

Enhancing the accountant's awareness of change

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Abstract

The business environment of the 1990s has been subjected to rapid and accelerated change. Times of change give rise to a more uncertain and complex environment in which businesses have to operate, but they also provide opportunities for those businesses that understand and exploit change. Accountants would create new opportunities for themselves, their discipline and their profession if they understood and accepted change. The aim of this article is twofold. Firstly, it aims to improve the accountant's working knowledge of the nature and pace of change and of human response to change. Secondly, it aims to identify some of the opportunities that arise from change, which accountants can exploit to enhance their product – namely business information.

Key words

Change

Accounting

Change management

Business Information

1 Introduction

The business environment of the 1990s has been subjected to rapid and accelerated change. The change caused the environment in which businesses have to operate to be more uncertain and complex. The management of businesses are finding that proven methods and previous beliefs and recipes for success are no longer producing solutions for today's or even tomorrow's problems, because in times of rapid change the patterns of the past are less likely to recur in the same or even in a similar format in the future. Johnson (1992) confirms that the volatile external environment is changing constantly and almost instantaneously and that these changes compel business to be transacted in a new way.

However, times of great change do not only hold threats, but also present opportunities. Indeed, a time of turbulence may also present great opportunities for those who are able to understand, accept and exploit new realities (Drucker 1980). Businesses that are flexible and able to adapt to a changing environment will be able to exploit new opportunities and avert threats more successfully than their competitors. Similarly, accountants who are aware and able to deal with change can create new opportunities for themselves, their discipline and their profession. In order to exploit the opportunities arising from change, accountants should understand the spheres of change in the business environment, the nature and pace of change, human phases in handling change and human defence routines in response to change.

The purpose of this article is to increase the awareness and understanding of accountants of the origins, nature and pace of change in business and to address some of the opportunities that may arise for the accounting profession in exploiting these new realities.

The article commences with an audit of the current status of accountancy and the accounting profession. Thereafter the changing business environment and the various spheres in which change originates are addressed. This is followed by a discussion of the nature and pace of change. This section indicates that different types of change require different responses from management and from accountants. In the following section the human phases in handling change are addressed. The two models that are described, emphasise the importance of enhancing human awareness of change in order to initiate the process of handling change in good time. A serious threat to change management is people's almost instinctive resistance to any form of change. This behaviour can be managed by identifying defence routines in oneself and in others. The article concludes with the identification of some of the opportunities that rapid and discontinuous business change create for accountants.

2 Current status of accounting and the accounting profession

Accounting is a social science and the accounting system reflects human behaviour. This human behaviour is influenced by attitudes, beliefs and perceptions. Kuhn (1962) uses the term "paradigm" to describe the

concepts, values, perceptions and practices that are shared by a community, embody a particular vision of reality and influence the way a community organises itself. Accounting fits this description as it represents concepts, values, perceptions and practices that are shared by accountants. Paradigms and the resultant mindsets of accountants play a vital role in shaping what they observe, pay attention to and ignore, and in how they present their observations. Unfortunately the criteria which accountants use to decide what to account for, or what events to ignore, are not always clear to the layman.

Over the past hundred years accountants have grown accustomed to improving things without having to alter the mindset upon which the improvements were predicated. Stacey (1992) suggests when a competitive and changing environment pushes people, organisations and professions to new limits, old mindsets will no longer suffice. Accountants have however, become so perfectly comfortable with the reality they have created through their mindsets, perceptions and beliefs, that their capacity and vital force is concentrated and expended on succeeding here and now. Consequently they seem to have no incentive or energy to respond to any radical change in the environment. In effect, they have become entangled in the framework of the artefact they have created, which dominates their view of reality and inhibits their ability to respond to change (Viljoen, Botha, de Lange, du Plooy and Venter 1995).

A review of the current literature reveals that there are significant and widespread concerns about the present status of Accounting. Criticism has been directed at the inability of Accounting to meet the rapidly changing social, operational, technological and managerial needs for useful information (Johnson and Kaplan 1991; Straubus 1987). The future of Accounting has been seriously questioned in the light of its rigidity as a discipline. This rigidity stems, amongst others, from the accounting standards process and the inability and unwillingness of accountants and accounting researchers to question current practices and develop new practices and principles that can accommodate the turbulence and change in the environment (Lee 1987; Gouws 1994; Siegel, de Korvin and Omer 1995).

Accounting is essentially a process of *observation, selection, measurement and communication* of transactions and events by the accountant. The accounting system is an artefact created for the convenience of society

(Gouws 1997). This system is totally dependent on the accountant for its growth and innovation. Terblanché (1998) suggests that more attention should be paid to accountants as they will ensure the continued existence of the discipline. Accountants should increase and stimulate demand as the discipline itself cannot accomplish this. The title of the article therefore refers to the enhancement of the *Accountant's* awareness of change, as a start to stimulating growth and innovation in Accounting.

3 Changing business environment

The rate of social, political, technological and economic change is greater today than it has been at any time in the past. Although the past has also been subjected to change, Ackoff (1974) notes that what differentiates our era from previous ones, is the *nature* and *pace* of the change that has occurred.

Allen (1994) identifies a high and increasing pace of change in three spheres of influence:

- *Technological*, arising from the far-reaching development in computers, telecommunications and robotics;
- *Socio-political*, as a result of the demise of so-called communism and a shift of emphasis to the individual; and
- *Economic*, resulting in whole industries being repositioned and new industries created; volatility in interest rates and exchange rates; and the development of financial instruments.

Some authors believe that change was initially caused by technological advances.

Walter Wriston, former chairman of Citicorp (in Foster 1986:45), stated that: *"The new system was not built by politicians or economists. It was built by technology. In some respects the new world financial system is the accidental by-product of communication satellites and engineers learning how to use the electromagnetic spectrum up to 300 gigahertz."*

Technological development has made instant global communication possible and has fuelled the race to gain a competitive advantage through knowledge, expertise, service excellence, information and time. Ansoff (1988) argues that the underlying cause of the change is society's arrival at a new level of economic affluence, while Allen (1994) is of the opinion that it is the result

of a shift of emphasis from the state to the individual. Drucker (1980) contends that change is very active in three related facets of the environment, namely the economic, social and political. He maintains that, from an economic perspective, the world has become more integrated and interdependent than ever before, resulting in a world economy that is moving towards the acceptance of a transnational monetary currency. From a political perspective, change is resulting in increasing fragmentation of world politics, although the process of political disintegration clearly has not run its course. He concludes that, in the social sphere, change has resulted in the advent of an employee society in which business, especially large business, is operated for the benefit of the wage and salary earners.

Less obvious changes have also taken place on the *scientific and research* front (Koornhof 1997). The “old science”, which focused on objects and the basic building blocks of matter, has been replaced by a “new science”, focusing on underlying currents which include the movement towards holism, relationships and open systems. In the past, logical thought processes and rigorous research methods were often used to advance the boundaries of knowledge. March (1978) contends that discoveries increasingly result from lucky guesses based on shaky arguments and absurd *ad hoc* assumptions which produce formulae that turn out to be right, though at first no one can comprehend why on earth they should.

A business operating in the 1990s cannot afford to ignore these spheres of change, because every business exists and competes in a macro environment. Change creates a more uncertain and complex environment in which businesses have to operate and survive. Kanter (1982) believes that business organisations are facing changes that are even more extensive, have more far-reaching implications and are more fundamental than the changes that led to the “modern” industrial system during the period 1890 to 1920. If business organisations are required to change fundamentally, then fundamental changes should also be made to their accounting information systems.

4 The nature and pace of change

“Change” is a rather elusive concept, difficult to describe in precise terms. Kanter (1982) notes that organisational theorists have produced much more work, and of greater depth and intellectual sophistication, on the

recalcitrance of organisations and their personnel regarding change – how and why they resist change – than on the process of change itself. She speculates that it is precisely because “change” is so elusive that theorists and researchers have taken this route.

Our intuition as well as a proliferation of “how to manage change” literature support the idea that the past two decades in particular have been subjected to rapid, and even rampant, change. From opinions expressed in the relevant literature it is apparent that researchers concur that this phenomenon is likely to persist and to accelerate in the foreseeable future (Ackoff 1974; Ansoff 1988; Pasmore 1994). Despite its importance, the nature of change remains a fairly unexplored area of research in managerial, organisational, financial and accounting literature.

Kanter (1982:279) defines change as a phenomenon that involves the crystallisation of new action possibilities (new policies, new behaviours, new patterns, new methodologies, new products or new market ideas) that are based on the reconceptualised patterns in the organisation. She suggests that the architecture of change involves the design and construction of new patterns, or the reconceptualisation of old ones, to make new, and hopefully more productive actions possible. Lawler (1986) considers change to be an ongoing process, stating that it is incorrect to think that a visionary end state can be reached in a highly programmed way.

Because of the nature of change, it is often difficult to identify when change commences and when it ends. Pettigrew (1985) points out that there are no clear beginnings and ends to strategic change in organisations. The problem is also addressed by Kanter (1982) who notes that we recognise the beginning of change as the moment at which we become conscious of our own strategic action, therefore neglecting to take into account the groundwork already laid before we became aware of the change. As a result, it is often difficult to pinpoint the various causes of change or to anticipate the outcome of change. What is apparent, is that change cannot be attributed to the environment only. Change is stimulated by sources that are both external and internal to the enterprise. McCalman and Paton (1992) classify change and its general causes as follows:

- External changes*, resulting from environmental disturbances.
- Internal changes*, resulting from internal triggers such as new products, markets or organisational structures.

- *Proactive change*, resulting from efforts by the organisation itself to anticipate or initiate change.

It is, however, debatable whether in practice change can be divided into such apparently homogeneous categories. Internal change may, for example, initially be caused by external disturbances, while proactive change may be caused by internal changes.

Nadler and Tushman (1995:22) identify two types of change, which are illustrated in a matrix in figure 1.

		Change	
		Incremental	Discontinuous
Time	Anticipatory	Tuning	Reorientation
	Reactive	Adaptation	Recreation

Figure 1 Types of organisational change

Source: Nadler, D. A. & Tushman, M. L. (1995) Types of organisation change: from incremental improvement to discontinuous change, Nadler, D. A., Shaw, R. B., Walton, A. E. & Associates (eds) in *Discontinuous change: leading organisation transformation*,: Jossey Bass, San Francisco.

Incremental change is focused, bounded and often predictable and may result in the continuous modification of an organisation during a period of relative equilibrium. *Discontinuous* change occurs during periods of disequilibrium in which change in the environment is so radical and often unpredictable that it requires the reconfiguration of an organisation in response to it. The second dimension of the matrix concerns the time frame of the response. *Reactive* change occurs when the organisation is forced to respond to change in the environment, while *anticipatory* change arises when the organisation acts in anticipation of changes that may still occur. A combination of the type of changes and time frames is likely to elicit the following responses from the management of an organisation:

- *Tuning* – management initiates incremental change internally in anticipation of environment events.
- *Adaptation* – management responds to incremental change in its environment.
- *Reorientation* – discontinuous change is recognised early in its cycle, resulting in a fundamental redefinition of the enterprise.
- *Recreation* – management is forced to change the organisation to the extent of recreation in order to survive fundamental and radical changes in its environment.

Change can also be classified by establishing the extent to which on the one hand, the events leading to change can be clearly identified and understood and on the other, the effect of the events can be accurately predicted. Stated differently, change can be classified on the basis of cause and effect. Stacey (1992) claims that there are three types of change, namely *closed* change, *contained* change and *open-ended* change. Closed change has occurred if, when looking back at the history of the business, there is widespread agreement among the managers on the sequence of the events that have occurred. They therefore agree on what happened, why it happened and what the consequences were. In other words, a strong link exists between cause and effect and that link can be clearly identified and enables the accurate prediction of the outcome. In the case of contained change, the link between cause and effect is more tenuous with causality being approximated or statistically determined. Members of management may find that they are only able to say what probably happened, what the probably reasons were, what the probable consequences are and are likely to be. The impact of contained change upon the future course of the business should be qualified by probability statements (Stacey 1992). In the case of open-ended change, the link between cause and effect is very weak and defies identification. In this regard management does not know with any clarity what caused the change, why the change occurred and what its consequences were, are and will be.

Both the Nadler and Stacey classifications are useful for understanding the nature of change, but these categories do not apply to all instances. In reality these categories may not be mutually exclusive and change may contain elements of each of the categories. Rather than being an end in itself, the identification of categories of change should be seen as a tool for achieving a greater understanding of the complex nature of change (Koornhof 1998).

What is apparent from the classification categories is that managers of enterprises face a wide spectrum of change situations in every time frame, from the past, through the present and into the future. At each point the spectrum stretches from predictable, closed change, to unknowable, open-ended change, or from incremental change to discontinuous change. Managers and accountants should be able to identify and deal with all forms of change if businesses are to survive in a volatile and dynamic environment. It is, however, unknowable, open-ended change or discontinuous change that poses the greatest challenge. There appears to be general consensus in the literature that a shift is taking place in the nature of change, with predictable change occurring less often and unpredictable change occurring with increasing frequency. Nadler and Shaw (1995) predict that business is moving from an era dominated by incremental change to one in which discontinuous change predominates. In the 1990s and beyond the focus will be on altering the fundamentals of organisations rather than merely improving them. Therefore management and accountants who are able to deal with unpredictable change will exploit opportunities to create competitive advantages for their companies.

It is not only the nature of change that has shifted from incremental to discontinuous, because the pace of change has also escalated during the past two decades. Whereas social change may previously have passed relatively unnoticed in an individual's lifetime, today change has become so rapid that reality often overtakes the images of fiction (Snow in Ackoff 1974). Toffler (1985) confirms that the corporate environment has grown increasingly unstable, accelerated and revolutionary, while Pasmore (1994) predicts that the pace of significant change will accelerate and the complexity of change will increase even further. He concludes that an organisation's responses to change will largely determine its effectiveness and survival.

The acceleration of change may be spurred by several factors, including the extensive literature on the existence and management of change in businesses, which has promoted a greater awareness of the phenomenon. This awareness, together with a greater willingness and ability to deal with it, ultimately creates more change. Advances in technology and knowledge as well as the global economy have also contributed to the increasing momentum of change. Some authors argue that these are merely symptoms of a much larger shift, or even a revolution, that has taken place on the

political, social, technological and economic fronts (Naisbitt 1982; Toffler 1985).

The consensus of opinion expressed in the literature is that the rate of global change is likely to persist into the 21st century. As far back as the late 1980s, Ansoff (1988) noted that change continues at a pace which makes it safe to predict that the current escalation of turbulence will persist at least into the next century. He added that it is more difficult to predict whether the acceleration will persist beyond this horizon, or whether the environment will settle down by starting to absorb and exploit the accumulated change. As a result of the accelerating change in the business environment, a premium is now placed on certain capabilities within the organisation and particularly on *adaptability, flexibility and responsiveness*. The management of successful enterprises will learn and act at a faster rate than their competitors and their leaders will be effective anticipators and managers of large-scale change (Nadler and Shaw 1995). They will be supported by accountants, who are able to meet the rapidly changing demands for information that results from a dynamic business environment.

5 Phases in the management of change

Relatively few studies have been undertaken on the political processes, and the various phases of behaviour in the management of change in business organisations (Pettigrew 1985). Yet an organisation comprises people who act individually and in groups, which means that the behavioural aspects of change is central to the understanding of the impact of the phenomenon on the organisation and the accounting information system. This section briefly addresses the chain of reactions of people in organisations when they deal with change.

Buchanan and McCalman (1989:98) suggest that four phases characterise the behaviour of people with regard to their recognition, selection and implementation of change over time. They suggest that this process, called "perpetual transition management", consists of four interlocking subprocesses, as illustrated in figure 2.

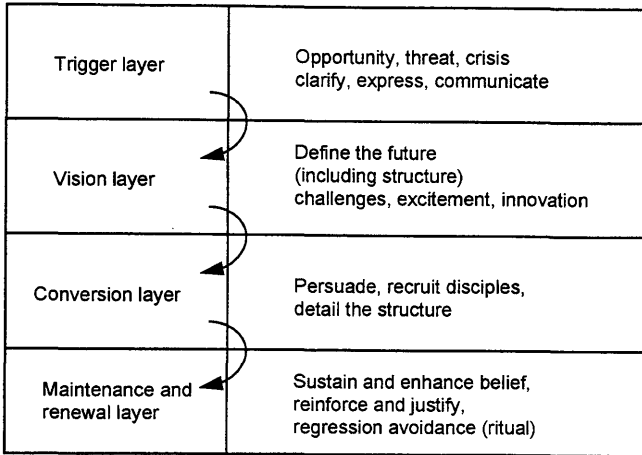


Figure 2 Model of perpetual transition management

Source: Buchanan, D. A. & McCalman, J. (1989) *High performance work systems: the digital experience*, Routledge, London, p.198.

The *trigger layer* concerns the identification of the needs and possibilities for major change formulated in the form of opportunities, threats or crises. To recognise the need for change, management, accountants and employees should not only be aware of change, but should also be able and willing to deal with change. Furthermore, they should actively monitor the organisation and its external environment on an ongoing basis, to enable them to recognise the needs and opportunities for change.

The *vision layer* establishes the future development of the organisation by articulating a vision and communicating it effectively to the people in the organisation. A vision for the future is necessary as it is an effective response to the events causing the change. It also serves as a unifying and guiding framework which motivates employees. A vision is also the means by which a business and its products are differentiated from its competitors.

The *conversion layer* mobilises support for view that the above vision is the most effective means of dealing with the triggers of change. Support is obtained through effective communication, building of support groups, lobbying and ultimately by reaching consensus. Failure to obtain support will

result in symptoms such as “paralysis by analysis” and “death in the drawer”, which in essence means that implementation is resisted and prevented by employees.

Finally, *the maintenance and renewal layer* identifies the way in which the change can be sustained and enhanced through adaptations in attitudes and behaviours and is a means of preventing regression to tradition (McCalman and Paton 1992). The decay of implemented change occurs when the events that triggered change become history and are forgotten, and the vision becomes less clear when the originators change the focus of their attention or leave the organisation. In addition, staff replacements may not have the same commitment so that the importance of change decreases and actions become routine. A conscious and ongoing effort is therefore required to maintain the momentum of implemented change.

Stacey (1992) uses a somewhat different approach to identify the phases of behaviour for dealing with change. The various phases for managing open-ended change and also closed or contained change, as set out by Stacey, are depicted in figures 3 and 4 respectively.

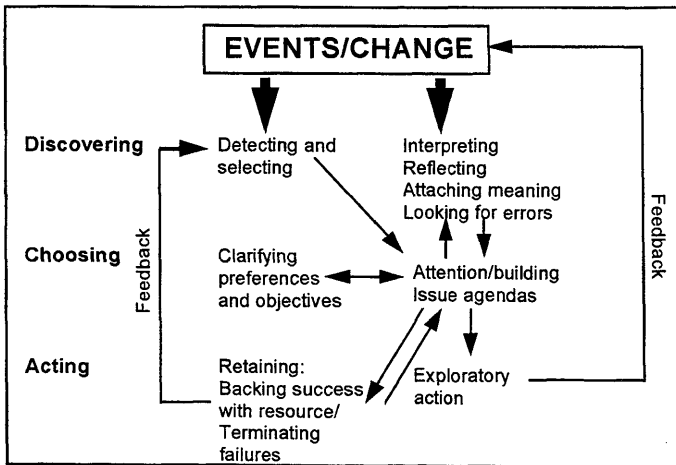


Figure 3 Model for dealing with open-ended issues

Source: Stacey, R. D. (1992) *Managing chaos, dynamic business strategies in an unpredictable world*, London: Kogan Page, p.88.

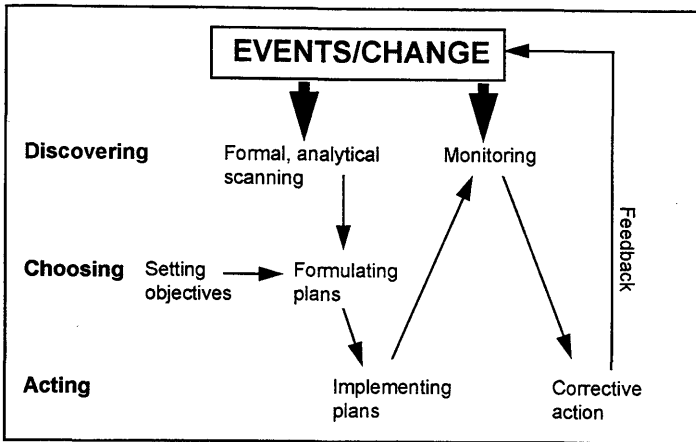


Figure 4 Model for planning/monitoring control in closed/contained situations

Source: Stacey, R. D. (1992) *Managing chaos, dynamic business strategies in an unpredictable world*, London: Kogan Page, p.169.

In Stacey's model, behaviour is differentiated into *discovering*, *choosing* and *acting* phases. With open-ended change, in which cause and effect are tenuous, the organisation has no alternative but to rely on the individuals to notice, discover and pursue some issue, aspiration or challenge. And in order to do this, the individuals have to rely on their experienced-based intuition and ability to detect analogies between one set of ambiguous circumstances and another (Stacey 1992). In the case of closed and contained change, there is a strong link between cause and effect, with the result that the need for change is recognised through formal, analytical scanning of the environment.

The *choosing* of alternatives in situations of open-ended change is subject to a complex, political process of forming coalitions within the organisation, discussing the issue of change as part of the strategic issues agenda and achieving sufficient consensus and commitment to proceed to action. If the change is closed or contained, regular patterns in action are produced, enabling objectives to be identified, the alternative most suitable for meeting the objectives to be selected and plans for implementing the choice to be formulated.

During the *acting* phase, open-ended change requires the implementation and maintenance of change through a complex process of negotiation in order to obtain the necessary backing and support within the organisation. Action may have to be experimental at first, to provide a vehicle for testing and learning. However, in the case of closed and contained change, structured plans will be formally implemented and monitored.

In the Stacey model, as in the Buchanan and McCalmen model, the chain of behavioural phases is only activated once the need for change has been identified and recognised. It is therefore vital for management and accountants to become *aware* of change and to create an environment conducive to change. More particularly, they should develop incentives for people within the organisation to be on the alert for change and to initiate and implement the process of change in the organisation.

6 Resistance to change

One of the biggest threats to the successful recognition and implementation of change in the organisation is the resistance of people to change. In the management of their environment, people prefer to stick to tried and trusted coping techniques. Change means that they have to find new, perhaps less successful, ways of managing their environment (Morris and Rabin 1995).

Although the identification of the various defensive routines that may be used to resist change is no easy task, it is an essential one. Argyris (1985) notes that these defensive routines are probably the most important cause of failure in the implementation of a sound strategy, regardless of the approach used. He argues that people are programmed to create defensive routines and to cover them up with additional defensive routines. Part of the solution to the problem is to make people more aware of their, often subconscious, defensive routines and to assist them to recognise them in themselves and in others. However, this is not always successful and a frequent reaction is not to resist openly, but rather surreptitiously, resulting in unexpected delays, rising costs and other "inexplicable" problems that hamper the process of change in the organisation.

Resistance to change may take place on an individual and/or a group basis. In a group, resistance to change reflects a reinforcing, supportive,

interactive, more permanent and stable nature, exceeding the resistance of most individuals. It is therefore more difficult to break down a group's resistance to change than that of an individual. Ansoff (1988) notes that it is much easier to remove an individual who is a major stumbling block to progress than it is to change the culture of a group or to deprive the group of power.

To counter the negative impact of resistance to change, strategies should be formulated for anticipating and dealing specifically with defensive routines. Argyris (1985:340) suggested amongst other things the following activities for this purpose:

- *Start small:* Begin with one or two relatively clearly defined technical or organisational problems that will require the reduction of the defensive routines if they are to be solved effectively. Obtain commitment for the programme.
- *Start at the top:* These activities cannot succeed without commitment from the top. Management has the greatest power to encourage and nurture change, monitor it and take responsibility for the direction and pace of development.
- *Start with an important problem:* A programme that deals with trivial problems will produce trivial results. Conversely, a programme designed to change too much immediately is also doomed to failure. The goal is therefore to identify moderately tough problems in respect of which there is high probability of success.
- *Start with clearly defined change processes:* Although the direction, pace and target for change may have to be open ended, the nature of the change activities as well as the criteria for defining high-quality progress should be stated unambiguously at the outset. If everything is open ended, the danger exists that the programme may become uncontrollable.

These activities should assist in placing the responsibility for the direction and pace in the hands of the people facing the change process. This should be done to establish ownership. The people involved should be made aware of the defensive routines they, others and groups are likely to follow, enabling them to recognise and counteract them.

Morris and Rabin (1995:51) identify additional strategies that may be used to curtail resistance to change:

- *Identify and develop dissatisfaction with the current state.* A set of events should be managed in such a way that the people are enabled to experience for themselves the need for change.
- *Participation in planning and implementing change.* One of the most consistent findings in the research on change is that participation in change tends to increase excitement, reduce resistance, build ownership and therefore motivate people to make the change work (Coch and French 1948; Vroom 1964; Kotter and Schlesinger 1979).
- *Build in rewards.* Support the desired behaviour in the transitional stage and in the future state by introducing a reward system. If people perceive that they will be rewarded for a particular action, they are more likely to perform it.
- *Allow time and opportunity to disengage from the present state.* People feel a natural attachment to the way things are. They should therefore be provided with the appropriate time for letting go and the opportunity to express their feelings in small group discussions.

Several other strategies to overcome resistance to change are suggested in the literature (Grimaud 1994; Fisher 1995).

7 Opportunities for the accountant

The accelerated pace of especially discontinuous change provides the accountant with unique opportunities for enhancing the usefulness of accounting information. The role of the accountant in this regard is twofold. First, he/she should support management and employees in the management of change and secondly, he/she should provide information to other stakeholders on the ability of the organisation to respond to change.

In supporting management, the accountant should typically:

- Identify the nature and pace of change in the organisation and the business section;
- provide management with information for the support of decision making on appropriate responses, e.g. tuning, adapting, reorientating, recreating;
- provide information for the implementation of these responses;
- monitor the implementation of change;

- provide continuous feedback on the management of change;
- develop targets, benchmarks or indicators to direct employee actions;
- develop incentives to sustain change management and counteract defensive routines;
- monitor the response of competitors and markets to the change;
- identify new opportunities for change; and
- monitor the environment for changes in the nature and pace of change.

In providing other stakeholders with information on the ability of the organisation to respond to change, the accountant should typically:

- Identify the nature of change in the organisation and business sector;
- report on the responses of management to change;
- report on the change occurring in the positioning of the organisation in markets and relative to competitors; and
- report on the success of the implementation of change management and the ability of the organisation to respond to change and to survive.

The development of these types of business information provides the accountant with a number of opportunities to extend the market and improve the decision usefulness of the information. The list of opportunities discussed in this section not necessarily comprehensive.

7.1 Historical v future-orientated information

A result of discontinuous and open-ended change is that the past is not necessarily indicative of the future (Stacey 1992). This implies that the user cannot rely solely on historical information to compile forecasts, budgets and projections. The opportunity that is available to accountants is to develop more information on the future and report it to stakeholders. Not only will the decision-usefulness of the information be enhanced, but the accountant will become future-orientated and proactive in dealing with change. The accountant can also develop his role as an advisor to management by identifying change in the environment which requires a response or by suggesting change to the organisation that may prompt change in the environment and improve the organisation's competitive stance.

7.2 Measurer of change v initiator of change

The accountant has always measured change through amongst other things statements of changes in funding, profits or equity. However, in the past the attitude was to control and minimise volatility and change. The opportunity that is now available to the accountant is to initiate and facilitate change in the organisation. For example, the accountant can develop a measurement scale for the management of the organisation to assess the nature and pace of change in the environment. In this regard Volberda (1998) suggests a qualitative scale based on the opinions of management and employees. He found that misconception about the nature and pace of change often exists unless a more objective measure of change is introduced. Nadler and Tushman (1995) suggest that once the nature of change is identified, various responses are required – tuning, adaptation, reorientation and recreation. The accountant can proactively provide information to management, if he is able to anticipate or identify the required response. As an initiator of change, the accountant can also develop incentives which encourage people to recognise opportunities that result from change. The accountant should also use his knowledge of business information to develop indicators that support a program of continuous improvement: a program that views change as a process rather than as an end state.

7.3 Strategic v operations decision making

In the past, accounting information was used to support operational and, occasionally, administrative decision making. As a result of the nature and pace of change in the environment, management increasingly has to make strategic decisions on a daily basis. The accountant is ideally placed to provide management with the information necessary for strategic decision making. The information provided is not limited to the selection of strategies, but also to the evaluation of the implementation of the selected strategy and the subsequent monitoring of the strategy by comparing performance to expectations. To meet this demand for information, the accountant will have to become an innovator of accounting measures, and the focus of information should be extended to include more strategy-oriented information.

7.4 Closed system v open system

In the past, accounting was to a large extent a closed system that focused on the measurement of change in the reporting entity. The escalation of discontinuous change creates the opportunity for the accountant to view accounting as an open system that interacts dynamically with its task environment, the reporting entity, and the general environment, the business sector and society (Von Bertalanffy 1972; Burrell and Morgan 1979). Many opportunities are available to accountants to use their skills in collecting and processing information on competitors, customers, markets and suppliers. The accountant should extend his product to meet all the information requirements of the value chain of the extended enterprise (Ansari, Bell, Klammer and Lawrence 1997). By continuously gathering, processing and evaluating this information the accountant can act as the feedback conduit which enables the enterprise to constantly reposition itself in relation to competitors.

7.5 Financial v non-financial information

The changing environment provides opportunities to accountants to expand their information beyond the traditional financial information to include more non-financial information. The balanced score card approach may, for example, be used as the structure within which the non-financial information is developed (Kaplan and Norton 1993). The inclusion of non-financial indicators will enhance the usefulness of financial reporting and develop the skills of the accountant to enable him/her to become an innovator of all types of business performance indicators. By limiting themselves to mainly financial indicators in the past, accountants may have ignored lucrative opportunities.

7.6 Personal growth

The accountant should enhance his awareness and ability to recognise various types of change in business and the appropriate responses thereto. As a result, he/she will be better qualified to support management in strategic decision making and become an active *participant* in change management instead of remaining a mere *observer*. Instead of attempting to minimise and control change, the accountant's new skills will enable him to recognise and initiate change, yet prevent the enterprise from sliding into

chaos. The challenge facing accountants and managers is to balance the enterprise ideally between stability and chaos in order to achieve growth, innovation and a competitive advantage (Volberda 1998).

To develop this skill, the accountant should study the literature on the nature and pace of change, as well as on resistance to change. This requires the accountant to become a lifelong learner. However, in changing one's attitude to volatility and change, knowledge and skills are not sufficient. What is also required, is a change in perception and mindset. The accountant who exploits opportunities presented by change, should be comfortable with dealing with and reporting on volatility and change.

8 Closing remarks

The aim of this article is to improve the accountant's working knowledge of the nature of change and to identify new opportunities that arise from change, which accountants can exploit to enhance their product – namely business information. It is however not sufficient to only enhance the accountant's awareness of change. Accountants should also change their mindsets, beliefs and perceptions on volatility and change. They should become the drivers and facilitators of change (Turney and Anderson 1989).

By accepting change accountants have the potential to alter the essence of Accounting, to widen the spectrum of the discipline's options by generating new points of view and an improved product. Creating disequilibrium, self-renewal and adaptation in Accounting and may be a better strategy for survival than the coherence and order of the current system.

Accountants have the opportunity to be less of an observer, who let things happen to them, and more of a pioneer and a participant, who makes things happen. By improving his knowledge of and skills in respect of change and change management and strategy and by altering his attitude towards change and volatility, the accountant can unlock tremendous potential for new types of information and new business opportunities. The information technology required for such expansion of information is already available. No other profession is as well placed to play a leading role in the identification and measurement of and reporting on change and change management.

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