, which is the rendering of accounting management information (Anthony & Govindarajan, 2004; Roehl-Anderson & Bragg, 1996).

Towards a better performance, the controlling department needs data and information; therefore, questions were asked regarding the usefulness and gathering of them ([11], [12]).

The research subjects, when asked about the utility of controlling information, presented different opinions:

S2: Not all information is useful; however, all of them are important.

S3: All available system information is useful.

S4: There was too much information and no one to analyze them.

High quality reliable information may lose its usefulness towards decisions if not published within the correct period (Kirch et al. 2012). The information was always important; however, sometimes not so useful due to the period, a possibility to understand things better ([11]).

4.2.2 Controller.

Once the existence of controlling office was established, its profile was questioned towards fulfilling company demands. Roehl-Anderson and Bragg (1996) define the controller not as the captain of the ship, the CEO, but as the navigation officer, responsible for the navigation instruments. S2 and S3 were asked.

Regarding results related to the necessary IT and ERP knowledge, the most valuable integrated systems are Systems Applications and Products (SAP) and Microsiga Protheus, respectively, regarding operation, management, and strategic levels ([17], [18]). The most required tool, however, notwithstanding previous factor, was Excel (Lunkes et al., 2009) ([13]-[15]).

According to S2's answers, the controller fulfilled company needs and had a proactive approach towards the organization, and not simply an informative one. Lunkes et al. (2009) suggest a proactive approach is important to fulfill the controller requirements and duties inside an organization ([23]).

Further evidences regarding the roles of controlling departments may yet be found, such as internal controlling (Borinelli & Rocha, 2007) ([17], [18], [21]).

4.2.3 Institutions (external and internal).

The individuals taking part on the interviews are S2, S3, and S4. When asked about resistance due to the way of acting and thinking, they answered positively, demonstrating that the culture may be classified as an internal institution (Boff et al., 2008). Even though the answers mention internal institutions, companies are also affected by external institutions (Granlund, 2001).

Regarding institution, either external or internal, due to the company background, company reward program is not directly related to the company results. The company attempted to promote adjustments, also generating conflicts, due to different management from directors' and employees' rationales (Granlund, 2001). Unions were an example of external institutions.

Neitzke et al. (2014) establish most authors use an empirical approach when performing studies regarding organizational culture. Once empirical approach is an adequate investigation technique towards organizational culture, findings relating interference from that culture to controlling routines and duties are a relevant factor that should be considered a constant impeding issue mentioned in the interviews ([40]-[42]).

Regarding the role of culture in the institutionalization process, Busco and Scapens (2011) reinforce cultural

importance towards organizational change approach. According to the authors, culture gains internal validation as much as it favors the decrease of anxiety regarding the "new" and it gains external validation through reliable monitoring towards organizational player tasks. According to Busco and Scapens (2011, p. 347), it is through such processes that organizational culture (or common organizational "schemas") gets its (their) stability. Thus, when it proves successful, and provides agents with a sense of psychological safety, a feeling of trust emerges which preserves its institutionalized features across time and space.

According to Robalo (2014), difficulties regarding adaptation may occur due to the fact that there are challenges in implementing new institutions, or that these are not fulfilled; solving them require gradual – less challenging – approach, so that the changes may be absorbed even within a strong previous company background. Time factor, suggested in extended Bogt and Scapens' framework (2014), are of utmost importance, where changes need to happen more gradually.

4.2.4 Rationality.

In accordance to literature review presented herein, rationality allows players to rationalize their choices, regardless of the completion of the action. Different rationalities have been identified in relation to the information collected by the controlling department. Those rationalities have proven to be a hindrance to the completion of an action. This represents just a specific situation, with specific individuals; however, it is possible to have several simultaneous specific situations, albeit difficult to be specifically explained (Bogt & Scapens, 2014).

Different rationales may already have been observed even prior to the beginning of the company controlling department: divergences regarding controller purposes, objectives, and non-implementation. The reason may be evident in the following: "many managers have already been through, each one with his/her own ways – and nothing worked". Thus, the controlling office was an alternative to be considered. Therefore, the controller seemed only another alternative. The objective of a controlling department relied on the "need to replace the accountant", "the need to know what was happening in the company"; different rationales are observed regarding the actual objective of a controlling department inside the organization (Almeida et al., 2001).

From previous speeches ([30]-[32], [34], [35], [37],

[38], [40]-[42]), it has become clear there were resistances against changes, either by conflicts of interest, lack of competence or even attachment to previous company ways of thinking and performing duties (Bogt & Scapens, 2014; Burns & Scapens, 2000; Granlund, 2001; Scapens & Roberts, 1993).

The present case has evidenced rationality aspects, such as: absence of routines, increasing task uncertainty (Bogt & Scapens, 2014), hierarchy and power within departments (Scapens and Roberts, 1993), and lack of trust in the controlling department leading to outsourced consulting services. According to Granlund (2001), lack of trust results in third-party contractors and the lack of time to do so prevented the construction of such trust. These are just a few evident aspects linked to changes in already institutionalized routines (like cuts in profit dividends). Therefore, those aspects have been crucial in the present analysis, as they resulted in the failure of the implementation of the controlling department (Busco et al., 2007).

The extended Bogt and Scapens' framework (2014) shows these different rationales caused conflict. Major groups imposed new rules and routines resulting in a damaging strike, specially for the controlling office.

According to the extended Bogt and Scapens' framework (2014), many rationale contradictions have been observed, generating anxiety and stress that may have contributed for the non-implementation of the controlling office within the organization. The suggestion for the extended Burns and Scapens' framework (2000) is quite important to the comprehension and development of this study (Guerreiro et al., 2008).

4.2.5 Rules, routines, and actions.

Regarding rules, a comprehensible sequence of instructions to perform functions in departments (manuals) was not verified; regarding routines, excess of protocols among departments. Substituting protocols, a Google company productivity tool was implemented, promoting clearer communication among departments. Regarding controlling, some routines were gradually developed: daily and monthly report issuing, monthly meetings, better cost control, and dismissal of unprofitable clients.

After a brief analysis of environment previous to controlling implementation, one can infer it was governed mainly by the owner's intuition ([45]). Afterwards, many reports have been additionally used ([45]-[47]). When S2's answer is analyzed ([45]), the owner's opinion comes from characteristics of organization life cycle, where it derives from the beliefs and the way the partners reason, specially regarding moral and personal values related to business (Frezatti et al., 2014).

Even after some time of the company controlling implementation, management commented on the absence of information in order to manage the company – the lack of a “cockpit” to “pilot” it, as previously mentioned ([37]). Within this analogy, the lack of a cockpit with all necessary information leads us to understand that the controller had not been performing its duties, “rendering the necessary information to the captain”. Nor-Aziah and Scapens (2007) concluded any changing process is constructed through accountant and operational management interactions, mixing trust, resistance, and power.

It is, then, important to consider the time factor, although not mentioned by the extended Bogt and Scapens' framework (2014). The short time when the controlling department was present within the company may be one of the factors that contributed to the non-implementation of the controlling department as an institution. Rules and routines need adequate time to be implemented. Managers nowadays, besides accounting reports, utilize a large range of performance indicators, financial, and other modalities to oversee business results (Robalo, 2014). Therefore, internal and external institutions, as well as different rationales, are clearly mentioned throughout the interviews, highlighting the usefulness of the extended Bogt and Scapens' framework (2014) towards the understanding of reasons resulting in the gap in the implementation of a controlling office.

Theoretically, further discussions on Bogt and Scapens (2014) may contribute to reinforce the theoretical basis presented. Some further observation follows, less specific, in order to enable us to detect different subject rationalities. Empirical data are quite rich, allowing many observations, despite the reduced number of answers selected for analysis.

5. FINAL REMARKS

The analysis of corporate context throughout the interviewed speeches has ultimate importance for the comprehension of this study (Matthews, 2007). The objective has been fulfilled once Bogt and Scapens' framework (2014) allowed the investigation of rationalities (as local logics) towards the comprehension of the implementation of a controlling department, which has been unsuccessful.

Answering the research enquire, the implementation of a controlling department may be understood through Bogt and Scapens' framework (2014) by means of constant element model relation observation. Therefore, it may be verified if the implementation of a controlling department has not been successful within a specific organization due to conflicts from diverse participant rationalities, generating resistances that may have interfered within such changing processes, and due to the short time frame such department had been attempted to be implemented within the company.

According to the extended Bogt and Scapens' framework (2014), many rationale contradictions have been observed, generating anxiety and stress that may have contributed for the non-implementation of the controlling office within the organization. The suggestion for the extending Burns and Scapens' framework (2000) is quite important to the comprehension and development of this study.

Even though this study's proposition was to analyze the numerous rationalities that prevented the implementation process, they may not be seen negatively. Diverging rationalities may cause conflict and resistance in a changing process, but they also can stimulate it when properly combined with the Time element. Such incentives may come from either internal or external environment due to the Bogt and Scapens' framework (2014) various relations.

Thus, it is possible that the diverging rationalities are the incentive, because despite the fact that the controlling department, as an administrative unity, had not been implemented within the company, some controlling functions remained being rendered, supported by a third-party company.

In spite of the fact it is merely one of the functions

performed by the controlling department, the tax planning to be developed does result in impacts throughout the organization and demands a profound knowledge of current legislation; so that tax avoidance may occur. To have the same person as a controller and responsible for taxes had not been the most adequate choice. As qualified as the controller/accountant might be, when performing both roles, it will result in a deviation from the ideal framework.

The decision regarding some controlling functions may be considered a management strategic innovation; however, the contractor company should not be seen solely as a client; it is paramount to consider, at all times, the reasons that resulted in outsourcing, for all controlling requirements still ought to be fulfilled. A controlling department, as an administrative unit, has its own culture and aspects that need to be considered, so that it does not lose its essence.

Company culture and background, as observed herein, also suggest the allocation of controlling departments within third-parties. Impacts may occur when companies used to owner standards must adapt to incorporate new ones.

Regardless of becoming an implementation, any noticeable improvement, either momentarily useful or not – or, ultimately, whether having aimed at it or not – is always welcome. As mentioned herein by one of the interviewed: there is hope, nevertheless.

The empiric contribution of this study relies on the fact that it presents rational aspects on which managers need to focus during a changing process in order to mitigate resistances. Theoretically, further discussions on Bogt and Scapens (2014) may contribute to reinforce the theoretical basis presented.

Due to some impediments, this study does not comprise a deep study case; however, its research findings demonstrate the purposefulness of Bogt and Scapens' framework (2014), in such a way it is open to further examination. Therefore, as far as future studies are concerned, it is suggested to perform a deeper investigation on changes of routines and their consequences to action, as a result of rationalities, in accordance to Bogt and Scapens (2014).

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