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Not because they are new: Developing the contribution of enterprise resource planning systems to management control research

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Abstract

Enterprise Resource Planning systems are fundamentally bound up with the work of accounting, and have been seen to have transformative implications for the nature of organisational integration and control. This introductory essay briefly outlines the nature of Enterprise Resource Planning systems, noting the main lines of argument in their treatment in the accounting literature so far. It goes on to set the scene for the distinctive contribution of the two papers that follow, exphasising the way in which they offer a basis for re-evaluating our understanding of organisational integration and control through their detailed field work.

The potential for fads and fashions in management research is well established (e.g. Abrahamson, 1991; Carmona, 2003). With this in mind it is tempting to think of Enterprise Resource Planning (ERP) systems as just another fad. Particularly given their technological nature it is tempting to assume that they might be a fad with a particularly short shelf-life, now superseded by newer, better, more interesting technologies. This themed section of *Accounting, Organizations and Society* brings together two papers that demonstrate the potential of studies of ERP systems not as technological curiosities, but, as vehicles through which fundamental questions concerning the nature of management control may be both asked and answered.

Not least this is desirable since we have been less than timely in our work if novelty were to be a driving force behind a research agenda for ERP in the accounting literature. The first studies published in refereed accounting journals came distinctly late in the development of the technology. By the time most of the extant academic literature on ERP was published, it was well established amongst the practitioners who bought, sold, and commentated on ERP systems, that they had made grand promises, largely failed to keep them,

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and were fast developing into something quite different (e.g. Gant, 2001; Menezes, 2000).

ERP systems, whilst not accounting systems in the sense that they are necessarily (or even frequently) instigated, designed, or controlled by accountants, are fundamentally bound up with organisational processes of accounting. ERPs seek to systematise and co-ordinate (and in original aspiration to do so completely) record keeping, the design and implementation of structures of categorisation and aggregation of transactions, ultimately allowing for the generation and manipulation of comprehensive virtual perspectives on the nature and flow of operations and resources.

Early contributions in the accounting literature frequently took the form of introductions to the "new" technology coupled with speculations on its implication for management accounting, accountants and control. The possibilities that the automatic capture, manipulation and dissemination of information (both financial and non-financial) presented for significantly intensifying traditional modes of management control were provocative (e.g. Bashein, Markus, & Finley, 1997; Cooper & Kaplan, 1998; Sotto, 1997).[1] ERP has also offered a rich field for speculation concerning such systems' impacts on the practice of management control at an institutional level, emphasising the possible disintermediation of management accountants from their traditional roles and jurisdictions (e.g. Caglio, 2003; Chapman & Chua, 2003; Scapens & Jazayeri, 2003).

Empirical studies of practice have frequently found it difficult to disentangle clear cut implications following ERP's introduction however (e.g. Granlund & Malmi, 2002; Granlund & Mouritsen, 2003; Quattrone & Hopper, 2001). Scott and Wagner (2003) point out that earlier generations of technology met with similar waves of enthusiastic expectation and speculation, followed by subsequent disillusionment as the day-to-day grind of actually working with them became clear. As with previous generations of technologies before ERP (e.g. Ijiri & Kelly, 1980; Stambaugh & Carpenter, 1992), the easy use of an acronym belies the technological complexity and diverse motivations for introduction that may lie behind ERP in practice (Chapman & Chua, 2003). Furthermore, the body of work bringing out the complex, dynamic, and unexpected nature of the interactions between information technology and organisations is far too substantial to list in this introduction.

In the two studies that make up this themed section we find management control grounded in ERP-mediated routines for the collection, manipulation, reporting and discussion of corporate data. Practices of management control are analysed in terms of Latourian networks of far-flung actors. We find that ERP systems come to be what they are through the decisions and resources of previous actors, subject to future decisions and resources that may transfigure them beyond recognition. This acknowledgement of ERP's transitory nature and potential for change does not belie their analytical role in helping to illuminate processes of management control as objecting objects however. Whilst it seems fanciful to describe an ERP system as an actor that might seek allies to further its own ends, it is instructive to consider the ways in which it might shape the actions and intentions of organisational managers through the systematic implications it brings to the management of organisational data.

There is a well established literature that has brought out the ways in which control over the definition what is counted affects understanding of what counts in relation to budgetary systems (e.g. Ansari & Euske, 1987; Brunsson, 1990; Jönn-

[1] The ideal of the machine organisation realised through technology (both IT and accounting) retains some interesting potentials. One recent example is the idea of Predictive Accounting discussed by Brimson, Antos, and Raiborn (2002). In considering this proposal a useful corollary might be Gosselin's (1997) differentiation between Activity Based Costing as regular and formal calculative practice and Activity Analysis as something potentially less extensive and more ad hoc. His study noted the principal beneficiaries of ABC analysis as centralised bureaucracies. The study also demonstrated that less stable organisations found benefits in the less calculatively formal Activity Analysis. Whilst it is easy to assume that a "predictive accounting" that seeks to render a modern enterprise as a cleanly modelled set of statistically controlled processes represents an ambitious dream, viewed as a stylistic theme of analysis, the idea is entirely consistent with contemporary notions of business planning as a process of ongoing testing of causal relationships (e.g. Ittner & Larcker, 2003).