

Chapter 3 A changing environment

“There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain of success than to take a lead in the introduction of a new order of things, because the innovation has for enemies all those who have done well under the old conditions and lukewarm defenders in those who may do well under new.”

(Machiavelli in *The Prince*)

3.1 Introduction

In chapter 2 the purpose of accounting information was considered. The purpose is to provide a wide range of users, who form part of the environment of Accounting, with decision-useful information. If the accounting information system is viewed as an open system as stated in chapter 1, it is necessary to consider how its environment is changing and what impact these changes have on the accounting information system. The environment can be divided into the task environment, the business organisation and the general environment, the business world and broader society (Kast & Rosenzweig, 1974). This chapter addresses the changes in the general environment of Accounting, while the next chapter deals with its task environment.

From the literature it is apparent that the business environment of the 1990s has been subject to rapid and accelerated change. This change is creating a more uncertain and complex environment in which businesses are to operate. Management of businesses are finding that old proven methods, beliefs and recipes for success are no longer producing the solutions to 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 exact or even similar format in the future. Johnson (1992, p.198) holds the view that the volatile external environment of the 1990s changes constantly and almost instantaneously and its prodigal changes compel transacting of business in a new way. Times of great change hold out, however, not only threats but also opportunities. Indeed, a time of turbulence may also be one of great opportunity for those who can understand, accept and exploit new realities (Drucker, 1980). Businesses that are flexible and able to adapt to the changing environment will be

able to exploit new opportunities and avert threats more successfully than their competitors.

Chapter 3 commences by considering the nature of change, the accelerating pace of change, the phases in handling change and the resistance of individuals and groups to change. It addresses the nature of changes in the business environment and the interaction between the enterprise and its environment. It concludes with a brief discussion on the survival to businesses in a fast changing environment.

3.2 The nature of change

The term “change” is a rather elusive concept, difficult to describe with accuracy, difficult to pin down. 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 people to 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 researchers concentrate on former.

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

Webster (1971, p.374) defines “change” as: “the action of making something different in form, quality or state.”

Different degrees of change are recognised by Webster:

- “An instance of making ~~unbecoming~~ ~~different~~ in some particular being.” This implies a partial or gradual change, explained by synonyms such as alteration, modification or variation, and
- “A passing from one state to another marked by radically different makeup, character or operation, whether by sudden mutation or gradually by evolution.” This implies a total change explained by synonyms such as transformation or conversion.

Kanter (1982, p.279) uses the following definition of change:

“Change involves the crystallisation of new action possibilities (new policies, new behaviours, new patterns, new methodologies, new product or new market ideas) based on the reconceptualised patterns in the organisation. 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.”

From the above definitions it is apparent that differing degrees of “change” result in form, quality or patterns being altered by evolutionary and/or revolutionary means. As change occurs continuously and its extent may differ it should be viewed as a *process* rather than a final state. Lawler (1986, p.232) sees change as 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, p.282) who notes that we recognise the beginning of change as the moment at which we become conscious of our own strategic action, thus 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 different causes of change or anticipate the results of change. What is apparent, is that change cannot be attributed to environment only. Change is stimulated by sources both external and internal to the enterprise. McCalman and Paton (1992) classifies the general causes of change as follows:

- External changes, resulting from environmental disturbances,
- Internal changes, resulting from internal triggers such as new products, markets or organisational structures, and
- Proactive change, resulting from efforts by the organisation itself to anticipate or initiate change.

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

Nadler and Tushman (1995, p.22) identify two types of change, which are illustrated in figure 3.1.

Figure 3.1 : Types of organisational change

		Change	
		Incremental	Discontinuous
Time	Anticipatory	Tuning	Reorientation
	Reactive	Adaptation	Recreation

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*, San Francisco: Jossey Bass.

Incremental change is focused, bounded and often predictable and may result in the continuous modification of organisations during a period of relative equilibrium. Discontinuous change occurs during periods of disequilibrium where change in the environment is so radical and often unpredictable that it requires the reconfiguration of the organisation in response. The second dimension of the matrix concerns the

time frame of the response. Reactive change occurs where the organisation is forced to respond to change in the environment, while anticipatory change arises where the organisation acts in anticipation of changes that may still occur. A combination of the type of changes and time frame is likely to elicit the following responses from the organisation:

- Tuning – the organisation initiates incremental change internally in anticipation of environment events;
- Adaptation – the organisation 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 – the organisation is forced to change to the extent of recreation in order to survive fundamental and radical changes in its environment.

Change may also be classified by establishing the extent to which the events leading to change can be clearly identified and understood on the one hand and the effect of the events can be accurately predicted in the future on the other. Stated differently, change may be classified on the basis of cause and effect. Stacey (1992a) claims that there are three types of change namely closed change, contained change and open-ended change. Closed change occurred if, when looking back at the history of business, there is widespread agreement by the managers involved on the sequences of events which occurred. They thus agree on what happened, why it happened and what the consequences were. In other words, a strong link exists between cause and effect that can be identified clearly and allows for the accurate prediction of the future outcome. In the case of contained change, the link between cause and effect is more tenuous with causality being approximated or statistical. Management may find that they are only able to say what probably happened, why it probably happened and what the probable consequences were and are likely to be. The impact of contained change upon the future course of the business has to be qualified by probability statements (Stacey, 1992a, p.161). In the case of open-ended change, the link between cause and effect is very weak and defies

identification. Here management does not know with any clarity what caused the change, why the change occurred and what its consequences were, are and will be.

Once again both the Nadler and Stacey classifications are useful in understanding the nature of change, but should not create the impression that these categories hold true in 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 creation of categories of change should be seen as a tool for achieving a greater understanding of the complex nature of change.

What is apparent from the classification categories is that managers in enterprises face a wide spectrum of change situations in every time frame, from the past, through to the present, 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 should be able to handle all forms of change if businesses are to survive in a volatile and dynamic environment. It is unknowable, open-ended change or discontinuous change that poses the greatest challenge to managers. 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 of discontinuous change. In the 1990s and beyond the focus will be on altering the fundamentals of organisations rather than merely improving them. Therefore those management teams who are able to handle unpredictable change will create competitive advantages for their companies. Management may use flexibility, the ability of an enterprise to adapt quickly and effectively, as an important tool in managing change within the business environment.

It is not only the nature of change that has shifted from the incremental to the discontinuous, for the pace of change has also escalated during the past two decades. Whereas social change may previously have passed unnoticed in an individual lifetime, today change has become so rapid that reality often overtakes the images of fiction (Snow in Ackoff, 1974, p.4). Toffler (1985) confirms that the corporate environment has grown increasingly unstable, accelerated and

revolutionary, while Pasmore (1994, p.37) predicts that the pace of significant change will accelerate and the complexity of change will increase even further. He concludes that organisations' responses to change will largely determine their effectiveness and survival.

The acceleration of change may be spurred by factors such as the extensive literature on the existence and handling of change, which has created a greater awareness of the phenomenon. This awareness, together with a willingness and ability to deal with it, ultimately creates more change. Advances in technology and knowledge and the global economy, too, have contributed to the momentum that change is gaining. Some authors argue that these are merely symptoms of a much larger shift, even revolution, that has taken place on the political, social, technological and economic fronts (Naisbitt, 1982; Toffler, 1994).

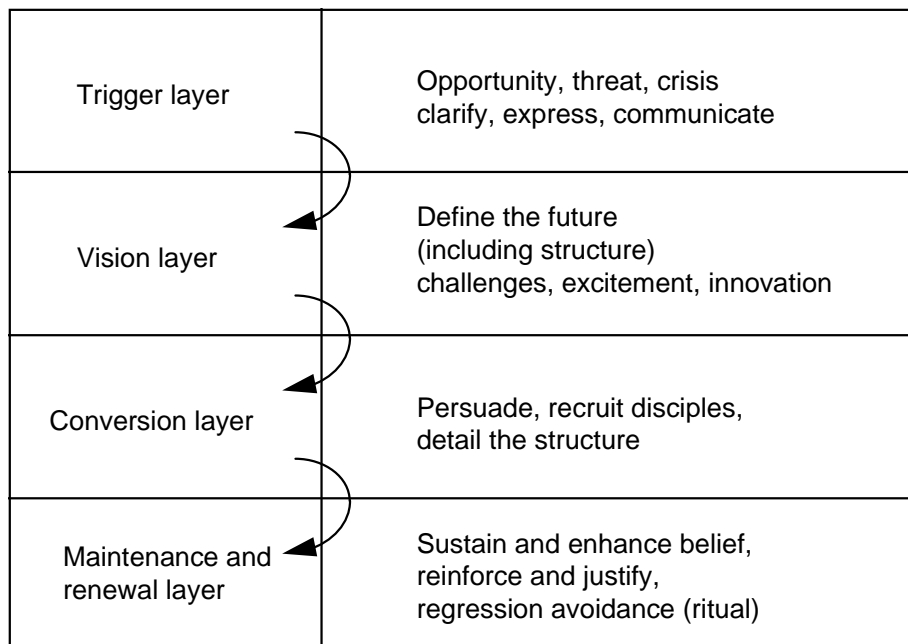
Whatever its causes, the rate of global change is likely to persist into the 21st century. As far back as the late 1980s, Ansoff (1988, p.12) noted that change continues at a pace which makes it safe to predict that the current escalation of turbulence will persist at least into the next century. He added that it is harder 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. Successful firms will learn and act at a faster rate than their competition and their leaders will be effective anticipators and managers of large scale change (Nadler & Shaw, 1995, p.3). They will be supported by an accounting information system, which can and does adapt to the changing demands for information resulting from a dynamic business environment.

3.3 Phases in handling change University of Pretoria.etd

Relatively few studies have been undertaken on the political processes, and different phases of behaviour for handling change in business organisations (Pettigrew, 1985). Yet the organisation consists of people acting individually and in groups, which means that the behavioural aspects of change is central to understanding the impact the phenomenon on the organisation. This section addresses briefly the chain of reactions of people in organisations when dealing with change.

Buchanan and McCalman (1989, p.198) suggests that four phases characterise behaviour of people with regard to the 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 3.2.

Figure 3.2 : Model of perpetual transition management



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

The *trigger layer* concerns the identification of the needs and openings for major change formulated in the form of opportunities, threats or crises. To recognise the need for change, management and employees should not only be aware of change

but also be able and willing to deal with change. Furthermore, management should actively monitor the organisation together with its external environment that is on a continual basis, so that it will be able to recognise the needs and opportunities for change.

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

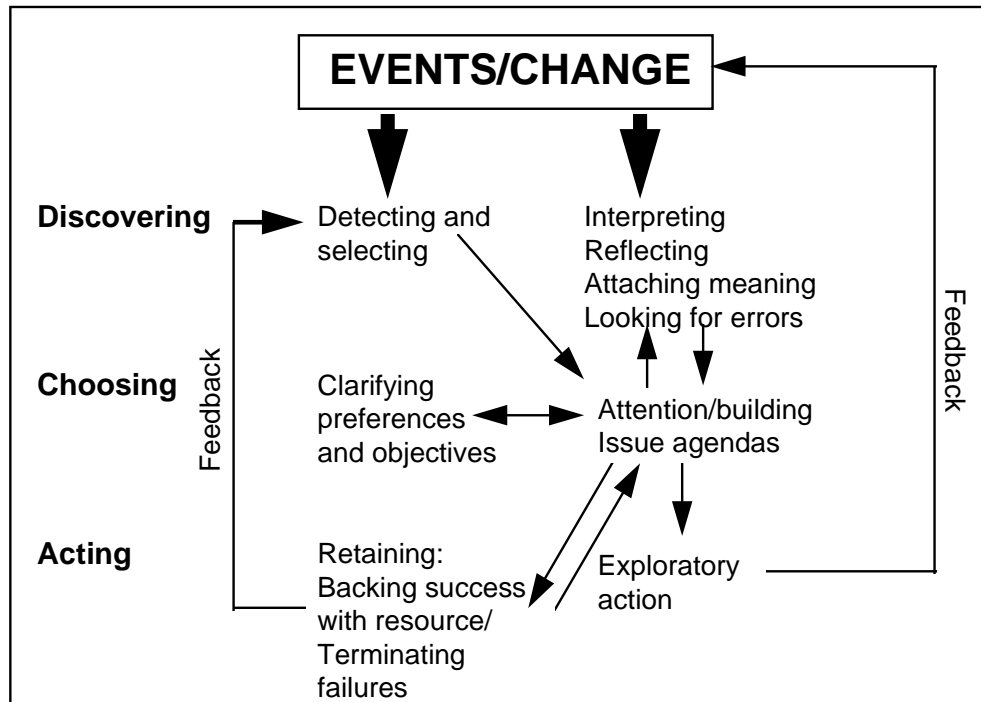
The *conversion layer* mobilises support for the above vision as the most effective means of dealing with the triggers of change. Support is obtained through effective communication, the building of support groups, lobbying and ultimately by reaching consensus. Failure to obtain support will result in 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 changes can be sustained and enhanced through alterations in attitudes and behaviours and is a means of avoiding regression back to tradition (McCalman & 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 becomes routine. A conscious and ongoing effort is therefore required to maintain the implemented change.

The human process of handling change commences at the trigger layer. It implies that an awareness of the need for change, as well as the ability to recognise and respond to change, should be created within the organisation. The creation of flexibility in the organisation assists the enterprise and its people in adapting quickly and efficiently to change.

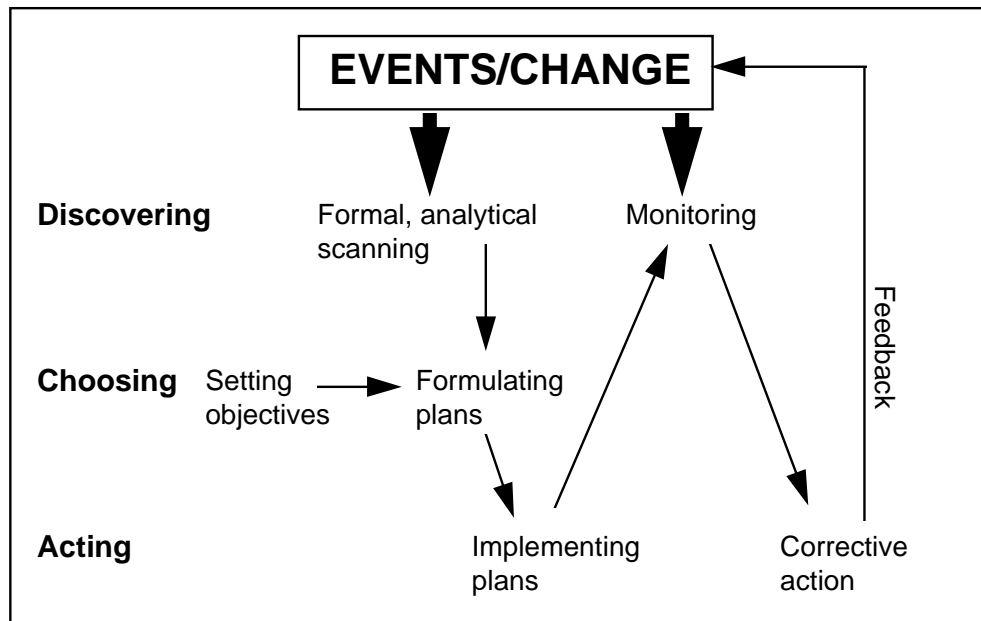
Stacey (1992a) uses a somewhat different approach to identify the phases of behaviour for dealing with change. The different phases for open-ended change and for closed or contained change, as set out by Stacey are depicted in figures 3.3 and 3.4 respectively.

Figure 3.3 : Model for dealing with open-ended issues



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

Figure 3.4 : Model for planning/monitoring control in closed/contained situations



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

The behaviour is categorised into discovering, choosing and acting phases. With open-ended change, where cause and effect is 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, those individuals have to rely on their experienced-based intuition and ability to detect analogies between one set of ambiguous circumstances and another (Stacey, 1992a). 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 the 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 reaching sufficient consensus and commitment to proceed to action. If the change is closed or contained, regular patterns in action is produced, allowing objectives to be identified, the alternative most suitable for meeting the objectives to be selected and plans to be formulated to implement the choice.

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 implemented and monitored formally.

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 to create an environment and more particularly, 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.

3.4 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 trusted and proven coping techniques. Change means that they have to find new, perhaps less successful, ways of managing their own environment (Morris & Rabin, 1995, p.48).

Although the identification of the different defensive routines that may be used to resist change is no easy task, it is an essential one. Argyris (1985, p.3) notes that these defensive routines are probably the most important cause of failure in the implementation of sound strategy, regardless of the approach used. He argues that people are programmed to create defensive routines and cover them up with further 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 in recognising them both 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 hampering in the process of change in the organisation.

Ansoff (1988, p.207) identifies the following typical examples of resistance:

During the change process:

- Procrastination and delays in triggering the process of change,
- Unforeseen implementation delays and inefficiencies which slow down the change and increase the cost above the original estimate, and
- Efforts within the organisation to sabotage the change or to “absorb” it in a welter of other priorities.

After the change process:

- There is a typical performance lag and change is slow in producing the anticipated results, and
- There are efforts within the organisation to roll back to pre-change status.

The resistance to change may take place on an individual and/or group basis. In a group, the resistance to change shows a reinforcing, supportive, interactive, more permanent and stable nature exceeding those of most individuals. It is therefore more difficult to break down the resistance to change of a group than that of a single person. 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 it of power.

To counter the negative impact of resistance to change, strategies should be formulated to anticipate and deal specifically with defensive routines. Argyris (1985, p.340) suggested 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 the commitment from the top. Management has the greatest power not only to encourage and

nurture change, but also to 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 all at once is, also doomed to failure. The goal is therefore to identify moderately tough problems where 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 firmly place the responsibility for the direction and pace in the hands of the people facing the change process 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, p.51) identify the following additional strategies that may curtail the 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 allowed 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 thus motivate people to make the change work (see Coch & French, 1948; Vroom, 1964; Kotter & Schlesinger, 1979).
- Build in rewards. Support the desired behaviour both during the transitional state and the future state with a reward system. If people perceive that they will be rewarded for, some action, they are more likely to do 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.

Similar and further strategies to overcome resistance to change are suggested in the literature (see e.g. Grimaud, 1994; Fisher, 1995).

Discontinuous change and incremental change cannot be adopted and implemented successfully in the organisation unless the ingrained resistance of people affected by the change is addressed effectively. If flexibility is used in an organisation as a means of initiating and supporting change, resistance to change may also manifest itself as a resistance to flexibility. The strategies for curtailing defence routines to change may thus apply equally when creating flexibility in the organisation.

3.5 The 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 time from previous ones, is the nature and pace of change that have occurred.

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

- Technologically, arising from the far-reaching development in computers, telecommunications and robotics;
- Socio-politically, as a result of the demise of so-called communism and a shift of emphasis away from the state towards the individual; and
- Economically, resulting in whole industries being repositioned and new industries being created, volatility in interest rates, exchange rates and the development of financial instruments.

Some authors believe that the change was initially caused by technological advances. Walter Wriston, former chairman of Citicorp (in Foster, 1986, p.45), noted:

“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.”

These technological motivations have made instant global communication possible and have fuelled the race to gain competitive advantage through knowledge, expertise, service excellence, information and time.

Ansoff (1988, p.13) argues that the underlying cause of the new change is society's arrival at a new level of economic affluence, while it is the result of a shift of emphasis from the state to the individual according to Allen (1994). Drucker (1980) contends that change is very active in three related facets in the environment, namely the economic, social and political facets. He maintains that from an economic perspective, the world has become integrated and interdependent as never before, resulting in a true world economy that is moving towards the acceptance of a transnational monetary currency. From a political perspective, change is resulting in increasingly fragmented world politics, although the process of political disintegration clearly has not run its course. Drucker concludes that in the social sphere change has resulted in the advent of an employee society in which business, especially large business, is run for the benefit of the wage and salary earners.

Less obvious changes have also taken place on the scientific and research front. The “old science”, which focused on objects and on 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. Now March (1978, p.3) 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.

The different researchers and authors are in agreement that the turbulence and rapid change experienced in the business environment is not only the result of economic influences, but also of shifts in the political, social, scientific and technological spheres. The changes in each of these spheres are often interrelated and reinforcing, causing change in other spheres.

A business operating in the 1990s cannot afford to ignore these global shifts as every business exists and competes in a macro environment. The different changes combine to create 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.

These changes in the business environment are expected to continue in the foreseeable future. Drucker (1980) submits that, in an environment of great uncertainty, the one certainty about the times ahead is that they will be turbulent. For businesses to survive or even thrive in such turbulent times, the management and the employees will have to accept change as the norm and expect and effect it on a daily basis. Johnson (1992), too, believes that change and turbulence will increase in the future and will become a way of life while Peters (1991) contends that no skill is more important now than the corporate capacity to change and adapt.

The price to enterprises for failing to recognise, study and adapt to change is very apparent from the statistics (Senge, 1990, p.17):

“Few large corporations live even half as long as a person. In 1983 a Royal Dutch survey found that one third of the firms in the Fortune 500 in 1970 has vanished. Shell estimates that the average lifetime of the largest industrial enterprises is less than forty years, roughly half of the lifetime of a human being.”

Kanter (1982) confirms that business failures have been going up steadily. By June 1982, US business failures had reached the highest level since the Great Depression of the 1930s. She argues that this is simply one indication of a set of wholesale shifts in industrial adaptation, or a lack thereof. Of the sample of excellent companies identified by Peters and Waterman (1982) two thirds slipped from the list within five years of being identified (Stacey, 1992a). Peters (1991) states that the rapid shifts in the Fortune 500 attest that those who don't change will not survive.

The above statistics emphasise that survival has and should become a prime concern of enterprises operating in this rapidly changing business environment. A maximisation of profits or wealth by enterprises no longer guarantee that companies will continue to survive in the future.

The survival of organisations is receiving increased attention in the literature on the management of change, too. According to Toffler (1985) management of enterprises may be dramatically underestimating the adaptive changes needed for survival, while Johnson (1992) states that to survive in a global economy, change must become a way of life. Drucker (1980) concludes that in turbulent times, the first task of management is to make sure of the institution's capacity for survival. He proposed, already in 1958, that survival should form the central objective of organisations and the foundation of a theory of business behaviour. He argued that profit maximisation is the wrong basis for the explanation of business behaviour, whether it is interpreted as short range or long range profits or a balance of the two. The relevant question is "What minimum does the business need?" not "What maximum can it make?"

The question of the objectives of a business is one of the more controversial issues of business ethics. Doctrines such as accountability to stockholders, long-term survival or negotiated consensus among participants have been proposed (Ansoff, 1988, p.28). A detailed discussion of the merits and demerits of profit maximisation, creation of stakeholder wealth, survival or other objectives as the central business objective of an enterprise extends beyond the objectives of this chapter. Suffice to say, based on the failure statistics and the opinions expressed in the literature, that the need for survival is and will continue to become an increasingly important

consideration of the management of businesses operating in a volatile and dynamic environment.

3.6 Summary

The environment has been subjected to change to the extent that it is viewed as being turbulent, volatile and dynamic. The nature of change has shifted from reasonably predictable closed or incremental change to unpredictable open ended or discontinuous change. In addition, the pace of change has accelerated and is expected to continue to increase into the next century. This creates a business environment of increasing complexity and uncertainty. In order to survive, businesses and their accounting information systems need to operate as open systems. Open systems interact and adapt to changes in its environment, thus protecting their continued survival or moving towards homeostasis.

As uncertainty increases in the environment, enterprises can enhance their ability to adapt to the business environment by becoming more flexible. Flexibility improves the ability of enterprises and their employees to respond more quickly and efficiently to stimuli from the environment, than their competitors. Flexible organisations are therefore, better equipped to deal with change and are more likely to survive in times of turbulence. Similarly, a flexible accounting information system lends an organisation the ability to adapt more rapidly and efficiently to the changing demands of its users than an inflexible information system.

Organisational effectiveness requires that enterprises recognise the need for different types of change and manage them accordingly (Nadler & Shaw, 1995, p.13). Increasing value should be attached to flexibility. As it enhances the ability of the enterprise to adapt, flexibility can be a tool available to management to deal with uncertainty and create a competitive advantage for their enterprises.