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**Working Paper: The role of accounting
Discourse in the Learning and Skills Council
and Further Education Colleges:
A multi-perspective approach**

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Abstract

This working paper argues for a multi-perspective approach to case study analysis as a way of generating fresh insights into critical accounting theory and the role of accounting in organisations and society. It illustrates the multi-perspective approach by applying Brunsson's legitimacy theory (1989), Neimark and Tinker's political theory (1986) and Weick's theory of sensemaking (1995) to a case study of the Learning and Skills Council and Further Education Colleges in England. Sensemaking through accounting was found to be more ambiguous than implied by current functionalist or critical accounting theories suggesting possibilities for a future re-theorisation of aspects of critical accounting theory.

Key words:

Legitimacy, Sensemaking, Contradictions

Introduction

Three major theoretical approaches have been used by social accounting researchers to understand the constitutive role of accounting: institutional, political and individualistic. Institutional approaches regard accounting as part of a system of rules, norms and beliefs. Accounting activity can be understood as taken for granted rule following or taken for granted meaning construction (Scapens, 1994). For Institutionalists, interests are explained as social constructs with no special significance for the explanation of behaviour (March and Olsen, 1996). In political approaches to accounting, interests have central explanatory significance. For political theorists, accounting rules, meanings and activities can be understood by examining the underlying interests. Some political approaches to accounting research emphasize the importance of the interests of a few powerful dominant elites (Neimark and Tinker, 1986). Other pluralist approaches argue that power is more diffuse and a wider range of interests need to be considered when examining the constitutive role of accounting (Hopwood, 1987; Dermer, 1988). Individualistic explanations emphasize the creative and personal aspects intrinsic to the social construction of accounting rules and meanings (Boland, 1993,1996; Morgan, 1988; Sinclair, 1995). They are linked to the disciplines of psychology, phenomenology and postmodernism.

This working paper argues that the incorporation of individual, 'close up' analysis (Boland, 1993; 1996) into institutional and political analyses of accounting and strategy enhances the resonance of case study theorising by allowing for a more holistic interpretation. It then provides an illustration of this approach through a case study of a Local Learning and Skills Council (LLSC) and two Further Education Colleges (FE Colleges). The arguments and illustration are presented here as embryonic ideas rather than as a completed project.

Gray et al. (1995) and Power and Laughlin (1996) have suggested that political and institutional approaches can be combined when analysing the constitutive role of accounting. The use of political and institutional analysis is clearly appropriate to a

critical approach which requires the research to be linked with the broader social and political landscape in order to enrich its story telling power (Hopwood, 1983; Neimark and Tinker, 1986; Perrow, 1986; Laughlin, 1987). Yet, political and institutional approaches have rarely been combined with individualistic approaches in case study accounting research. Humphrey's (1994) case study, for example, is concerned with understanding accounting control systems as part of broader societal contradictions. However, it does not include individual 'close up' approach to analysis of interview texts, but rather tends to try to generalise findings. Accounting meaning is therefore presented as unproblematic. Individualistic approaches are often treated by accounting researchers as if they cannot be combined with institutional or political approaches. Yet, the recognition of individual analysis reveals the individuality of context and provides a way of linking theory with practice. It also allows for the possibility of a reinterpretation of broader theoretical constructs through the revelation of the indeterminacy of the experienced world.

Some researchers may have been deterred from using individualistic approaches in conjunction with the institutional and political approaches because they imply different ontologies. For example, individualistic approaches have tended to emphasize the indeterminacy of meaning, and have links with postmodernism. Political and institutional approaches, on the other hand, whilst recognising multiple meanings, tend to support an ontology of clearly understood meanings. However, the incorporation of several types of analysis is appropriate to the constructionist methodology adopted in this paper, because it illustrates different ways of seeing. Whilst it reveals the tension between postmodern and modernism, it also offers the possibility for exploring connections between the two paradigms. A preliminary discussion of the nature of the interconnectivity of these approaches is discussed later in the paper in the literature and methodology sections.

This research has adopted Weick's (1995) theory of sensemaking as an underpinning theory to explore managerial responses to discourses of accounting and strategy. It enables the role of accounting to be considered at a level of individual meanings. Furthermore it allows the colonization of accounting to be considered from a more

psychological perspective than has been the case in previous research (Broadbent and Laughlin, 1998). Using the theory it is possible to consider whether managers could make sense of their situation using discourses of accounting and strategy and hence problematise the communication of accounting meaning which is often treated as taken for granted by accounting researchers. The paper also explores whether managers had faith in the discourses of accounting and strategy, supplementing previous research which has discussed this issue (Humphrey, 1994; Cooper, 1995; Chua, 1995).

Weick describes sensemaking as follows:

'To talk about sensemaking is to talk about reality as an ongoing accomplishment that takes form when people make retrospective sense of the situations in which they find themselves and their creations.' (Weick, 1995, p15)

Sensemaking is conceived by Weick as a psychological process of filtering from a complex phenomenal flow.

A strength of Weick's theory of sensemaking is that it supports a multi-perspective analysis of case study material through his notion of 'ontological oscillation' which links objectivism with subjectivism and modernism with post modernism. Since ontological oscillation, according to Weick is a natural part of sensemaking (Weick, 1995, p.35) multi-perspectives are to be expected and are inescapable in the attempt to create order from complexity in a process of abstraction or 'enactment'. The ultimately subjective, constructed nature of sensemaking, inextricably linked to some sort of externality, allows for the possibility of different narratives which can be plausible simultaneously.

Brunsson's (1989, 2000) legitimacy theory is adopted at the institutional level of analysis because it offers a detailed account of the behaviour and context of public sector organizations, which enhances the understanding of the role of the government and LLSC. However, it cannot fully illuminate the ways in which accounting and strategic discourses were used in this case study, and is supplemented by references to political and individualistic theory. Therefore, this research employs Neimark and Tinker's (1986) political theory, which states that accounting

lies at the interface of contradictions that emanate from unequal and antagonistic nature of social relations.

Various links can be identified between these literatures which suggests that they can provide a relatively consistent theoretical framework. For example, the discussion section of the paper demonstrates that a connection can be made between Weick's theory of sensemaking and Neimark and Tinker's (1986) theory of contradiction by suggesting that, in the case study, individual problems with sensemaking were connected to a broader political context. Furthermore, Weick's (1995) theory of sensemaking is linked to Brunsson's (1989) legitimacy theory in several respects. Notably, they both emphasize external complexity and assume that understanding is a form of abstraction from complex external phenomena. In addition, Weick describes decision making as a post rationalisation of activities, and similarly Brunsson (1989) argues that some decisions can be post rationalisations of actions already taken. Indeed, Weick (1995) observes this similarity between his approach and Brunsson's description of decision making. Another connection is that sensemaking and Brunsson's concept of legitimacy (1989) are both associated with the need for organizations to provide accountability. There are also connections between Brunsson's legitimacy theory (1989) and Neimark and Tinker's (1986) theory of contradiction. For example, they both view society in terms of conflict. However, they differ in the way they conceptualise power. Power is essentially more dispersed for the former than for the latter.

Methodology

This research adopts a social constructionist methodology. This approach posits that the objective world can only be accessed or known through socially constructed theory. Whereas, realists assert that knowledge of an objective reality is not dependent on our perceptions. For realists, knowledge is therefore the search to discover the absolute truth of this objective reality. Social constructionist research, on the other hand, shifts the emphasis towards examination of the context-driven nature of theory creation. Since theory and phenomena are fundamentally

interlinked, research then becomes more a matter of 'sculpting' than an excavation for 'valuable nuggets of naturally occurring insight' (Mir and Watson, 2000, p943).

The justification for social constructionism arises in part from the in depth critiques that have been provided of realism (Lyotard, 1984; Chua, 1986; Feyerabend, 1993). From the critical constructionist stance of this paper, constructionism is also valuable politically, because it places emphasis on the dissemination of many voices and alternative ways of seeing, offering the potential for a more democratic and fairer society.

The multi-perspective approach to literatures, adopted in this paper, also implies a pluralist approach to certain methodological stances. Thus the paper argues for the recognition that knowledge is often fragmented rather than unified, as implied by the individual approach to analysis. This is supported by Feyerabend's (1993) critique of rationalism. However, the paper also suggests that the modernist attempt to sensemake, which includes trying to provide broader causal political explanations, striving for a unified approach, attempting to be consistent and trying to avoid contradiction should be retained.

Definitions

Accounting is used in this paper as a generic term to cover many different types of accounting, including budgeting, value for money audits and strategic concepts. Not only does it refer to any use of accounting numbers, following a convention of critical accounting research, it also refers to ideas and beliefs (of accounting theorists and practitioners) associated with accounting numbers and accounting practices (Robson, 1992).

This study also makes use of the concept of accounting and strategy as functionalist rationales (Burchell et al., 1980). Functionalism views systems as simple mechanistic processes and is usually associated with the tenets of Modernism such as objectivity, rationality, universality, linear causality, theoretical unity and natural theoretical progress. Both critical and interpretivist researchers suggest that the

functionalist rationale has been influential in the conceptualisation of accounting by researchers and practitioners (Morgan, 1988; Boland, 1989; Czarniawska-Joerges and Jacobsson, 1989; Chua, 1995; Broadbent, 1998).

Methods

The research was conducted at two Local Learning and Skills Councils (LLSCs) and three FE Colleges in England (2001-2004). The research evidence consisted of twenty eight transcribed interviews of one to two and a half hours duration with three college principals and senior managers within the following functions: quality, strategy, accounting, information systems and operations. Some managers were interviewed more than once in an attempt to develop a level of trust necessary for in depth case study. Senior managers were chosen because they were deemed to have a broad overview of strategic and accounting issues. A range of documents was examined including the Learning and Skills Council Strategic Framework to 2004: Draft Corporate Plan for Consultation, Learning and Skills Council Local Strategic Plan 2002-05, Department for Education and Skills (DFES) grant letters, LSC funding and planning documents, organization chart of local LSC, one operational plan, final accounts and management accounting summary documents, Office for Standards in Education (OFSTED) reports. The interviews were conducted in the period 2002-2004. By taking a longitudinal approach, the researcher was able to examine developments within the organizations and to explore the impact of accounting and strategic discourses. Semi-structure interviews were used, in-keeping with a constructionist methodology. Managers were encouraged to depart from interview questions, which were often open ended, in order to elicit issues which were relevant to managers of which the interviewer might be unaware.

The following accounting practices were discussed with managers in this case study: budgeting, value for money audits including efficiency, performance indicators, course costings, variance analysis, funding methodology, rationalisation, audit. The following strategic practices were discussed with managers in this case study: long term plans, mission statements, retention and achievement targets, strategic

objectives, provider performance review. Two main analyses of the data took place. The first analysis involved identifying themes which were common to the interview data. This approach in isolation was found to be too reductionist and resulted in a somewhat impoverished view of the data. The second analysis involved analysing each interview for specific themes which were not necessarily common to other interviews, consistent with techniques used in individualist accounting research. Narrative styles were also considered using approaches similar to Sinclair (1995) and Potter (1996). The findings were fed-back to a manager at one LLSC in the form of a report. Interviews in 2004 were able to check applicability of theories which had been used in the analysis. The inclusion of several organizations helped to confirm the reliability of the interview data.

The structure of the paper is as follows: the background to the setting up of the LSC, and a brief background to FE is provided. Some of the key government initiatives for post 16 education (excluding higher education) in the period 2001-2004 are then discussed. Next there is a description of the findings regarding the role of strategic discourses at LLSC A, followed by a discussion. The findings from College A and College B are then presented. This is followed by a general discussion of findings from College A, College B and LLSC A, informed by the following theories: Brunsson's legitimacy theory (1989), Neimark and Tinker's theory of contradiction (1986) and Weick's theory of sensemaking (1995). Finally conclusions are drawn, limitations are discussed and some implications for further research are highlighted.

Background to the LSC

The role of the LSC was set out in the Learning and Skills Council Act 2000 and it was formed in April 2001. It was responsible for funding all post 16 education and training for FE, Workbased Learning Providers (WBL), workforce development and adult education apart from University education. From April 2002 the LSC also funded 6th form Colleges and school 6th forms. The LSC replaced the Training and Enterprise Councils (TECs), Further Education Funding Council (FEFC) and National Advisory Council for Education and Training Targets (NACETT). TECs

(1990-1999) contracted with Workbased Learning Providers (WBL) for training. Managers described how the performance of TECs was criticised by the government, employers and some providers. The government official discourse argued that the level and quality of training in the United Kingdom was poor when compared with Europe. There was said to be a skills shortage and some employers complained that new recruits were poorly trained. Managers also implied that there was a political dimension to the criticisms because the TECs were a 'Tory invention' based on US models where training organisations were 'quasi' private companies whereas the LSC was a Labour creation. The Labour government argued that TECs had too much freedom. They were criticised for charging different rates to providers and top slicing excessive amounts for internal activities and pay. Criticism was also made of the large reserves held by some TECs. The FEFC was a small organisation with no strategic role. It was felt that there needed to be a co-ordinated approach to post 16 provision to meet the needs of the local economy. Thus the LSC was granted a new strategic role in official discourse, which had not been part of the remit of predecessor organisations.

The LSC had relatively large budgets. For example, the budget for 2002-03 was £7.2bn (Gravatt, Times Educational Supplement, July 12, 2002). The LSC was described by several managers as reminiscent of the Manpower Services Commission (MSC). The LSC rationalised training organisations into one National Office based in Coventry and 47 local offices. The National Office comprised mainly former FEFC staff and the local offices comprised mainly former TEC staff. The LSC role of co-ordinating provision to meet the needs of the economy required working with many other partner organisations. At 2001 these included: Business Link, Careers Service, Skills Solutions, Learning Partnerships, Regional Development Agency (RDA), Employment Service, Connexions, Small Business Service, Learn Direct, Adult Learning Inspectorate (ALI) and OFSTED.

Background to FE Colleges

The incorporation of colleges in 1993 changed the funding of colleges from Local Education Authority (LEA) funding to national funding by the FEFC. Prior to incorporation, the LEA had taken all policy decision. Incorporation was regarded by many FE College managers and researchers as signalling the marketization of FE (Flint,1994). A discourse of widening participation and failing colleges was evident in essays written by College managers in 1994 and 1995 (Weil, 1994; Todd, 1995). College managers argue in these texts that colleges needed to modernize and provide services which were appropriate for industry and individual needs. The Association of Colleges (AOC) was formed in the mid 1990s to champion the cause of Colleges and to promote a positive image of colleges whose work and future contribution was regarded by many college principals as being undervalued by some government ministers and more generally by society.

Key Strategic and accounting initiatives

This section describes briefly some of the key strategic and accounting initiatives for education providers 2000-2004 which are referred to later in the paper. The LSC strategic tasks were set out in the remit letter from the Secretary of State for Education (9 November 2000) as follows:

1. To raise participation and achievement by young people
2. To increase demand for learning by adults
3. To raise skill levels for national competitiveness
4. To improve the quality of education and training delivery
5. To equalize opportunities through better access to learning
6. To improve effectiveness and efficiency

These formed the basis of the 'LSC strategic framework to 2004'. It identified three main strategic areas: Skills strategy, Participation strategy and Learning strategy. Skills strategy complied with a statutory duty to encourage employer participation in the provision of education and training. Participation strategy was concerned with

widening participation including basic skills. Learning strategy was concerned with co-ordinating plans with providers, developing provider specialisms such as Centres of Excellence and quality monitoring.

The DFES discussion document 'Success for all: Reforming Further Education and Training' (June 2002) was regarded as a key policy document by LLSC and FE managers in this study. 'Success for All' identified 'some poor and much mediocre provision' (p5) in education and training provision and suggested that providers concentrate 'on what they do best' (p9).

Area reviews were presented as tools to assist in the rationalization of provision by DFES and LLSC managers. The discourse aimed to create a link between quality and efficiency through developing 'good' provision and eliminating inefficient, poor quality provision and provision which did not satisfy LSC strategic objectives such as meeting the needs of employers. Area reviews were described in 'Success for All, June 2002' as follows:

'The rationale for deciding what to fund must be clear. Each local LSC is responsible for getting the balance right in their area, ensuring that a wide range of excellent provision is available...To support this process each local LSC will carry out an area review of all provision...Area reviews will identify where provision needs improvement or new provision needs to be introduced.' (Success for All, June 2002, p10)

The concept of the Strategic Area Review appeared towards the end of 2002. The strategic area reviews were seen by managers as more detailed and comprehensive than the Area Reviews. Accounting was implicated in the Strategic Area Review. For example, a suggested toolkit for conducting strategic area reviews included the introduction of a value for money audit.

In 2003 there were plans to incentivise Colleges to improve performance by offering increased funding or for 'good' performers. This was described as 'tiered funding',

which would be linked to a reduction in audit, outlined in the LSC document 'Trust in the Future' (November 2002).

Claw-back involved colleges paying back funds to the LSC where estimates for student numbers were not achieved.

Findings: The role of strategic discourse in the LLSC

This section discusses the role of strategic discourse in the LLSC. In the first few years of the formation of the LLSC, managers were unclear how the new strategic role of the LLSC would develop. LLSC managers said they understood the general role and responsibilities of the LSC as set out in the remit letter from the Secretary of State for Education (2000). However they were unclear how they could translate general themes from the LSC corporate plan into local action that 'made a difference'. One manager stated in April 2002:

'... at the higher level we need to develop first of all clarity about what we are trying to tackle and secondly knowing whether we are achieving it. (lscAint6p4)

The strategic discourse fuelled expectations and placed pressure on managers to act dynamically. LLSC managers felt severely constrained because most of their funds were already committed to existing providers, notably large FE Colleges. The lack of budgetary autonomy was said to be 'disappointing' and there was a fear of being held responsible for outcomes outside LLSC control, as explained by one manager:

'Having been given that wonderful remit, DFES aren't really playing ball... We have got all these challenging targets, we haven't necessarily got the money to back it up. We naively thought as an organisation, they would give us a pot of money to say, we expect you to do this...and we would go away and decide how the money would be spent. Unfortunately the grant letter and the supporting documentation, programme guidance, the DFES decided to split it all up and tell us how much we were going to spend in each area and exactly what outcomes we should achieve and they weren't always the outcomes that we thought were the right ones. So we have kicked back a bit and said, "look we have been given this strategic role"... We are saying you going to hold us publicly to account as to whether we have widened participation, but you are tying us down too much to funding silos basically.' (lscAint3p5)

Strategic discourse was implicated in trying to change the culture of managers in the LLSC from seeing themselves as TEC entrepreneurs to seeing themselves as LLSC bureaucrats who were familiar with the detailed and extensive LLSC strategic documentation. Thus there was an attempt to bring managerial thought under central control, illustrated in the observations of one manager:

'In a TEC it was a good thing to be going out to be seen to be doing something and making a change. It was a good thing to set up a local project. It was a good thing to be engaged with local partners. It was a good thing to be spending money locally. It was a good thing just to be doing something, and so people were animated by the thought I need to go out and do something. I need to go out and set something up, so something different, make a change to something go and make something happen, go and work with somebody. Here people's focus is on I am not following the rules, am I allowed to do this, how on earth can I actually effect any change with these providers when they are guaranteed to get all the funding, so I need to make sure that I am dotting the 'i's and crossing the 't' s and I am not doing anything wrong, and I daren't really do anything new because it might go wrong and it might cross over with something that somebody else is doing somewhere that I don't know about. So it is much more centrally driven controlled environment which doesn't value entrepreneurialism in the same way. That's not to say that there aren't some entrepreneurs in the organization that are going out, testing new ways of doing things and taking things forward and so on, but the underlying culture means that they are out on a limb almost whilst they are doing it.

Interviewer: So it is actually very different then?

Manager : Yes. I'd say it is different in that way. In the LSC it's good to know what all that says, (produces LSC thick document) you know what's all the detail of that. Well there wouldn't have been anything like that in the TEC.' (LSCAint13p13)

Whilst the change from TECs and FEFC to LLSC was seen as radical by some managers, most managers at the LLSC and in FE colleges described the change process and implementation of strategy once the LSC was incorporated as relatively slow. Although LLSCA was involved in the rationalization of some WBL in 2003, managers generally felt that the new strategic remit was not fulfilled. One manager described the situation by 2003 as follows:

'We still feel as though we are ploughing the same furrows as our predecessor organizations. We are still acting like the FEFC with

FE. We are acting like the TECs did with a bit more regulation and we are looking forward to becoming more strategic, but it has taken us two years to get close to doing that.’ (lscAint11p4)

The LLSC role was to be one of influencing providers as described by one manager in 2004:

‘...I think the LSC role is one that is going to be about clarifying a need and influencing the providers. So from an LSC point of view, critical skills are going to be around the research areas, being able to work out what the needs of the local economy are and make those clear, and make them clear to our providers and secondly being able to have the negotiating skills to be able to work with providers and to have a sensible discussion with them about how can we work together to move what we are currently funding with you from where it is now to where it is we ought to be going with it.’ (lscAint13p10)

Strategic discourse was used to try and modify the behaviour of providers so that they aligned themselves more closely with the strategic aims of the LLSC and considered regional needs when devising strategy. Strategy was therefore intended to produce self regulating behaviour. For example, by 2004 ‘plan led’ funding was in operation. This meant that providers would receive funding if they produced a strategic plan which was aligned with LSC objectives. Strategic area reviews and area reviews of provision were another device used to try to align provision more closely with the needs of the local economy. The LLSC acted as a pressurizing organization using strategic tools to encourage modifications in provision. It was hoped that plan led funding would eventually result in self regulation by colleges as they ensured that their strategic plans matched regional needs without LSC prompting. By January 2004, one LLSC manager noted that a few colleges were starting to work together for the first time, discussing which areas of provision each might provide to prevent overlap. The manager felt that colleges were starting to take a broader view of the needs of the area when considering which curriculum areas to develop. He said:

‘They used to say “well we want to build a new art block” and we are increasingly saying “well how does that fit in with the needs of the area? How do you know there is the demand? Well they are beginning to ask themselves those strategic questions. In submissions to us they are increasingly demonstrating that they talk with partners and that is why it is a good fit.” (lscAint12p6)

Several LSC managers lacked faith in the conventional functionalist view of strategy as realisable. One manager appeared to regard the strategy as unachievable in its entirety describing it as ‘aspirational’ and ‘a bit wing and a prayer.’ Another manager seemed to doubt that the current strategy could be fulfilled arguing that a radical cultural change within the LLSC was required as a precondition to any kind of strategic realisation. In addition, one manager identified problems with obtaining reliable information for strategic decision making. He pointed out the difficulty of trying to establish current or future employer need, since employer need was often likely to arise quickly and could change rapidly. Furthermore, the strategic progression of the LSC was seen to be hindered by political in-fighting of government departments, each wishing to take charge of the skills agenda. Thus, the conventional strategic discourse was too reductionist and deterministic to explain the complex environment which the LSC was expected to influence.

Discussion

Brunsson’s legitimacy theory (1989; 2000) provides an explanation of inertia in some Swedish public sector organizations. He argues that political organizations often try to balance the needs of various stakeholder groups and therefore do not take part in radical change. Additionally, he suggests that the complexity of the environment makes it difficult for politicians to achieve stated aims and furthermore, their awareness of this complexity tends to make them wary of taking radical action. In this case study, the balancing of requirements of certain powerful stakeholders and the complexity of the environment can explain the slowness of change observed in the previous section, and the disjuncture between government stated aims and action. For example, LLSC managers identified certain sensitive areas such the harmonization of funding across providers and school 6th form provision where change was likely to be very slow due to politicians and the LSC’s unwillingness to antagonize stakeholders. In some instances managers said that the LSC had to persuade ministers that certain ‘radical’ courses of action would be inadvisable. Using Brunsson’s terminology, strategic discourses often became devices which did

not entail a realization of stated intentions, but rather aimed to pacify stakeholders and legitimate organizations.

Brunsson describes how politicians in his study often delegated responsibility where positive outcomes were uncertain. Similarly, the strategic discourse at the LSC was linked to an image of a delegation through an apparently partially decentralized structure. However, LLSC managers argued that in reality the structure was highly centralized. Thus, the discourse and the structure represented an attempt by the government to visibly delegate responsibility whilst maintaining central control of funding and policy making.

In this case study, although the interests of many stakeholder groups were considered by the government and by the LSC, in strategy formulation and action, nevertheless employer interests and the interests of powerful groups were prominent in the discourse. For example, the purpose of education and training emphasized serving the needs of employers. In addition, several of the strategic initiatives supported a discourse of cost control which was linked to a discourse of 'rolling back the state' favoured by powerful vested interest groups. Three examples of cost controlling discourses are cited next. Firstly, the discourse of cost control was present in 'Trust in the Future'. One consequence of 'Trust in the Future' was a decrease in requirement of LLSC auditors. Secondly, a cost controlling discourse was evident in the government recommendation that more assessors should be employed in colleges since assessors would be cheaper than teachers. Thirdly, the discourse of provider rationalisation emphasized efficiency, cost control, quality improvement and managerial control. However, the discourse of cost control was not taken to its full economic conclusion indicating the government desire to placate stakeholders. For example, although some colleges were identified as 'failing' financially, they were not closed down but were, in the words of an LLSC manager, 'bailed out' financially.

An individual 'close up' analysis revealed that managers had some difficulty sensemaking with strategic discourses, and that the problems identified with the

discourses became linked to problems with organisational identity, such as the issue of clarifying the role of the LLSC, described in the findings above. However, paradoxically the discourse did offer a framework for partial sensemaking and legitimacy for managers in the politicised and uncertain world of the LSC. For example, one LLSC manager felt that the introduction of the strategic area review helped the LLSC clarify its role.

The role of accounting discourse in Colleges A and College B

This section summarises some of the main roles of accounting identified at College A and College B from a political, institutional and individualistic perspective.

At 2002, College A had been in a recovery position for several years, but had dramatically reduced its substantial debt. Functionalist discourses of accounting and strategy were used to portray a positive image of College A. The functionalist narrative assisted in sense making through creating an impression of order, rationalism and progression. Accounting tools such as budgeting and a bonus scheme were seen as 'critical' to the improved performance of the college. The predominance of functionalist discourse was a 'practical rhetorical accomplishment' (Potter, 1996, p174) where facts were 'worked up' and were treated as objective because they conformed to culturally embedded expectations for managerial discourse. As Thomas (2003) observes the language of strategy demarcates the role of senior managers and indicates managerial competence. The discourse of accounting and strategy acted as rhetoric to promote the image of a new improved College under sound management. Thus the discourses of accounting and strategy legitimated the role of managers and the 'success' of the College.

Accounting was viewed more critically when its disciplinary role was felt from the standpoint of colleges as employees of the LSC. 'Claw-back' was regarded as unfair by managers in all colleges and excessive levels of audit were criticised. Conflicting inspection reports and comparisons between institutions based on performance indicators such as retention and achievement were seen as problematic. Thus some performance indicators were presented as independent facts that could demonstrate

objective truth and possessed their own 'agency' (Potter, 1996, p157). Other performance indicators were not accepted as facts but were presented as constructions or fabrications. There appeared to be a certain inconsistency in managers' response to performance indicators.

Some managers were aware of the role of accounting as promising more than it could deliver (Chua, 1995). One manager commented on the limitations of target setting:

'...but they want to get from us targets for all sorts of things, some of which are very difficult to target. How do I know how many ethnic minority students we are going to get and set a target for them. So they adopt a very simplistic and sometimes naïve approach to asking for stuff like that. Very often we are chasing our tail internally, working very hard to do that and LSC does not appreciate that some of these things are targetable in scientific way as such they would like. So it is target stuff rather than quality stuff that they have been majoring on thus far...'(collegeAint5p9)

College managers and LLSC managers were generally aware that accounting numbers can be manipulated and can be implicated in dysfunctional behaviour from an organizational standpoint. Discourses of accounting and strategy were seen by some managers as implicated in power relationships. One manager said that the LLSC had put college data through their 'sausage machine' which was not available to the College and re-presented it in a form which was inconsistent with college information. Another example cited was that college managers sometimes were asked for information which was time consuming to produce but it was not made clear to Colleges why the data was required by the LLSC.

College B had recently experienced unexpected financial difficulties although it was not in a recovery position. During 2002 the College realised unexpectedly, as a result of audit, that it had over-estimated student numbers and a financial claw-back was expected. One of the reasons given for this was inadequate monitoring of withdrawals on the attendance register. Other reasons given included changes to the funding methodology, changes to the audit regime which meant 'things that we had

done and had been acceptable to the auditors in previous years were suddenly no longer acceptable' and in one case a misinterpretation of the funding methodology. A more critical response to accounting was expressed than at College A since accounting became associated with uncertainty and difficulties in sensemaking. Accounting was linked in the narrative of one manager in 2002 with uncertainty and lack of knowledge. He said:

'...we found that we had got significant variances that we didn't fully understand.' (CollegeBint2p1)

The same manager said, accounting numbers were not sufficiently accurate to assist in control or decision making. This manager said that the financial data had been more useful for prompting questions about the organization than automatically generating an understanding of the organization. In the words of the manager:

'...the financial data in themselves have not automatically generated an understanding. They have given us anomalies, and discontinuities and question marks which have taken us into discussions about well why, what does this mean? How has this happened? How could that have gone on? We have increased our HE numbers, why has our fee income dropped? It has led us into questions, it doesn't necessarily give us answers.' (CollegeBint5p6)

The costing of courses in 2003 was described by the manager as 'finger in the air calculations'. He was seeking to find ways of costing individual courses. However this was stated by managers at College A and College B to be problematic due to the complexity of funding.

There was external pressure on managers to be conversant with, and use the discourses of accounting and strategy in particular ways. One college manager said that managers were criticised not only because some financial and non financial targets had not been met, but also because managers had not used the language of accounting that was expected in this particular financial situation. In the words of the manager:

'...they didn't accept that the steps we had taken, the general principles of budgeting that we had used this year constituted a recovery plan. They didn't find that enough people could articulate the steps that we had taken to talk about it, for them to be confident that we had actually got something which was owned by the

college...’ (CollegeBint5p10)

An examination of the narrative styles of managers and the occurrences of emotional and personal references indicates some of the discomfort produced by the discourses of accounting. The use of indirect quotations dramatised the relationship between the College and the auditors indicating some of the frustration experienced in relation to the detail required by the auditors.

‘... “Yes this has been spent in the right way” and “No. I haven’t got an invoice”’ (CollegeAint5p8)

Repetition was used to convey the burden of performing bureaucratic tasks. A detailed description listing the planning and monitoring documents was repeated twice by one manager to emphasize the amount of bureaucracy required for college accountability.

Metaphor was employed to explain the ambiguity of accountability:

‘I guess we are beaten into submission about reporting requirements and we are used to doing it ad nauseam and it’s a necessary evil, I think is the view that we have got at the moment.’ (CollegeAint5p14)

The ‘onerous’ audit ‘burden’ illustrated in the following comments:

‘The devil comes when you get this, which is the audit guideline’ (CollegeBint1p10)

The inability to replicate LSC data analysis was described as ‘a nightmare for every College’ (CollegeAint4p1)

There was an extensive use of vivid imagery to convey the lived uncomfortable experience of funding.

‘If Ministers try to tinker any more with the LSC funding mechanism, and screw us for every penny I think there will be some kind of implosion around that.’ (CollegeBint1p10)

The lived experience of the ‘shock’ of discovering the financial difficulties in 2002 and the impending ‘claw-back’ at College B was illustrated using the following expressions of emotion.

‘Green line over red line equals pain and you can see we have quite a big gap which is a pain...’ (CollegeBint1p4)

'So trying to deal with all this after the year end, when we are trying to run this year and plan for next year is very very difficult' (CollegeBint1p5)

Despite the observed limitations of accounting by several managers, support was voiced for the rational accounting ideal. It was generally believed that the promises of accounting could be achieved if they were better implemented. This view was summed up by one manager who said of the accounting system:

'We are committed to make it work.' (CollegeBint5p8)

One manager identified some well documented 'dysfunctional' behavioural issues with accounting such as the misinterpretation of bottom line accounting losses as a basis for decisions about closing courses. He also noted that some academics could not see the link between planning and financial resources in terms of courses that they wished to offer. His faith in accounting did not seem to be shaken by these observations. When asked 'how would you describe your level of faith in accounting and calculative practices as delivering accurate, useful and objective information?' He replied '100%.'

Discussion of CollegeA, College B and LSC

Using a broad political form of analysis, three ways in which the discourses of strategy and accounting were embroiled in the social contradiction identified by Neimark and Tinker (1986) are described. Firstly, there was a tension between the centralised power of government and DFES and the desire for increased autonomy by LSC and LLSC managers. Managers argued that they had much more power when they were TEC managers and they expressed disappointment at the paucity of their strategic role. Secondly, claw-back and audit as attempts to control public sector spending, were implicated in unequal power relations. Thus as claw-back was contested, it became a locus for contradictions in social relations. The criticisms of claw-back and audit by colleges and some LLSC managers appeared to influence policy, perhaps illustrating Brunsson's view of stakeholder power. Claw-back was to be phased out in 2004-05 and audit was to be reduced for 'excellent' performers. For Neimark and Tinker (1986) any compromise or resolution would only be

'temporary' in the greater scheme of contradictory power relations. Both Claw-back and audit could also be seen as an attempt to legitimate the role of government as responsible guardians of the public purse.

Thirdly, accounting (including strategic) discourses were sometimes associated with problems in sensemaking, rather than with the conventional image of enabling sensemaking through their functionalist rationales. Close up analysis revealed that accounting meanings were not always stable. Furthermore accounting was sometimes associated with emotional experiences rather than with its rhetorical promises of certainty and rationality. The breakdown in accounting sensemaking often occurred when managers were in the role of employee of the government or LSC rather than when they were in their role as managers of an organization. Thus dissatisfaction with accounting indicated an awareness by managers of unequal power relations. It also illustrates that Weick's (1995) theory of sensemaking can be linked to Neimark and Tinker's (1986) theory of social contradiction.

The rationalistic discourses of accounting and strategy were useful, as well as problematic for managers. Indeed, the managers performed language games (Wittgenstein, 1968; Lyotard, 1984) with the discourses. They actively manipulated language and narrative styles to construct reality, in addition to being subject to various kinds of institutional social conditioning described by March and Olsen (1989) as 'the logic of appropriateness'. This suggested that the language of functionalism was seen as a powerful tool to be used where appropriate. For example, the discourses of accounting and strategy had helped managers at College A to make sense of financial difficulty. Another example mentioned earlier in the paper, was the way one LLSC manager felt that the introduction of the strategic area review helped the LLSC clarify its role. In addition, the functionalist narrative allowed controversial issues to be presented as unproblematic. As an illustration, the potentially controversial creation of a new job role of assessor to be demarcated from teacher was described in neutral terms by one college manager as:

'...a strategic move that has a quality dimension and a financial dimension in terms of best use of a resource.' (CollegeAint5p5)

Conclusions

The individual close up analysis of managerial sensemaking conducted in this study indicated that the functionalist rationales of accounting and strategy were not fully endorsed by the managers. Thus, the power of accounting and strategy highlighted by other researchers (Arrington and Francis, 1989; Edwards et al. 1999; Jones and Dugdale, 2001) was not complete in this case study. Indeed, the close up analysis of managerial sensemaking revealed a postmodern indeterminacy of meaning, which was partially been interpreted through critical theory as an indication of the contradictory role of managers (Alvesson and Willmott, 1996).

The individual close up analysis underscored the positive potential of accounting, when considered as a functionalist rationale, which is sometimes overlooked in critical accounting theory. For example, in addition to being connected with antagonistic social relations, accounting and strategic discourses also contributed towards managers' desire to understand, to learn and to feel that they were constructive rather than antagonistic. A multi-perspective analysis revealed that accounting and strategy were not merely used for political purposes, they also contributed towards fragile and incomplete sensemaking and individualistic constructions of, in the words of Heidegger (1980), 'being in the world'. This suggests that when considering accounting change, some aspects of the functionalist rationale of accounting which contribute towards sensemaking are worth retaining.

The connections of the functionalist rationale of accounting with a breakdown in sensemaking, observed in this study, offers potential for new ways of seeing, new forms of accounting and new social arrangements with which new accounting, and aspects of old accounting can be implicated.

Limitations and further research

Several limitations of the paper can be identified. Firstly, this study has been constrained by the questions asked, the scale of the study in that the number of participants was small, only managers were interviewed, the time spent with

managers was limited to one to two and a half hours per interview and there was no direct observation. As a result of the limitations identified, and the epistemological stance of the research, its conclusions are necessarily particular and tentative.

The preliminary analysis of the infiltration of accounting and strategic discourse into managerial consciousness suggests that the colonization process discussed by some accounting researchers (Broadbent and Laughlin, 1998; Power and Laughlin, 1996) is complex and subtle. There is scope for further research to examine the nature of accounting and strategic meanings and the way they are constructed at a personal and social level. Whilst the employment of the multi-perspective approach has been limited in this paper, there is scope to firstly further develop postmodern and modern approaches to accounting case study analysis, to be used in parallel, and secondly to explore the connections between the two paradigms. This should yield fresh insights into critical accounting theory and the role of accounting and strategy in organizations and society.

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