

**Antecedents, characteristics, and
consequences associated with the roles of
management accountants,
and assisting managers in their roles**

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Dublin City University
Business School**

**In partial fulfilment of the requirements for the degree of
DOCTOR OF PHILOSOPHY**

Supervisor: Professor Bernard Pierce

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DECLARATION

I hereby certify that this material, which I now submit for assessment on the programme of study leading to the award of Doctor of Philosophy is entirely my own work, that I have exercised reasonable care to ensure that the work is original, and does not to the best of my knowledge breach any law of copyright, and has not been taken from the work of others save and to the extent that such work has been cited and acknowledged within the text of my work.

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DEDICATION

To my mum, in memory of my dad, and to Yvonne.

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ABSTRACT

The literature on the roles of management accountants (MAs) indicates a poor understanding of these roles. There is limited, and fragmented evidence of the factors shaping these roles, contradictory findings on MAs providing meaningful information, and on adopting the model of the ‘business partner’. There is a dearth of research on the consequences of these roles. Some of the literature is of a normative, professional bent and lacks theoretical import. From a theoretical perspective, this study employs the theories of management control, contingency, and role theory as devices through which to understand these roles.

The aim of the study is to investigate the antecedents, characteristics, and consequences associated with the roles of MAs, and to analyse the extent that antecedents and characteristics associated with the roles of MAs have consequences for assisting operating managers (OMs) in the performance of their roles. The setting for the study is medium and large manufacturing firms. The first phase of data collection involved an inductive set of interviews with 18 finance managers (FMs) and 18 OMs. The second phase of data collection involved an in-depth investigation of 12 MAs as ‘cases’ linked to specific OMs, drawing on 36 interviews and the analysis of over 50 management accounting reports.

The phase one findings provide evidence of a range of antecedents, characteristics, and consequences associated with the roles of MAs. The antecedents of management and the individual MAs themselves emerge as strong influences on the roles of MAs. MAs are perceived as requiring a range of skills, as being involved in a broad set of activities, and as playing an important role in information provision and analysis. The consequences of the roles of MAs show that interaction between MAs and OMs can lead to positive outcomes for performance, information, and for functional relationships, but a number of uncertainties and conflicts are associated with this. Collectively, these findings identify a number of challenges facing the MA in providing support to OMs.

In phase two, the analysis of the control and decision support expectations of each OM, with respect to the MA linked to that OM, identifies the extent that MAs assist OMs in relation to performance impact, information provision, and their interaction. The findings link specific characteristics of MAs (e.g., routine and non-routine reports, individual traits) and antecedents (e.g., OMs’ expectations, head office, regulation, FMs, OM’s understanding of MAs) with the extent that MAs assist OMs in their roles.

The study adds to the existing literature on the roles of MAs in a number of ways. The study provides a comprehensive picture of the antecedents, characteristics, and consequences associated with the roles of MAs. Through the management control theoretical lens, the findings indicate that more involvement of MAs with OMs may lead to more effective control in particular contexts, and highlights the extent that control reports are useful, and how they are used. A number of contingencies are identified that relate antecedents of the roles to assisting OMs in their roles. The use of the role theory lens in analysing the extent that MAs are not meeting OMs’ expectations has helped explain contradictions in the literature, and identifies role conflicts and ambiguities for MAs that are new to the literature. The study extends the ‘business partner’ and ‘bean counter’ dichotomy to include two additional depictions of the roles of MAs. The research design makes a contribution in its use of qualitative enquiry, a two-phase approach, the inclusion of OMs as well as MAs, the adaption of role theory methodology, and in the analysis of qualitative data. The study is novel in its employment of three theoretical lenses. The study contributes to practice, and theory on the roles of MAs, in showing that MAs moving to the model of the business partner is one that is not straightforward, but one that has conditions, ambiguities, and conflicts associated with it.

LIST OF ABBREVIATIONS

ABC	Activity-Based Costing
BSC(s)	Balanced Scorecard(s)
CIMA	Chartered Institute of Management Accountants
ERP	Enterprise Resource Planning
FMs	Finance Manager(s)
IT	Information Technology
KPI(s)	Key Performance Indicator(s)
MA(s)	Management Accountant(s)
MAS(s)	Management Accounting System(s)
MCS(s)	Management Control System(s)
MNE(s)	Multinational Enterprise(s)
NFI(s)	Non-financial Indicator(s)
OM(s)	Operating Manager(s)
SOX	Sarbanes-Oxley

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Chapter One

Introduction

1.1 Introduction

This chapter introduces the study by providing a summary of the major themes in the academic and professional literature relating to the roles of management accountants (MAs). This is followed by a statement of the study's overall purpose and the research objectives of phase one and two of the research supporting this purpose. Next, the chapter outlines the theoretical framework that underpins the study, followed by an overview of the research design generating the findings. The section following this presents a summary of the contribution of the study. Finally, a chapter structure of the dissertation is outlined.

1.2 Background to the study: research on the roles of MAs

The study is motivated by a personal interest in roles of MAs from previous experience of such roles, by a desire to better understand how MAs can perform their roles in contemporary contexts, and by a number of apparent gaps in the literature. Despite a growing body of academic research on the roles of MAs in organisations in the latter half of the last century, there is as yet a poor understanding of the roles of MAs in organisations (Anthony, 1989; Young, 1996). This has created a somewhat fragmented body of knowledge (Chapman, 1997; Chenhall 2003, 2007) producing an incomplete picture of many of the individual and collective dimensions of the roles of MAs.

There is an emerging model of the roles of MAs in the recent literature that tends to emphasise the roles of MAs as being involved in management decision making processes. This model is often conveyed with titles including the 'Business Partner' (Gibson, 2002; Pierce and O'Dea, 2003; Siegel *et al.*, 2003a, 2003b), 'Hybrid Accountants' (Burns *et al.*, 1999; Burns and Scapens, 2000; Burns and Baldvinsdottir, 2005, 2007), and the 'Business Advocate' (Jablonsky *et al.*, 1993; Jablonsky and Keating, 1998) amongst others. There has not been much added to our understanding of the contemporary roles of MAs, particularly around the involvement of MAs with operating managers (OMs), since the pioneering work of Simon *et al.* (1954), Sathé (1982) and Hopper (1980). Moreover, it can be argued that in the current intensely competitive environment that OMs require flexibility and quality information from the MAs that support them in their decision making processes. The research to date on the roles of MAs supporting managerial decision making has produced inconclusive

results. Some studies have found that MAs are occupying meaningful roles in this area (Ahrens, 1997; Caglio, 2003; Vaivio, 2004), while some studies have found that MAs are not doing so (Chenhall and Langfield-Smith, 1998b; Johnston *et al.*, 2002a; Pierce and O’Dea, 2003).

It has been generally recognised that a central aspect of the roles of MAs in supporting managers’ decision making is the information that is provided towards this end (Belkaoui, 1980; Emmanuel *et al.*, 1990; Horngren *et al.*, 2000; Atkinson *et al.*, 2001). Notwithstanding this, there has been much criticism of the usefulness of this information (Johnson and Kaplan, 1987; McKinnon and Bruns, 1992) and evidence of a user-preparer gap (Mendoza and Bescos, 2001; Pierce and O’Dea, 2003). Finally, there has been a dearth of research on the roles of MAs in an Irish context, although this study does not focus on distinguishing any cultural observations in this context.

1.3 Background to the study: accounting roles in practice

A number of professional publications have indicated that the roles of accountants in finance functions have not adhered to the espoused model of business partnering (Siegel *et al.*, 2003a, 2003b) with business managers in commercial decision making processes. In a global survey of senior financial and non-financial executives (a sample of 286 comprising 123 chief financial officers (CFOs)) in high performing firms, EIU and KPMG (2006) found that 45% of CFOs acknowledged a deficiency in the finance function’s knowledge of the business. Over 30% of all respondents noted that the interactions between the finance function and other organisational functions could be better, specifically with sales and marketing, research and development, and manufacturing operations and supply chain functions. EIU and KPMG (2006) note that as a result, ‘finance is often excluded from important negotiations with suppliers and business partners’ (p. 19). IBM (2005), in a global survey of 889 CFOs, note that the top three critical areas of concern as: performance management (69%), business partnership for expansion (61%), and ongoing enhancement of the business and processes (61%). In contrast to these ‘highly important’ scores, the corresponding respondent scores for ‘highly effective’ were respectively, 42%, 31%, and 28% for the same three areas, revealing a considerable gap.

In a survey of over 1,200 CFOs, IBM (2008, p. 3) note that integrating the global finance function is of primary concern:

Enabling such consistency shifts the conversation from “Are the numbers right?” to “How do we use these numbers to better our business?” It is the shift from the transactional to the analytical. With data turned into information then turned into insight, Finance moves beyond “taillights” – historical reporting – to a keener sense of “headlights” with which to illuminate the future direction of the enterprise.

Thus, there is a very strong mandate in the professional literature for accountants to develop roles that incorporate a partnership approach in commercial decision making processes. The professional management accounting literature suggests that many MAs may find their careers at a crossroads, having to take perhaps very challenging new career directions, while recognising that some typical traditional management accounting roles may imminently disappear (Cooper, 1996; Ezzamel *et al.*, 1997; Burns *et al.*, 1999; Pierce, 2001; Burns and Baldvinsdottir, 2007).

1.4 Substantive motivation for research

Commercial organisations and not-for-profit organisations are established with the purpose of achieving particular goals relating for example to development, growth, profitability (for commercial organisations), but ultimately aim to sustain the organisation in the future. Fundamental to the achievement of this aim, are the many and varied decisions that managers of these organisations make in the enacting of their roles and these decisions relate, amongst other factors, to the information that is available to these managers. In this regard, accounting as a discipline has long recorded, validated and reported organisations’ transactions, providing a pool of information from which managers can report, plan, evaluate, and project organisational performance.

Since the development of management accounting practice in Western societies in the late 19th and early 20th centuries, there has been much concern with if, and how, accountants, as traditional custodians of firms’ accounting and control systems, can better support managerial decision making in organisations (Johnson and Kaplan, 1987). Reflecting the organisational demands for accountants, many professional

management accounting institutions have been founded (e.g., the UK currently named Chartered Institute of Management Accountants (CIMA) and the US currently named Institute of Management Accountants (IMA), both formed in the year 1919), and in parallel, management accounting has also been a substantial component of the third-level accounting curriculum.

What has made the challenge of meeting managers' decision making and control needs more difficult has been the contemporary environment in which managers now operate. It has frequently been observed that today's business environment is in general intensely competitive, dynamic, deregulated, global in its threats and opportunities, and influenced by rapid technological advancements. Thus, the task facing MAs in supporting managerial decision making has even greater urgency in these contexts. Within the manufacturing sector, the sectoral focus of this study, it is generally accepted that many firms are attracted, and move, to low cost and/or incentivised locations and that product life cycles are shrinking making manufacturing an extremely competitive enterprise.

1.5 Purpose of the study

The overall purpose of this study is to advance our understanding of the roles of MAs operating within a manufacturing environment through two phases of investigation. The first phase of the research aims to inductively understand the factors associated with the roles of MAs, while phase two aims to develop this understanding further through focusing on a limited number of these factors and making an in-depth enquiry of these.

Phase one of the study investigates the antecedents, characteristics, and consequences associated with the roles of MAs (see section 4.4) and what follows is a brief summary of the key literature, reviewed in detail in chapters two and three, underpinning the establishment of each of the objectives. The objectives for phase two, summarised in section 1.5.4, follow on from the statement of phase one objectives. These are presented in more detail at the commencement of the phase two findings chapter (see section 6.2), having at that stage presented the findings from phase one.

1.5.1 Antecedents associated with the roles of MAs

There is limited theoretical or empirical literature on what factors impact on management accounting systems (MASs) and the roles of MAs, as Libby and Waterhouse (1996) observe: ‘surprisingly little is known about the actual rate of adoption of changes to accounting systems...even less is known about the forces that induce or act to impede change in accounting systems’ (p. 137). Burns and Scapens (2000) note that ‘little research attention has been given to understanding the processes through which these new management accounting systems and practices have emerged (or failed to emerge) through time’ (p. 4). The literature identifies some variables that may impact on the roles of MAs including: the business environment (Sathe, 1982, Burns *et al.*, 1999; CIMA, 2007), technological developments (Ezzamel *et al.*, 1997; Granlund and Malmi, 2002; Scapens and Jazayeri, 2003), cross-functional interaction (Nulty, 1992; Mouritsen, 1996; Johnston *et al.* 2002a), structural arrangements and physical location (Hopper, 1980; Granlund and Lukka, 1998a; IMA, 1999), accounting innovations (Bhimani and Pigott, 1992; Norris, 1995; Friedman and Lyne, 1997), and individual qualities (IMA, 1996, 1999; Burns and Yazdifar, 2001; Burns and Baldvinsdottir, 2007). Theoretically, there is a poor and fragmented understanding of the contingencies that might relate to MASs and the roles of MAs (Chenhall, 2003, 2007). Management has been found to influence the roles of MAs (Hopper, 1980) and controllers (Sathe, 1982) using role theory’s prediction of the influence of management’s expectations but this work needs revisiting in contemporary contexts. Further, there appears to be a dearth of research regarding understanding the roles of MAs, as traditional custodians of organisational control systems, in the context of the deployment of management control systems (MCSs) in contemporary settings (Otley, 1994; Scapens *et al.*, 2003; Berry *et al.*, 2008). These gaps in the literature lead to the research objective:

To investigate antecedents associated with the roles of MAs.

1.5.2 Characteristics associated with the roles of MAs

Since the mid-eighties there has been considerable criticism, particularly from US academia, suggesting that MAs have been slow to respond to changing environments and do not provide relevant information to managers (Kaplan, 1984; Johnson and Kaplan, 1987; McKinnon and Bruns, 1992). Research in the UK has in general

suggested that the ‘crisis’ in management accounting may be less acute and instead ought to be understood in a broader organisational context (Bromwich and Bhimani, 1989; Burns *et al.*, 1999). The limited evidence to date in an Irish context suggests that MAs are in danger of being ‘marginalised’ (Clarke *et al.*, 1999), with managers perceiving a need for broader and more timely information, coupled with flexibility for change (Pierce and O’Dea, 2003).

Partly in response to the questioning of the relevance of management accounting practices, a plethora of survey research over the last two decades on these practices has indicated some adoption of accounting innovations but perhaps less wholesale than expected (Drury *et al.*, 1993; Bromwich and Bhimani, 1994). In an Irish context, the findings have shown some adoption (see Clarke, 1992; O’Dea and Clarke, 1994; Pierce and O’Dea, 1998), but less than in other countries (Clarke *et al.*, 1999). More recent research in Ireland has suggested a potential levelling off of adoption levels (Pierce and Brown, 2003). The survey research has prompted a need for a more in-depth understanding of the operation of the management accounting function.

The model of the ‘business partner’ has received increasing attention recently in the literature. The business partner is typically depicted in terms of MAs providing management with strong decision making support. There is a growing body of literature suggesting that the extent of decision support is somewhat lacking in terms of how the role is espoused and in terms of managerial expectations (Hopper, 1980; Sathe, 1982; Jablonsky *et al.*, 1993; Sheridan, 1997; Johnston *et al.*, 2002a; Pierce and O’Dea, 2003), despite the continued strong promotion of the partnership principle in the professional accounting press (Burns *et al.*, 1996; Siegel *et al.*, 2003a, 2003b, Gould and Fahy, 2005, 2005/2006). Theoretically, there is scope to explore the existence of contingencies that might relate to characteristics of the roles of MAs and role theory predicts that characteristics of the roles of MAs may have implications for others’ expectations of those roles (Kahn *et al.*, 1964; Katz and Kahn, 1978). From a management control theoretical perspective, there appears to be scope to build more understanding of role characteristics pertaining to the effectiveness of control. This leads to the research objective:

To investigate the characteristics associated with the roles of MAs.

1.5.3 Consequences associated with the roles of MAs

Relative to the antecedents and characteristics associated with the roles of MAs, there has been very little research on the consequences of such roles.

Hornsgren *et al.* (2000) define management accounting as a function that ‘measures and reports financial and non-financial information that helps managers make decisions to fulfil the goals of an organisation’ (p. 888). This suggests that there are likely consequences of the roles of MAs with respect to the information they gather, analyse and provide in support of internal managerial decision making which ultimately would have implications for organisational performance. However, as noted in the previous section 1.5.2, there has been much criticism of management accounting information provision and the roles of MAs not adopting the model of the ‘business partner’ which therefore underpins a need to better understand what are the actual consequences of the contemporary roles of MAs.

Recent environmental, management and technological initiatives and developments have suggested that the management accounting landscape may be altering as a consequence (Burns *et al.*, 1996; Ezzamel *et al.*, 1997; Granlund and Malmi, 2002; Granlund and Mouritsen, 2003; Scapens and Jazayeri, 2003; Burns and Baldvinsdottir, 2007). There have been a number of calls in the literature to investigate the contemporary consequences of these developments for management accounting and control (Otley, 1994; Shields, 1997; Scapens and Bromwich, 2001). There is thus, a theoretical need to investigate the roles of MAs with respect to the outcomes from a management control perspective. Role theory, which includes the concepts of role conflict and role ambiguity, suggests that there might be consequences for the roles of MAs in adopting the model of business partnership, while simultaneously maintaining a somewhat removed and objective positioning for control purposes. This has received little attention from accounting researchers since the pioneering work of Simon *et al.* (1954) followed by Hopper (1980) and Sathe (1982, 1983). This leads to the research objective:

To investigate the consequences associated with the roles of MAs.

1.5.4 Phase two objectives

As phase one entails an investigation of antecedents, characteristics, and consequences associated with the roles of MAs, phase two narrows the focus to a subset of these variables. Phase two objectives follow on from the outcome of the analysis of phase one findings (see section 6.2 on the linking of phase one and two), and are directed towards gaining an understanding of the relationships between the antecedents and characteristics from phase one, and the consequences of these for assisting OMs in the performance of their roles.

In the interest of providing some indicative basis for this focus on assisting OMs in the performance of their roles – and without prematurely presenting phase one findings – some of the guiding themes are presented here. Phase one findings indicated strong shared perceptions of the roles of MAs as providing support to managers but with mixed evidence on their effectiveness in doing so. A range of strong, and less strong, antecedents to the roles of MAs were observed with some indicating uncertainties about MAs interacting with managers and some suggesting negative influences on MAs' capacity to support managers. The findings on consequences in phase one directed attention to this interaction, with positive and negative outcomes for managers, and for MAs being perceived. With these factors in mind, and an orientation towards focusing on an outcome variable, and still mindful of the consequences gap in the academic literature, phase two narrows to focus on understanding how the phase one antecedents and characteristics linked to the roles of MAs might be associated with assisting OMs in the performance of their roles. The objectives of phase two can be stated as:

1. To analyse the extent that antecedents associated with the roles of MAs have consequences for assisting OMs in the performance of their roles.
2. To analyse the extent that characteristics associated with the roles of MAs have consequences for assisting OMs in the performance of their roles.

Addressing the objectives of the study entailed the use of three theoretical lenses which are outlined in the next section, and the research design is outlined in the section following.

1.6 Theoretical perspectives

The conceptual lenses of management control, contingency, and role theory permeate many elements of this research on the roles of MAs. Firstly, they form part of the literature review (see chapter two), as relevant theoretical perspectives on the roles of MAs. Secondly, they frame the interpretation and analysis of the research findings. Thirdly, they have an impact on the research design by drawing on role theory methodology (see sections 4.4.2 and 4.6.4), and by departing from the quantitative methodological bent of contingency research (see section 2.3.3).

The selection of the management control perspective is based on the central role of the management accounting function in the deployment of management control in organisations (Anthony, 1965; Macintosh, 1985; Emmanuel *et al.*, 1990; Otley, 1994; Otley *et al.*, 1995). Scapens *et al.* (2003) and Otley (1994) call for development in the theory of control that takes into account recent changes in accounting practices e.g., developments including MAs working in cross-functional teams, on business processes, partnering in decision making and integrating financial and non-financial information on operational and strategic levels.

The selection of contingency theory is based on the idea that, in investigating the roles of MAs in particular organisational contexts, some evidence might point to the existence of a matching, or mismatching, between the roles of MAs and characteristics of these contexts (Otley, 1980; Fisher, 1995; Chenhall, 2003, 2007). It is being used in this study as there is not an established contingency literature specifically on the roles of MAs. While this theory has been much employed in previous management accounting research, it tends to have been in studies primarily of a quantitative nature. In contrast, this study adopts a qualitative design, an approach used in the very early contingency studies by organisational theorists.

The selection of 'role' theory in a study that focuses on the 'roles' of MAs has intuitive merit. The theory relates roles and the expectations of those roles in

organisational settings (Kahn *et al.*, 1964; Katz and Kahn, 1978). The literature (see section 1.2) documents changing roles for MAs that suggest an increasing orientation towards supporting managerial decision making, which calls for understanding the expectations of managers, a central tenet of role theory.

The relative importance of each theory in the study relates to the objectives of the study. For example, the contingency lens underpins analysis of perceived conditional alignments (as antecedents and characteristics), the role lens underpins analysis of managers' expectations (as antecedents), characteristics of those occupying roles (i.e., MAs), and role conflicts (as consequences), and the management control lens as a central aspect of the roles of MAs (as antecedents, characteristics and consequences). Furthermore, the selection of these theories is supported by their previous employment in management accounting research and the rationale for a multi-theoretical perspective, as opposed to a singular one, is that their integration in a single study facilitates the drawing out of their relative strengths and limitations. The theoretical stance is therefore not one of a-priori testing but using interpretive devices deployed in previous management accounting studies (Berry *et al.*, 1991; Marginson, 1999; Burns and Baldvinsdottir, 2005; Granlund and Taipaleenmäki, 2005). The outcomes of the study point to further use of these theoretical lenses in investigating the roles of MAs e.g., a larger sample investigation of contingent relationships, the consequences of the MA's interaction with managers from a management control perspective, and the role conflicts and ambiguities for MAs vis-à-vis the expectations of managers.

1.7 Methodological perspectives

The overarching methodological approach of this study is qualitative. Within such a framework the researcher seeks to build an in-depth understanding of the perceptions of MAs and OMs in the specific contexts in which they are located. This perspective is generally aligned with research methods that facilitate the building of such knowledge. The data collection involved a process of in-depth interviews in phase one followed by the examination of 12 'case' roles of MAs in phase two using in-depth interviews and documentation analysis, with both phases concentrating on medium and large manufacturing firms. The case analysis in phase two was at the individual level (i.e., the MA) and not the company level (i.e., the five manufacturing firms in

which the 12 MAs were based) because the analysis of phase one data pointed to this level of analysis for further research (see section 5.5 and section 6.2). A summary of the data collection process is depicted in figure 1.1.

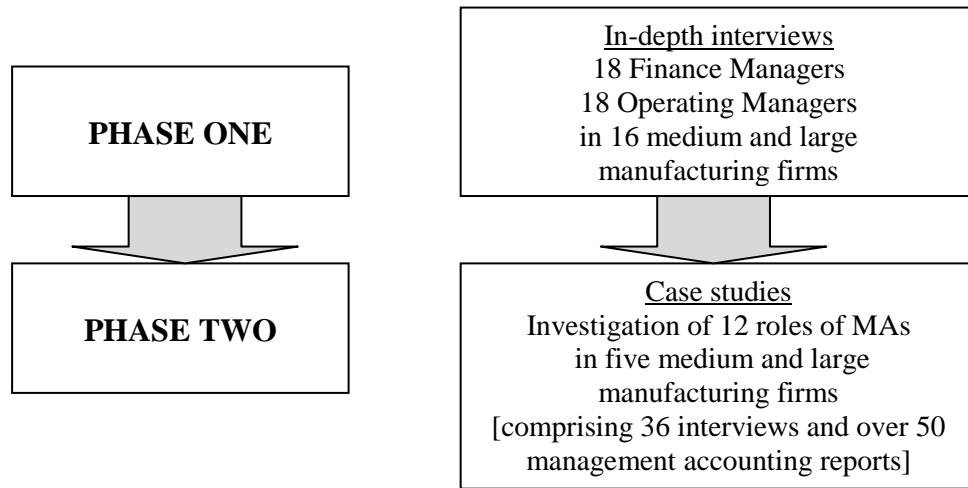


Figure 1.1 – Overview of the data collection process

Leading on from the phase two research objectives as stated above, phase two is methodologically distinct from phase one in many respects. Firstly it draws on role theory methodology (Kahn *et al.*, 1964; Katz and Kahn, 1978) in pairing specific roles of MAs with specific OMs based on the theory's prediction of role behaviours from management expectations. Secondly, it uses the case approach where each MA is a particular case, and therefore gives depth and numerous perspectives for each case. Thirdly, it focuses on very specific MAs interacting with specific OMs, as opposed to phase one which sometimes focuses on the more normative perceptions of senior MAs, or finance managers (FMs), on the roles of MAs.

The manufacturing setting is chosen as the context for the study because this has traditionally been the dominant sector of employment for MAs, and in an Irish context, this sector has been particularly relevant as a contributor to economic performance (Scarpetta *et al.*, 2000). As a small open economy, Ireland's recent economic success has been partly attributed to the arrival of many foreign, manufacturing-based, multi-national enterprises (MNEs).

1.8 Contribution

Any contribution claims made in this research must be taken in the context of boundaries imposed by the particular focus on the subject matter (i.e., roles of MAs) and the methodological constraints associated with qualitative research including the using of small sample sizes (see section 8.6.2). The contribution is detailed in the conclusion chapter in section 8.9 but is summarised below:

- 1) The study makes a contribution to our understanding of the roles of MAs in presenting a more comprehensive picture of the antecedents, characteristics, and consequences associated with these roles, than that provided in the literature to date.
- 2) A contribution is made through the contingency lens in the establishment of a number of propositions relating to the antecedents to the roles of MAs.
- 3) Through role theory, the study analyses the extent that MAs meet the control and decision expectations of OMs, and assist OMs in the performance of their roles. This analysis helps to explain contradictions in the existing literature in relation to MAs moving towards the model of the business partner.
- 4) From a management control theoretical perspective the findings bring attention to the extent that the involvement of MAs, and control reports, may lead to more effective control in particular contexts. Contrary to most previous research, this study finds evidence that more involvement can lead to more control.
- 5) Use of the role theory lens also reveals a number of role conflicts and ambiguities for the roles of MAs, which relates to assisting OMs in their roles, and to adopting the model of the business partner.
- 6) Other contributions include: extending the bean-counter-business partner dichotomy of the roles of MAs, the qualitative approach, research design and data analysis, recommendations for practitioners, and the combined use of three theoretical lenses.

1.9 Structure of the dissertation

Following the overview of the dissertation in this chapter, chapter two reviews the literature on management control, contingency, and role theory. It presents the conceptual foundations for the study, which are subsequently employed as the theoretical lenses through which the findings are analysed. Chapter three reviews the relevant empirical literature on the roles of MAs, covering many dimensions of the roles, including their characteristics and factors shaping them. Within these roles, the nature and perceptions of management accounting information is also reviewed. Chapter four is the methodology chapter and this includes the: philosophical perspectives of the research, research problem, research objectives, research design and data collection and analysis.

Chapter five presents the findings from the 36 interviews with finance managers and OMs in 16 medium and large manufacturing firms. In line with phase one objectives of the study this chapter analyses the antecedents, characteristics, and consequences associated with the roles of MAs. Chapter six presents the findings from the investigation of the roles of 12 MAs in five manufacturing firms. This chapter commences with the phase one to phase two linking mechanism before presenting the findings in line with phase two objectives. Chapter seven reviews the findings from phases one and two of the research, as presented in chapters five and six. This review entails a critical examination of the findings in the context of previous empirical research and the three theoretical lenses. Chapter eight is the conclusion chapter and this summarises the contribution of the study, its implications for management accounting practice, recommendations for further research, and the limitations that pertain to the research. Figure 1.2 provides an illustrative map of the dissertation chapter structure.

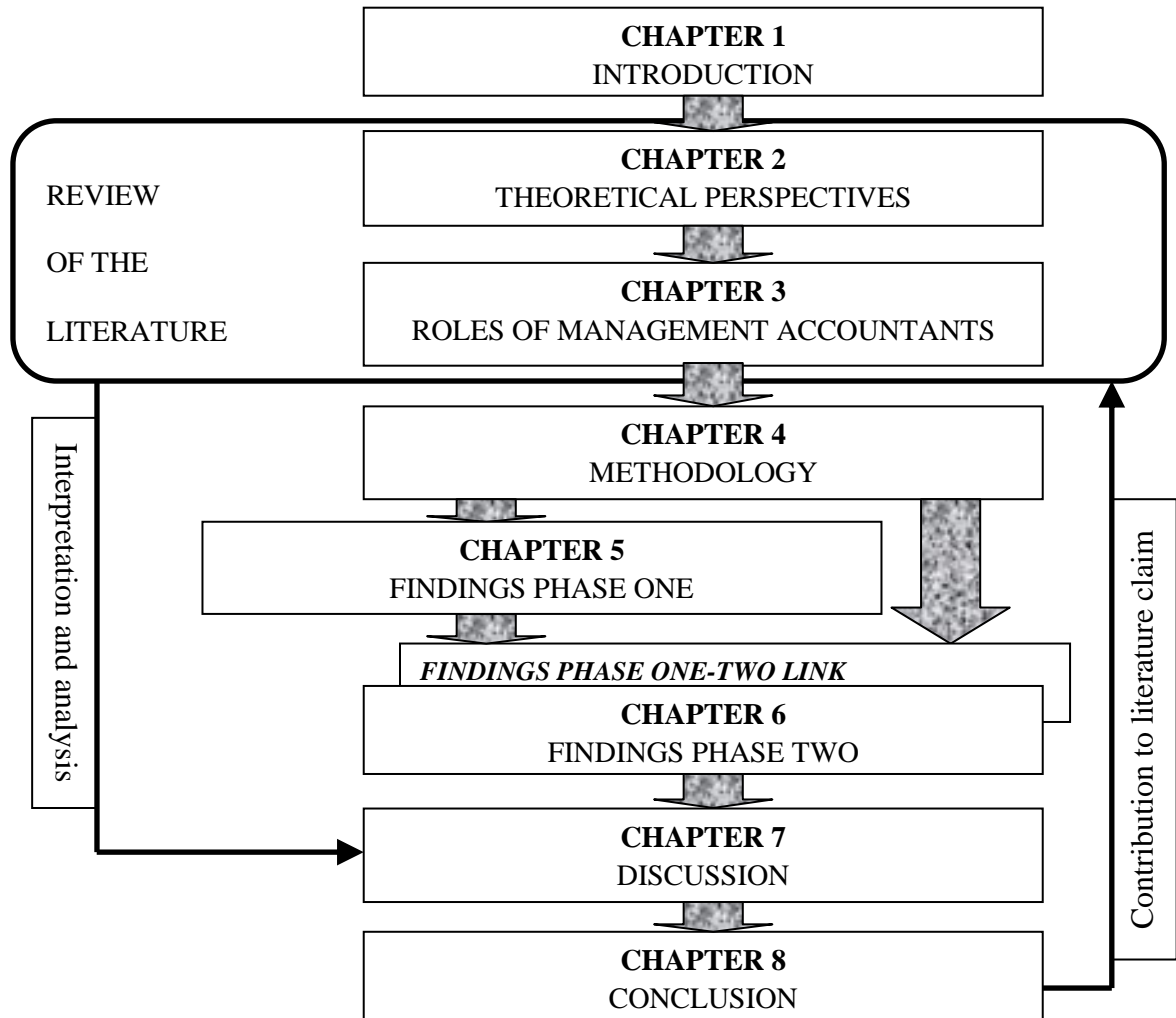


Figure 1.2 – Outline of dissertation chapter sequence

The diagram presents the sequence of chapters including two literature review chapters and two findings chapters with the theoretical and empirical literature review feeding into the discussion chapter. This chapter is followed by the conclusion chapter which asserts the contribution made to the gaps in the literature. Figure 1.2 also shows the linking of phase one and two at the commencement of the second phase findings chapter.

Chapter Two

Theoretical Perspectives

2.1 Introduction

This chapter presents the theoretical foundations for the study. It commences with a review of management control theory, followed by a review of contingency theory, and then a review of role theory. Each theoretical perspective is defined and explained and located in its historical and contemporary context. Each section closes with a rationale for the selection of each particular theoretical frame for this study.

2.2 Management control

Anthony's (1965) landmark framework on MCSs, as distinct from strategic planning systems above them and operational control systems beneath them, underpins much of the subsequent research on the subject. Anthony (1965) describes management control as 'the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organisation's objectives' (p. 17), which thus precludes the consideration of higher-level strategic and lower-level operational control. Effectiveness can be understood in terms of achieving pre-defined objectives, while efficiency relates to how economically those objectives are achieved. It is widely recognised that management control is essentially concerned with influencing organisational behaviour towards the achievement of organisational goals (Flamholtz *et al.*, 1985).

More recent definitions tend to broaden this definition to include environmental adaptation in the fulfilment of organisational objectives (Otley and Berry, 1980). Berry *et al.* (1995) define management control as 'the process of guiding organisations into viable patterns of activity in a changing environment' (p. 4). This involves influencing behaviour towards the sustainable achievement of organisational goals. Lowe (1971) comprehensively defines a MCS as:

A system of information seeking and gathering, accountability, and feedback designed to ensure that the enterprise adapts to changes in its substantive environment and that the work behaviour of its employees is measured by reference to a set of operational sub-goals (which conform with overall objectives) so that the discrepancy between the two can be reconciled and corrected for (p. 5).

This definition draws attention to a number of aspects of management control including the role of information flows, goals, behaviours, measurements and

addressing variances to targets. Simons (1987) defines control systems in formal terms as ‘formalised procedures and systems that use information to maintain or alter patterns in organisational activity’ (p. 358). Collectively, these definitions of management control suggest that important dimensions include: organisational strategies and multi-level objectives, optimal management of resources, information feedback loops and corrective action, environmental linkages and organisational adaptation, and behavioural impacts.

2.2.1 Management control: classifications

Control mechanisms may take on many forms in organisations and a number of attempts have been made to classify these. Hopwood (1974) analyses organisational controls into *administrative controls*, *social controls* and *self-controls*. Ouchi (1979) classifies organisational controls into *market mechanisms*, *bureaucratic mechanisms*, and *clan mechanisms*. Hofstede (1981) proposes a typology of management control around four key questions (p. 194):

1. Are the objectives of the activity unambiguous or ambiguous?
2. Are its outputs measurable or non-measurable?
3. Are effects of management interventions in it known or unknown?
4. Is the activity repetitive or non-repetitive?

Based on the answers to these questions Hofstede (1981) categorises controls as *routine control*, *expert control*, *trial and error control*, *intuitive control*, *judgmental control*, and *political control*. Routine control is appropriate in situations with clear objectives, measurable outputs, and known effects of interventions, and activities of a repetitive nature. Political control conversely, is appropriate in situations characterised by ambiguity, uncertainty and conflicting interests. The application of these controls and the intermediate controls are presented in table 2.1.

CONTROL TYPE	Criteria for control type
POLITICAL	Ambiguous objectives
<i>Unambiguous objectives</i>	
JUDGMENTAL	Outputs not measurable but surrogates available
<i>Outputs measurable</i>	
INTUITIVE	Intervention impacts unknown and activity is non-repetitive
TRIAL AND ERROR	Intervention impacts unknown and activity is repetitive
<i>Intervention impacts known</i>	
EXPERT	Activity is not repetitive
ROUTINE	Activity is repetitive

Table 2.1 – Determining appropriate control types

Source: Adapted from Hofstede (1981, p. 196)

Macintosh (1994) recognises five general organisational control mechanisms as *bureaucratic, charismatic, market, tradition, and collegial*. Bureaucratic control emphasises hierarchy, procedures, rules and record keeping and are suitable to situations characterised by certainty and non-ambiguity. Conversely, charismatic control is appropriate where objectives are unambiguous but the process of achieving them is uncertain. Typically associated with revolutionary change, this control mechanism also suggests the importance of a charismatic leader. Market controls act as the ‘disciplinary glove of the invisible hand’ (p. 136) through the organisation’s performance in the market e.g., market response to prices, share of market. Control by tradition suggests that beliefs, rights, and norms are handed down and generally unquestionably followed in the interest of the greater good. Collegial control refers to specific groups possessing privileged authority (e.g., college academics), and where the administrators are themselves subject to control by the collegiums.

Following on from these Merchant (1998) classifies controls as *action controls*, *personnel controls*, *cultural controls*, and *results controls*. Table 2.2 illustrates the variety of controls available in relation to the overall purpose of the controls.

Object of Control		
Specific Actions	Results	Personnel
Behavioural Constraints: - Physical (e.g., locks, security guards) - Administrative (e.g., separation of duties)	Results Accountability: - Standards - Budgets - Management by Objective (MBO)	Upgrade Capabilities: - Selection - Training - Assignment
Action Accountability: - Work rules - Policies and Procedures - Codes of Conduct		Improve Communications: - Clarify expectations - Provide information for coordination
Preaction Review: - Direct Supervision - Approval Limits - Budget Reviews		Encourage Peer Control: - Work Groups - Shared Goals

Table 2.2 - A control tool classification framework

Source: Merchant (1998, p. 45)

What these different groupings and templates suggest is that there is a very broad range of controls that might be employed to effect management control in organisations. Such classifications have strong similarities and the control types are often discussed synonymously (Drury, 2000).

2.2.2 Cybernetic model of control

Drawing on the work of cyberneticians, Otley and Berry (1980) identify four essential criteria for a process to be under control: (1) the system must have an objective, (2) it must be possible to measure the results in relation to the objective, (3) the system must have a predictive model, and (4) a number of different actions must be available to choose from. Figure 2.1 presents the four required conditions for control in diagrammatic form. The cybernetic model incorporates both feedback and feedforward control. Feedback control involves detecting deviations or errors when actual outcomes are compared to planned outcomes and instigating any required corrective action as a result, while feedforward control involves detecting deviations or errors when anticipated or predicted outcomes are compared to planned outcomes

and instigating any required corrective action as a result (Otley and Berry, 1980; Berry *et al.*, 1995). Thus, feedback is retrospective and feedforward is prospective.

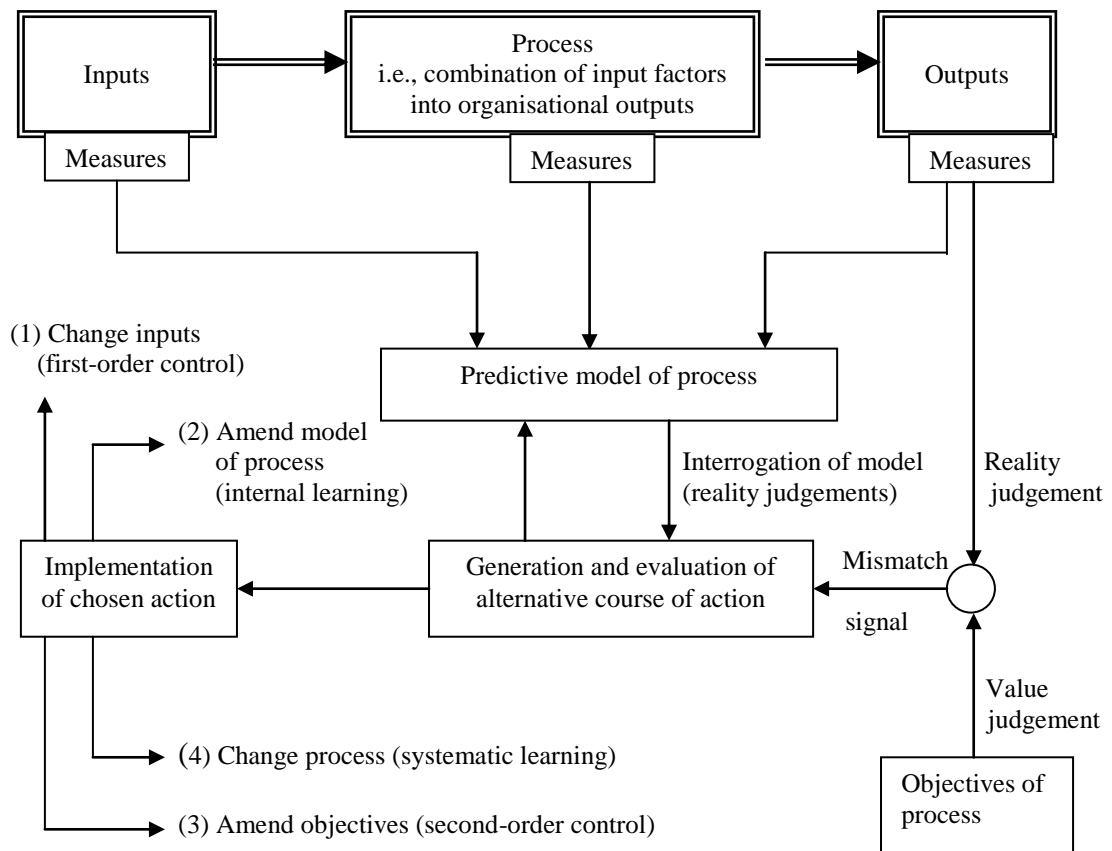


Figure 2.1 Model of control incorporating four essential components

Source: Otley and Berry (1980, p. 236)

This model contains the essential building blocks of a traditional MCS; that is the setting of objectives, preparation of budgets, performance measurement, feedback and feedforward, calculation of variances and the consideration of alternative courses of action. Feedback relates to the communication process following the actual measurement of performance to facilitate its comparison to expected performance, while feedforward relates to the communication process where anticipated performance is compared to what performance is wished for (Emmanuel *et al.*, 1990). Despite Boulding (1956)'s classification of cybernetic systems at level three on a scale from one to nine of systems – reflecting an ascending level of sophistication and complexity – Emmanuel *et al.* (1990) argue that the model ‘can be used to analyse the design and operation of MCSs and the role of accounting information within them’ (p. 13).

2.2.3 Expanding the cybernetic model of control

Some argue that the cybernetic model needs re-examining as social dimensions are inadequately considered. Dermer and Lucas (1986) argue that power dimensions are neglected and the uni-directional exercise of power (the controller as opposed to the controlled) has contributed to an ‘illusion’ of management control in organisations. Dermer and Lucas (1986) suggest that:

...control systems be designed to sustain co-existing, yet divergent, rationalities and resulting control models used by self-regulating interest groups. The relationships between controller and controllee is not a one-way exercise of authority in order to extract compliance (p. 480).

Ansari (1977) argues that the structural (or cybernetic) and behavioural approaches to control system design are often used in isolation of each other by researchers. Thus, control system design is less than optimal as one approach dominates. Ansari integrates these two dimensions of control system design into one framework (see figure 2.2).

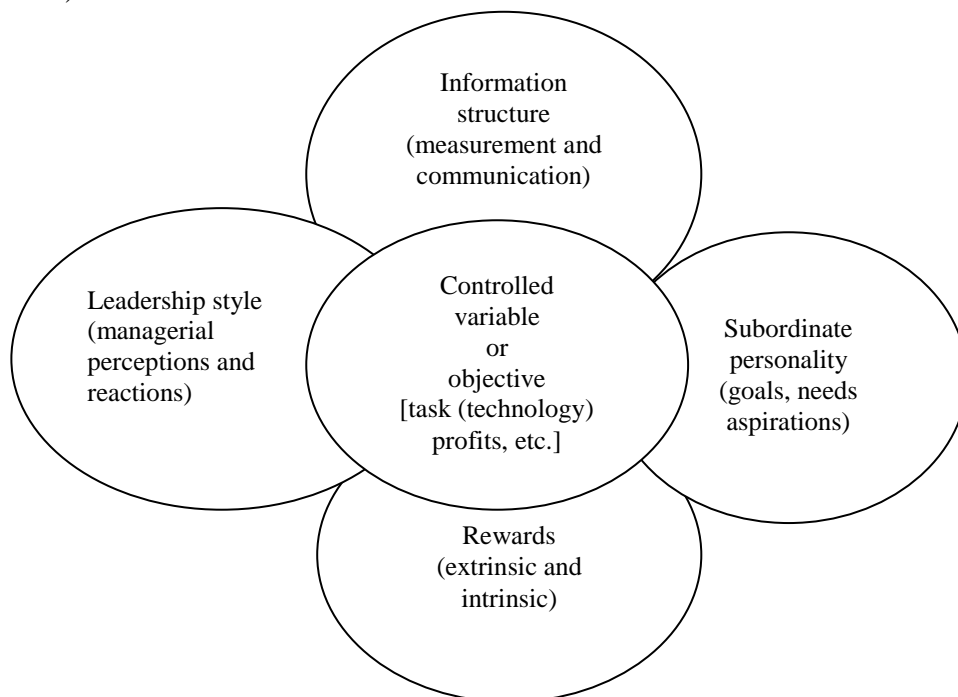


Figure 2.2 – Components of a control system

Source: Ansari (1977, p.108)

A number of other management control frameworks exist in the literature that incorporate the basic elements of the cybernetic model of control but also go further and address other aspects of control that are incompatible with the cybernetic model. Hofstede (1981) argues that the cybernetic model partially applies to expert and trial and error control but only fully applies to routine control (see section 2.2.1).

Flamholtz (1983) places the cybernetic model in an organisational context and argues that budgeting and accounting systems, while often described as control systems, may not in fact be so. Figure 2.3 places the cybernetic control model ('core control system') in the context of influential organisational variables i.e., environment, culture, and structure.

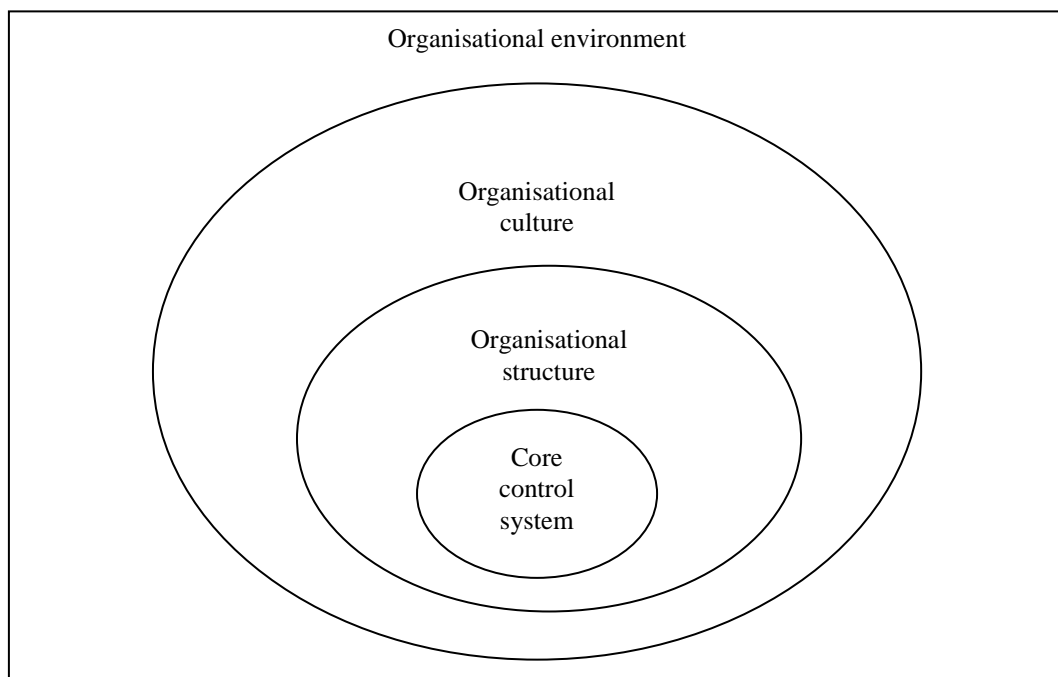


Figure 2.3 – Schematic representation of an organisational control system

Source: Flamholtz (1983, p. 155)

Flamholtz (1983) argues that the four cybernetic control dimensions (planning, operations, measurement and evaluation/reward) may not always be present in organisational settings, giving rise to what he terms 'degrees of control'. Further, even the presence of all components does not guarantee control, as in the case of a real estate company where 'branch managers paid very little attention to budgets' (p. 163). Integrating the budgeting and accounting systems with the wider organisational

control system is viewed as critical to their effectiveness. In the three organisational settings examined by Flamholtz, culture is noted as a crucial element of an organisational control system.

2.2.4 Control and strategy

More recently, the management control theoretical perspective is broadening to accommodate strategic perspectives and the ways in which control systems are deployed (Simons, 1995; Langfield-Smith, 1997). Simons (1987) found that firms pursuing alternative strategies use MCSs in different ways. Following Miles and Snow's (1978) classification of *Prospector* and *Defender* firms, Simons (1987) found that Prospectors (higher performers) tend to emphasise forecasting, tight targets but less cost control and close monitoring of output, with the larger companies attaching importance to regular reporting and standardised control systems with flexibility if required. Defenders, in contrast, emphasise rewarding budget achievement, placing less focus on control systems and are less likely to change.

Simons (1995) suggests the use of four levers for the control of strategy: *beliefs systems*, *boundary systems*, *diagnostic control systems*, and *interactive control systems*. Diagnostic control systems represent traditional management control devices such as profit plans and budgets, and are widely in use, even if managers 'pay little attention to them' (p. 59). Simons (1995) integrates diagnostic systems with other systems of control as 'virtually all writing on management control systems refer to diagnostic control systems' (p. 60). Beliefs systems relate to the formal mission, purpose, values and general direction of the firm. Interactive control systems are used to promote innovation, learning and facilitate emergent ideas and strategies. Interactive control systems 'focus attention and force dialogue throughout the organisation' (Simons, 1995, p. 96), and thus drive new strategy formulation from the bottom up. Boundary systems are used to set standards or constraints on behaviour within which innovation and creativity can thrive. Each of these systems, or *levers*, exerts counteracting forces on the strategy implementation process and each are associated with a secondary level variable as illustrated in figure 2.4.

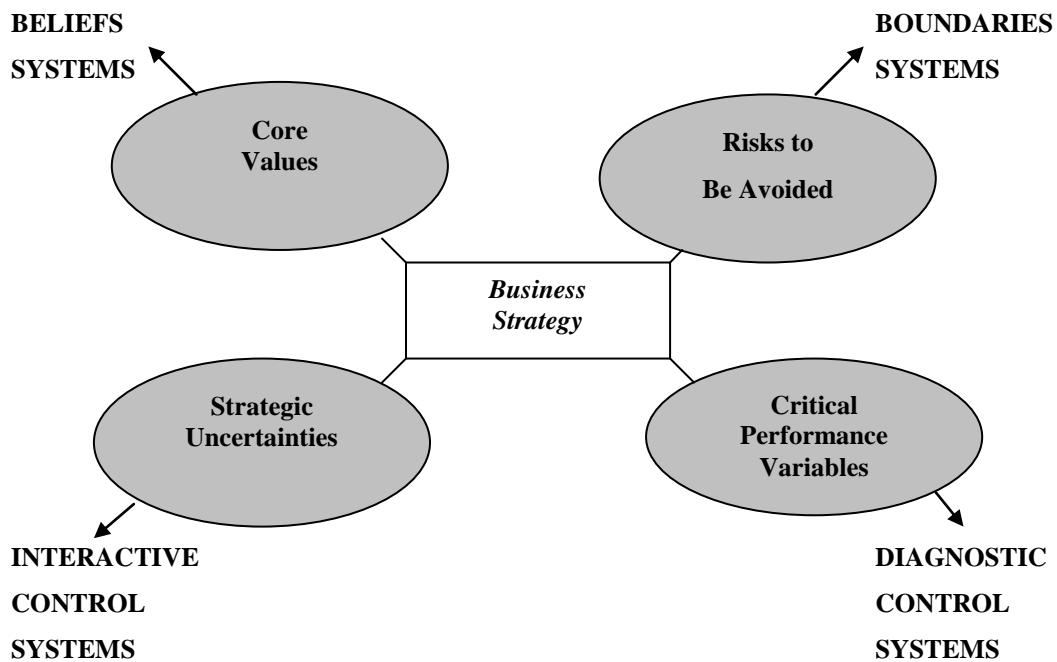


Figure 2.4 – Variables to be managed in controlling business strategy

Source: Simons (1995, p. 7)

Following Simons, in a case study of the emergence of non-financial indicators (NFIs) in a British chemicals firm, Vaivio (1999) recognises that NFIs could be used in either a diagnostic or interactive sense. In the field study, top management were observed deploying interactive control through the development of strategically important NFIs:

Instead of monitoring the non-financial measures merely as diagnostic ‘strategic controls’, the enactment of the measures involved top management personally with key operational processes. The measures maintained a structured dialogue between top management and the organisation’ (p. 430).

Thus, in contrast to the criticisms of budgeting systems as restrictive devices, they may also facilitate organisational innovation and learning in management processes. More recent studies have examined how these levers are used, and are inter-related, in the investigation of the operation of strategic management systems in organisations (Bisbe and Otley, 2004; Tuomela, 2005; Widener, 2007). The next section examines budgeting practices as a part of organisational control systems because their use in organisations has continued to attract much interest in the literature.

2.2.5 Budgets

Budgeting has been a central device in many organisational MCSs (see table 2.3). This seems all the more surprising with the extensive criticisms of budgets in the literature, which includes: psychological and behavioural consequences, short-term orientation, budgetary slack and gaming amongst other undesired outcomes (Gerold, 1952; Argyris, 1952; Schiff and Lewin, 1968, 1970; Hofstede, 1968; Birnberg *et al.*, 1983; Merchant, 1990; Otley, 1990; Bunce *et al.*, 1995; Hope and Fraser, 1997; 1998; 1999; 2003). Table 2.3 identifies a number of management accounting surveys around the world and presents the principal finding regarding the use of budgeting in the sampled organisations.

Survey	Country	Useable responses	Use of budgeting
Shastri (2008)	US	720	Majority perceive that budgeting is 'useful' or very 'useful' across many functions including strategy, resourcing, reviews, rewards, targets, and collaboration.
Libby and Lindsay (2007)	US	212	4.22 mean score (1 = strongly disagree and 6 = strongly agree) for statement 'Budgets are indispensable; we could not manage without them' (p. 48).
Richardson <i>et al.</i> (2001)	Canada	85	3.46 mean score (with variance analysis at 4.41) on a scale (1 = never and 5 = very frequently).
Wijewardena and De Zoysa (1999)	Australia and Japan	225 209	Importance of management accounting tools: budgets, on a five-point Likert scale is a mean of 4.22 (Australia) and 4.13 (Japan).
Pierce and O'Dea (1998)	Ireland	106	4.54 mean score (1 = never and 5 = very frequently).
Chenhall and Langfield-Smith (1998a)	Australia	78	Relative benefit (1 = no benefit and 7 = high benefit) of budgeting for controlling costs: past 3 years: 5.25 and future emphasis: 5.85 (mean scores).
Mouritsen (1996)	Denmark	370	% of replies 'important' or 'very important' in accounting department: highest scores were budgeting 75% and variance analysis 74%.
Drury <i>et al.</i> (1993)	UK	303	Over 95% of respondents complete budgeting section. Conclusion: 'virtually all the responding organisations operate a budgeting system' (p. 27).
Bailes and Assada (1991)	US and Japan	80 256	No budget – US: 0.0%. No budget – Japan: 0.6%.
Puxty and Lyall (1989)	UK	453	94% of companies.

Table 2.3 – Use of budgets as indicated by management accounting surveys

Table 2.3 clearly illustrates a strong emphasis on budgeting. Kendall and Sheridan (1991), in their pan-European study of CEOs (chief executive officers) and CFOs in sixty companies, found that ‘with very few exceptions, budgetary control is at the heart of companies’ management systems’ (p. 113). Control was found to be mostly exercised in these companies through a monthly management reporting pack that compares budgeted and actual performance with some limited non-financial measures. Budgets are also perceived differently: 75% of British firms see budgets as a contract, while only 40% of German firms and only 20% of other continental firms see them as such. In a survey of 168 Swedish companies, Bo-Goran and Wallin (2000) found that 25% of firms see no need to significantly change the budgeting system, while 60.7% are prepared to develop the existing budgetary system on an ongoing basis and to include new approaches such as rolling forecasts and scorecards. An internal role is still perceived for the traditional annual budget in terms of effectiveness and communication. Only 7.8% abandoned (or are in the process of abandoning) the annual budget. Thus, the literature indicates that budgeting systems are deeply embedded in many organisational control systems. The next section examines the management control literature in the context of understanding the nature of control in contemporary organisations.

2.2.6 Control in contemporary organisations

While Anthony (1965)’s framework of management control made a seminal contribution to the knowledge of MCSs, and influenced decades of research, the appropriateness of this framework to contemporary organisations can be questioned. It has been argued that the organisations on which Anthony’s work is based are large, hierarchical in nature and perhaps not in need of rapid and continuous change in response to internal and external forces. Johnson and Kaplan (1987) in *Relevance Lost* argue that management accounting and control systems are out of date with the environment they operate in, and are excessively dominated by external financial reporting. Otley (1994) notes that the traditional control model is out of context with modern business structures (which are typically leaner and flatter) and also management processes (that typically take a horizontal organisational perspective e.g., business process reengineering). Otley (1994) states that:

...contemporary business organisations no longer conform to the pattern assumed in traditional management control literature. In particular, they are smaller, less diversified, less hierarchical and have more internal mutual interdependencies than the theory admits (Otley, 1994, p. 290).

Otley (1994) suggests that there is a need to broaden the traditional, accounting-oriented and hierarchical model of control. More sophisticated, group as well as self-controls may be required. Some of the other contemporary changes that challenge the traditional control model include:

- 1) *Knowledge Management* - Increasing corporate interest in knowledge management (and its reporting as intellectual capital) generates problems for the traditional control model that is characterised by 'hard' financials which it can be argued are easier to measure. Research has begun to explore relationships between management control and knowledge management (Bhimani, 2003; Mouritsen and Larsen, 2005).
- 2) *Non-financial measures* - There has been rapid growth in the use of non-financial measures in organisations (e.g., measures on quality, satisfaction, delivery time) and numerous studies support this (Drury *et al.*, 1993; Pierce and O'Dea, 1998; Hoque and Alam, 1999; Jazayeri and Hopper, 1999; Vaivio, 1999) and these are discussed further in section 3.13.5 and 3.13.6. This marks a significant change from the exclusive focus on pure financials in the traditional control model.
- 3) *Growth of service firms* - The traditional control model is primarily based on the manufacturing firms prevalent at the time but over the decades since there has been an explosive growth in service firms. As these firms are fundamentally different, the nature of management control needs to be investigated in this particular context (see Fitzgerald and Moon, 1996).
- 4) *Control and learning* – in dynamic environments organisations must adapt accordingly to ensure their long-term survival. Although MCSs have been credited with the potential for encumbering change, they can also play an

instrumental role in facilitating and implementing required change. In a study of two firms, Klott (1997) observed that one had greater learning capabilities supported by an appropriate MCS.

Emmanuel *et al.* (1990) remark that control in organisations ‘is a complex and ill-understood activity’ (p. 12). Otley (1994) and Scapens *et al.* (2003) identify a need for new management control theories in view of recent changes in the practices of management accounting. Examples of these changes include MAs working in cross-functional teams and on business processes, involvement in decision making and integrating financial and non-financial information on operational and strategic levels. Langfield-Smith (1997) argues that strategic control considerations can no longer be isolated and neglected – as per Anthony’s (1965) analysis and much of the management control research that followed – and that the dominant focus on accounting systems as being central to control is too narrow. More recently, Berry *et al.* (2008) observe the broadening of management control research to new areas including strategy, performance management, change processes, information technology (IT), and alternative organisational structures, but note that ‘there is very little evidence of active involvement of management accountants in the process of design, operation, adaptation and abandonment of new organisational forms’ (p. 10).

Malmi and Brown (2008) argue that MCSs research has been fragmented in its efforts to understand the collective nature of organisational-wide control systems and invite more research based on MCSs as a ‘package’ (Otley, 1980), as illustrated in table 2.4.

Cultural Controls						
Clans		Values			Symbols	
Planning		Cybernetic Controls				Reward and Compensation
Long Range Planning	Action Planning	Budgets	Financial Measurement Systems	Non-financial Measurement Systems	Hybrid Measurement Systems	
Administrative Controls						
Governance Structure		Organisation Structure			Policies and Procedures	

Table 2.4 – Conceptualisation of MCSs as a ‘package’

Source: Malmi and Brown (2008, p. 291)

It is suggested that future research might be directed towards understanding the shape or arrangement of these packages within organisations and how the components of these packages inter-relate. Supporting the dominance of a non-holistic approach to MCSs research, Stringer (2007) found only 15 out of 120 field studies (published in *Management Accounting Research and Accounting, Organizations and Society* covering the period 1990 to 2004) attempted to apply all five questions underpinning Otley's (1999) performance management framework.

2.2.7 Management control theory and the roles of MAs

This study has selected management control theory as a theoretical lens through which to examine the empirical findings because MASs, and therefore implicitly the roles of MAs, have been viewed as central to the enactment of management control in organisations (Anthony, 1965; Macintosh, 1985; Emmanuel *et al.*, 1990). Emmanuel *et al.* (1990) comment that 'the accounting system is often the only source of quantitative information that combines the results of the activities of all the different parts of an enterprise' (p. 6). Otley *et al.* (1995) note the central role of accounting in management control from a review of management control research.

The management control literature notes an extension of the management control concept both vertically, in widening to consider operational and strategic control, and horizontally, in widening the concentration of the control function beyond the accounting function. In contemporary organisational settings, it can thus be argued that the roles of MAs may or may not be instrumental, or not even involved, in the deployment of these other forms of control and the literature mandates more research in these contexts.

2.3 Contingency theory

Since its introduction to the accounting literature in the late 1970s (Otley, 1980), a body of contingency literature has developed that relates specific features of management accounting and control systems to the particular context in which they are found (Fisher, 1995; Fisher, 1998; Chapman, 1997; Chenhall, 2003, 2007). Chenhall (2003, 2007) provides a comprehensive analysis of studies that have investigated contingent dimensions of management control. The use of contingency

theory is also linked to management control theory as organisational structure plays a significant role in both (Otley, 1980). The following sections trace the background to contingency theory and its use within accounting research.

2.3.1 Development of contingency theory

Contingency theory has its roots in the organisational literature. Donaldson (2001) traces these roots and observes that the theory has been illuminating, and has amassed a substantial empirical base. Early proponents of contingency theory examine the effect of a number of different contingencies on the organisation and the appropriateness of their matching or 'fit' with particular characteristics of the firm. Burns and Stalker (1961) stress the importance of an appropriate match between an organisation's structure and its environment; that is, whether an organisation has a mechanistic or organic structure is contingent upon the extent of environmental change. Lawrence and Lorsch (1967) examine organisational differentiation and integration as contingent upon the rate of environmental change. Other landmark contingency studies include Thompson's (1967) study of interdependencies and Woodward's (1965) study of technology. Other organisational attributes have been investigated in contingency studies such as strategy (Chandler, 1962) and size (Child, 1975).

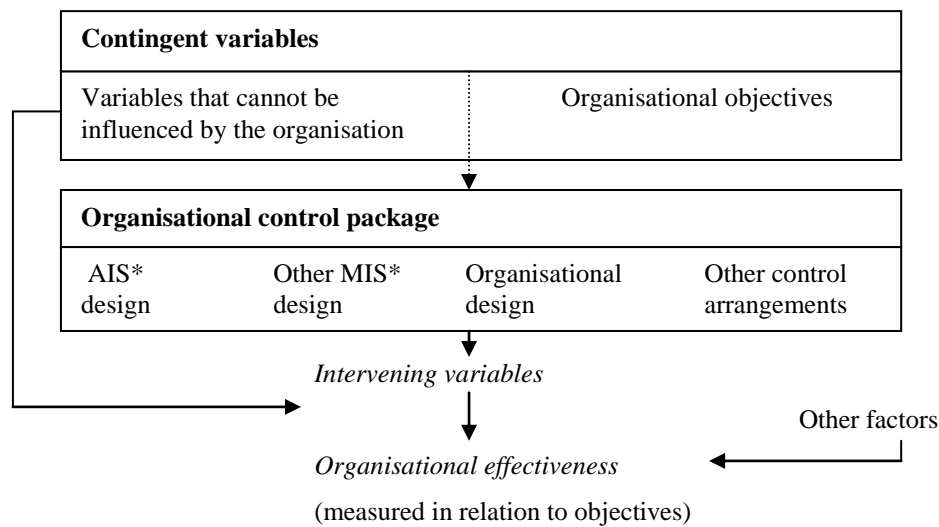
2.3.2 Contingency theory and management accounting research

Commenting on the emergence of contingency theory in accounting literature Otley (1980) recognises the potential of the theory to contribute to the body of management accounting and control knowledge:

...particular features of an appropriate accounting system will depend upon the specific circumstances in which an organisation finds itself. Thus a contingency theory must identify specific aspects of an accounting system which are associated with certain defined circumstances and demonstrate an appropriate matching (p. 413)

Chenhall (2003) concisely explains that the 'term contingency means that something is true only under specific conditions' (p. 157). In reviewing prior accounting contingency studies, Otley (1980) presents a framework that, it is suggested, should

represent the starting point for the evaluation of contingency theories in management accounting and control (see figure 2.5).



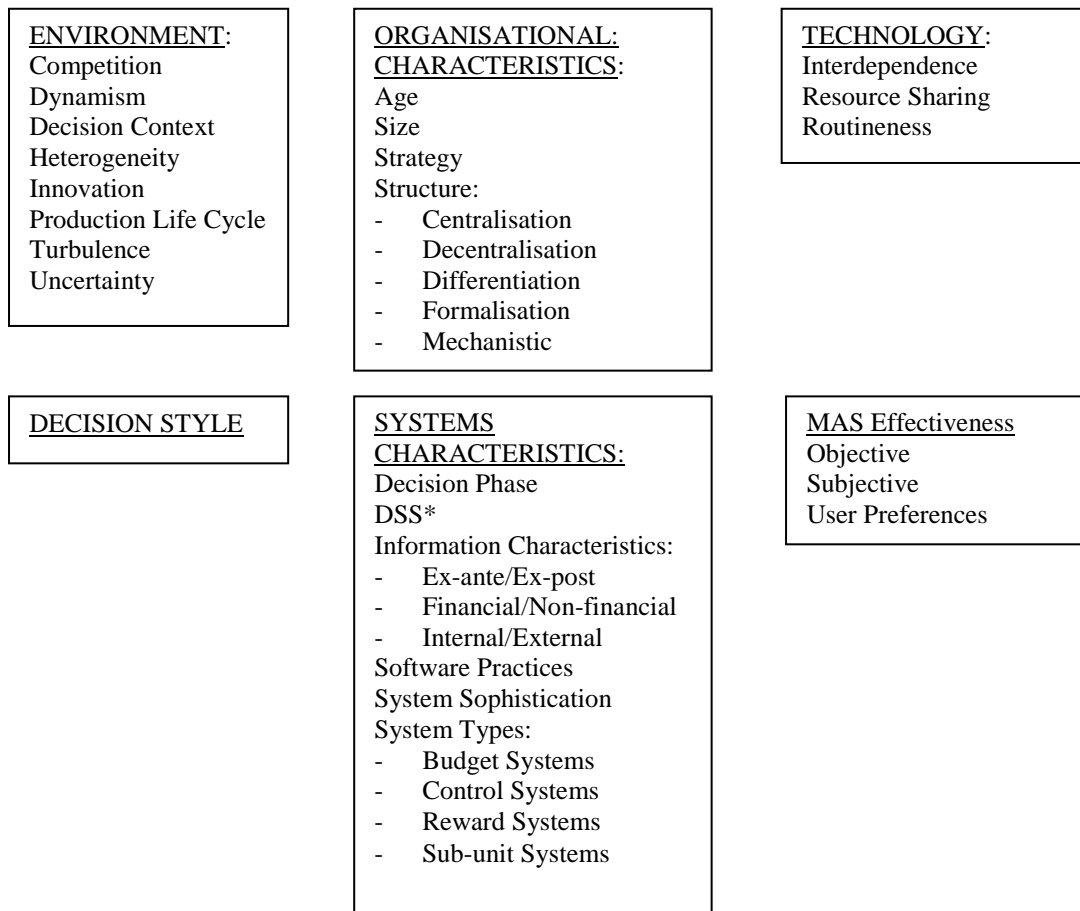
[*Accounting Information System / Management Information System]

Figure 2.5 – The minimum necessary contingency framework

Source: Otley (1980, p. 421)

The contingency variables are those being investigated with regard to how the organisation’s control system is appropriately aligned with them (e.g., technology, structure, environment, and strategy). The control system is described in terms of a ‘package’, in recognition of the breadth of organisational controls systems beyond purely the accounting information system. The difficulty of measuring organisational effectiveness is addressed by incorporating intervening variables which are ‘thought to pre-dispose an organisation towards effective rather than ineffective operation’ (Otley, 1980, p. 421). Finally, the framework recognises the presence of other factors that may impact performance besides the control strategy. Emmanuel *et al.* (1990) categorise the major contingency studies by environment, structure, technology, size, strategy, and culture and note that ‘little substantive evidence has been obtained of their effect on management accounting system design’ (p. 58).

Macy and Arunachalam (1995) present a summary of these major strands of contingency-based research from 17 studies of MASs with a listing of the frequently used measurement bases (see figure 2.6).



[*Decision Support System]

Figure 2.6 – Map of previous strands of contingency-based studies of MASs

Source: Macy and Arunachalam (1995, p. 67)

This provides a picture of the range of organisational variables examined in previous studies as well as how these variables have been measured. It has also been observed that reviews conducted of previous contingency studies in accounting have sometimes omitted certain variables, thus hampering the building of a more robust contingency theory of accounting (Chapman, 1997). Chenhall (2003, 2007) reviews two decades of individual contingency studies that align MCS design with particular contingent variables such as the environment, technology, size, structure, strategy, and culture.

2.3.3 Challenges to contingency theory

There has been a growing body of contingency-based studies that have investigated the effectiveness of MCSs across many contingent dimensions, as noted above. A number of challenges have been identified regarding this enlarging body of research.

Fisher (1995) categorises contingency theory in management control research by level of complexity. Fisher (1995) observes that much of the research in management control using contingency theory is dominated by a fragmented and simplistic approach; that is studies typically examine only one contingent variable and one dimension of management control. The need for research addressing multiple variables, management control dimensions and outcome factors is advanced, while recognising that there may be other contingent variables to identify (see also Fisher, 1998). Fisher (1995) concludes that ‘a theory of management control systems, that explains not only how control operated but also how it relates to other firm mechanisms and contingent variables, is clearly needed and awaits further development’ (p. 48).

Chapman (1997) notes how contingency research is viewed as being synonymous with quantitative methodologies (e.g., large mailed surveys) that incorporate only a small number of variables. The nature of prior contingency studies, particularly those on reliance on accounting performance measures (RAPM), is criticised for simplifying accounting as a control mechanism. Otley and Pollanen (2000) observe the dearth of replication, particularly in management accounting studies.

Abernethy and Brownell (1997) acknowledge the dominance of management control research occurring in manufacturing contexts. Supporting this, Chenhall (2003, 2007) notes the need for contingency studies of accounting innovations in contemporary settings. Examples of innovations cited include balanced scorecards, target costing, life cycle costing, NFIs and human resource management developments. Contemporary organisations of interest to MCSs contingency research include service, non-profit, and knowledge-based firms.

Otley and Pollanen (2000) recommend ‘more intensive studies of single organisations aimed at elucidating the impact of different accounting control practices within their wider context’ (p. 495) performed over a period of time.

Bisbe *et al.* (2007) advocate a strengthening of the conceptual definitions of management accounting constructs, while others have re-evaluated the appropriateness of specific analytical techniques in contingency research (Hartmann and Moers, 1999). Similarly, Otley and Pollanen (2000) advocate the continued use of contingency-based research but it needs ‘more careful specification and measurement of variables’ (p. 495). In contingency studies, Chenhall (2003, 2007) observes the lack of time devoted to the development of measures of features of MCSs, resulting in unclear constructs, and that previously established contingencies are less relevant in contemporary settings with the passing of time.

Hopper (1980) notes the limitations of contingency theory in that ‘it treats organisational members as passive reactors’ in not recognising that ‘the behaviour of accountants and thus their systems can also be determined by their aspirations and the demands of the clients served’ (p. 401). Thus, one weakness of the theory is its assumption of inaction or lack of self-determination on the part of the organisation or individual to which the contingencies relate e.g., it does not account for how an organisation itself may impact on the environmental conditions where contingent relationships have been determined between organisational and environmental characteristics. Thus, where organisations with particular features of A are matched with an environment with particular features of B and other organisations with different features of X are better matched with an environment with particular features of Y, contingency theory assumes that the organisation is inert as regards influencing the environmental conditions making up the contingency relationships. Chenhall (2007) states that research on MCSs ‘implicitly assumes unidirectional relationships’ (p. 190).

In attempting to reach conclusions from contingency studies, Macy and Arunachalam (1995) observe numerous challenges in the emerging body of research including: 1) the use of a broad range of measures where ‘some measures have been selectively ignored, and others inconsistently measured’ (p. 71), 2) variables not being examined

(e.g., decision style) and inconsistent operationalisation of other variables (e.g., structure and technology), 3) the absence of an effectiveness outcome variable in many studies and where it is used, there are difficulties with operationalisation, and 4) challenges in the methodology with respect to the quantitative analysis techniques used (e.g., correlation, regression) and the chosen level of analysis (e.g., individual, unit, organisation).

2.3.4 Contingency theory and fit

The notion of fit is central to contingency theory and it is complex and open to a number of definitions (Drazin and Van de Ven, 1985; Gerdin and Greve, 2004). For example, Gerdin and Greve (2004) analyse fit in management accounting contingency studies as a hierarchy that descends from a classification of two overarching approaches to fit, descending to classifications of fit that are outcome or non-outcome related to alternative modelling of relationships. In its simplest form however, the theory suggests the presence of conditions that match particular MAS designs. Thus, employing the notion of fit leads to the identification of situations where matches or fits, or alternatively, mismatches or misfits, occur between some dimension of management accounting and some contingent variable(s).

The potential of contingency theory to identify an appropriate fit between control system design and contingent variables may lead to enhanced organisational performance (Hayes, 1977; Govindarajan and Gupta, 1985). Notwithstanding this, it has been noted that some research on the contingencies associated with management control have not selected performance as the outcome variable (Chenhall, 2003, 2007). Fisher (1998) also notes this omission in studies and adds that ‘when it is included, in many cases, performance is ill-defined’ (p. 61).

2.3.5 Contingency theory and qualitative research

Over the last three decades, contingency theory, as noted above, has seen a strong orientation towards its use in quantitative studies, entailing the definition of constructs, their measurement through large-scale surveys, and hypotheses testing through statistical analysis. This has generated a burgeoning canon of contingency-based management accounting and control studies which has contributed much to our

understanding of management accounting and control, but primarily so from a quantitative perspective with the limitations as noted above.

The notion of employing qualitative research in contingency-based studies returns the cycle to its origins where much of the early research by organisational researchers was based on a limited number of case studies (e.g., Burns and Stalker, 1961; Lawrence and Lorsch, 1967). What these early contingency studies show is that a qualitative approach, with its emphasis on depth, exploration and induction, can usefully detect contingent factors and indicate where relationships may exist with respect to establishing an appropriate matching between contexts and these factors. Chenhall (2003) notes that:

The generation of propositions concerning novel relationships, processes and their contextual setting are often best identified and elaborated by using case study methods (p. 159).

Contingency studies, in a qualitative sense, have the potential to better explain how particular variables impact upon specific outcomes. Chenhall (2003) states that: ‘contingency-based research has, in the main, been survey based and tends to limit the scope of the studies to consider situations involving uni-directional relationships’ (p. 156). While quantitative-based contingency studies may establish statistically significant variables and their relationships, such studies are measure-dependent and are limited in their output in comparison to qualitative studies. Woods (2009) is a very recent example of contingency theory being employed in a qualitative study of MCSs.

2.3.6 Contingency theory and the roles of MAs

Since its inception in the management accounting literature about 30 years ago, originating in organisational theory, a number of contingent factors have been examined. The theory of contingency predicts that it is possible to align particular elements of MASs with particular elements of internal or external environments thus implying that it is possible to identify conditional alignments and misalignments, the notion of ‘fit’.

Donaldson (2001) notes that: ‘the contingency factor determines which characteristic produces high levels of effectiveness of the organisation (or some part of it, such as a

department or individual member)' (p. 6). While much contingency research in management accounting has focused on management control and its association with outcomes for performance in organisational or managerial terms (Chenhall, 2003, 2007) this study seeks to explore contingencies relating to the roles of MAs. In this study, the roles of MAs, or dimensions of these roles, are investigated as being potentially contingent upon the specific organisational context within which they are located; that is contingency theory may explain differences in the roles of MAs in different organisational contexts. Thus, the roles of MAs are investigated as being contingent upon particular role influences and role characteristics in organisational settings. This is with a view to identifying where appropriate fits or misfits occur.

2.4 Role theory

Kahn *et al.* (1964) and Katz and Kahn (1978) present a role theory to explain the nature and behaviour of the roles that organisational members occupy. It attempts to explain how members of organisations take on and enact particular roles and the consequences of doing so. The theory seeks to address many aspects to the enacting of roles by individuals in organisations e.g., the influences on individuals in taking on particular roles, how individuals understand what their expected roles are, if there are differences between the roles which individuals enact and those roles which others expect them to enact, and how individuals, through their own characteristics and relationships with others in the organisation, may influence what others expect of them.

In the vernacular of role theory, role expectations influence and determine the roles that organisational members enact. When one organisational member (e.g., a senior manager) has expectations of another organisational member (e.g., a junior manager) they are respectively referred to as the role sender and the focal role, where the former sends expectations to the latter with respect to the performance of his/her roles. Any one organisational member may be subject to the expectations of a number of role senders (e.g., line manager, support functions, line manager's manager, managing director, own staff) and these are collectively referred to as the role set (Merton, 1957) in relation to the focal role.

Role theory (see figure 2.7) suggests that the expectations of the role set are communicated (i.e., role sent) to the focal role occupant (arrow 1 in figure 2.7) who then interprets that communication (i.e., received role) and initiates a particular response to it (i.e., role behaviour). For example a manager may outline role expectations through documentation, such as job descriptions, objectives and annual appraisals, or verbally through formal and informal meetings. The theory distinguishes between what the role sender is expecting of the focal role (A), the communication of that expectation to the focal role (B), the understanding that the focal role takes on receipt of that expectation (C), and how the focal role in turn enacts the actual role (D), which in turn impacts upon the expectations of the role sender as he/she observes the actual enacted role in comparison to the role that the role sender has expected (arrow 2 in figure 2.7). Collectively, Katz and Kahn (1978) refer to the process between the concepts of role expectations, role sent, received role, role behaviour and its feedback to the role sender as a role episode and this can be visually observed in figure 2.7 in the lettering sequence A, B, C, and D. For example a manager has expectations of a MA and communicates these to the MA (role sent), the MA interprets these expectations (received role), enacts a role behaviour based on this interpretation, and the manager who observes this behaviour takes these observations into account in the communication of subsequent expectations.

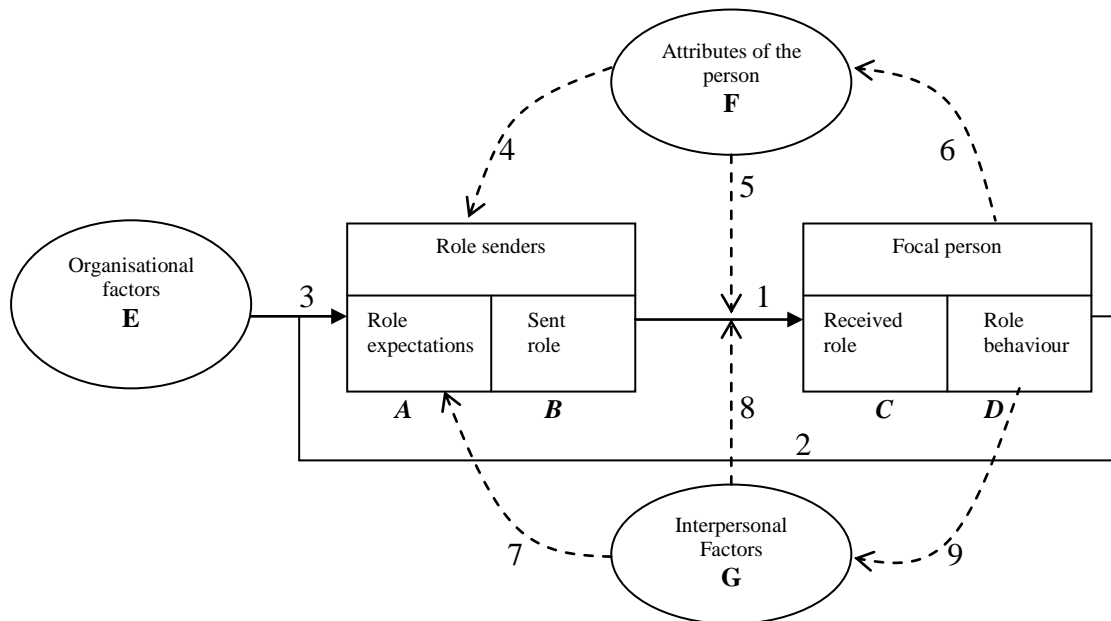


Figure 2.7 – Theoretical model of factors in the taking of organisational roles

Source: Katz and Kahn (1978, p. 196)

Keys for arrows in figure 2.7:

- 1 = sent role
- 2 = role sender evaluation of behaviour before next cycle
- 3 = impact of organisational factors on role expectations
- 4 = influence of individual's characteristics on role expectations
- 5 = identical sent role does not result in the same experience
- 6 = influence of role behaviour on the characteristics of the individual
- 7 = impact of current inter-relating on role expectations
- 8 = focal role interpretation of expectations vary depending on inter-relating
- 9 = behaviour feeds back and affects interpersonal relations with role set members

Role theory predicts that certain organisational characteristics (E) such as size, structure or culture (arrow 3 in figure 2.7) influence the expectations that role senders have of focal roles e.g., an organisation with a strong team-oriented culture might mean that role senders have high expectations of focal roles to interact frequently in different team processes. For the attributes (F) of the focal role (e.g., approachable, helpful), role theory would predict that these characteristics might result in role senders' expectations actually being influenced by reason of the focal role having these characteristics (arrow 4 in figure 2.7). Similarly, for interpersonal factors (G), role theory would predict that the nature of the relationship between the role sender and the focal role in turn impacts upon the expectations of the role sender (arrow 7 in

figure 2.7) e.g., a very good/poor working relationship between the role sender and the focal role could lead to the role sender having different expectations. As can be seen from figure 2.7, role theory postulates that organisational, personal and relationship variables impact upon the role expectations that roles senders have of the focal role. It is also predicted that the personal and relationship variables are influenced by the actual role behaviour of the focal role (respectively arrows 6 and 9 in figure 2.7). Finally, the identical sent role can be interpreted differently due to the effect of personal variables (arrow 5 in figure 2.7) or the nature of continuing relationships (arrow 8 in figure 2.7).

Role theory (Kahn *et al.*, 1964; Katz and Kahn, 1978) thus proposes that organisational roles (the focal roles) are determined by the expectations of other members of the organisation (the role senders). Role senders are influenced by organisational factors (e.g., size, structure), the attributes of the focal role occupant and the nature of the relationship between the individual in the focal role and the role sender. In summary, role theory relates role sending, role receiving and role behaviour in the context of the individual, interrelationships, and organisational variables.

The notion of role expectations is central to role theory and Biddle (1979) defines expectations as ‘subject-held or emitted statements that express a modal reaction about characteristics of object persons’ (p. 132). Biddle (1979) distinguishes expectations according to their source, ‘the subjects who hold (or emit) them’, their destination or whom they are in relation to, their substance or nature, and their ‘modality’ and ‘form’ (p. 132). The latter respectively relate to the role sender’s response to attributes of the receiver and how expectations manifest themselves e.g., documented, articulated, held privately.

2.4.1 Role conflict and role ambiguity

In role theory, the non-fulfilment of role sender’s expectations leads to role conflict, and uncertainty about these expectations leads to role ambiguity. Role conflict may be defined as the ‘simultaneous occurrence of two (or more) sets of pressures such that compliance with one would make difficult or impossible compliance with the other’ (Wolfe and Snoek, 1962, p. 103). Biddle (1979) defines role conflict as ‘any condition of common or attributed polarised dissensus that poses (usually unspecified) problems

for the object person' (p. 196). Thus, in an organisational setting role theory would predict that in certain situations the completion of one task for a manager, by the focal role occupant, may challenge or render unfeasible the completion of another task, by the same focal role occupant for another member of the organisation. In the context of accounting roles, one example of a conflict would be where an accountant is responsible for the integrity of accounting and control systems and is also responsible for working closely with managers to support their decision making processes. In this scenario, if managers pursue some decisions that might not comply with the existing accounting and control systems, the accountant will experience role conflict in trying to comply with control requirements, while also trying to appease the manager's decision support requirements. This conflict has been recognised in the literature for some time (Simon *et al.*, 1954; Sathe, 1982).

Role theory also advances the idea that ambiguity can be experienced by those occupying organisational roles. Kahn *et al.* (1964) distinguish ambiguity between that which is perceived or felt by a person, and that which is a feature external to the individual. In both cases ambiguity may relate to an absence of information. Katz and Kahn (1978) note that 'role ambiguity simply means uncertainty about what the occupant of a particular office is supposed to do' (p. 206). Role ambiguity is defined by Biddle (1979) as occurring 'when shared specifications set for an expected role are incomplete or insufficient to tell the incumbent what is desired or how to do it' (p. 323). Kahn *et al.* (1964) explain the importance of dealing with ambiguity to ensure role expectations are met:

Certain information is required for adequate role performance, that is, in order for a person to conform to the role expectations held by members of his role set (p. 22).

This information includes the focal role occupant understanding the expectations, understanding how he/she might meet these expectations, and the implications of meeting or not meeting these expectations (Kahn *et al.*, 1964).

2.4.2 Role theory and accounting research

Central concepts of role theory such as role conflict and role ambiguity have been previously employed in accounting research. Some studies have examined the role

conflicts of auditors (Morgan, 1979; Senatra, 1980; Bamber *et al.*, 1989; Koo and Sim, 1999), while others have investigated the nature of the role conflict inherent in the simultaneous adoption of roles influenced by the organisation and the accounting profession (McGregor *et al.*, 1989).

Surprisingly, role theory has been little used in previous management accounting research. Notable exceptions are Hopper (1980), Sathe (1982), and Maas and Matějka (2009). Sathe's investigation of controller involvement notes a strong relationship between management expectations and controller (the focal role) involvement:

Behaviour of the individual in the focal role-the controller-is consistently and positively related to the expectations of the role senders-the management (p. 117-118).

In applying Katz and Kahn's (1978) framework, Sathe's (1982) findings suggests a modification of the original model that recognises that role behaviour can be impacted upon directly by organisational factors, as well as being impacted upon directly by management expectations as per role theory's prediction. Sathe's (1982) situational factors are the equivalent of organisational factors (E) in Katz and Kahn's model in figure 2.7. Thus, drawing on figure 2.7, this revised model creates a requirement for role behaviour coming from both role sender's expectations (A) and organisational factors (E). Figure 2.8 illustrates Sathe's revised model of role theory drawing on his findings and role theory (Katz and Kahn, 1978).

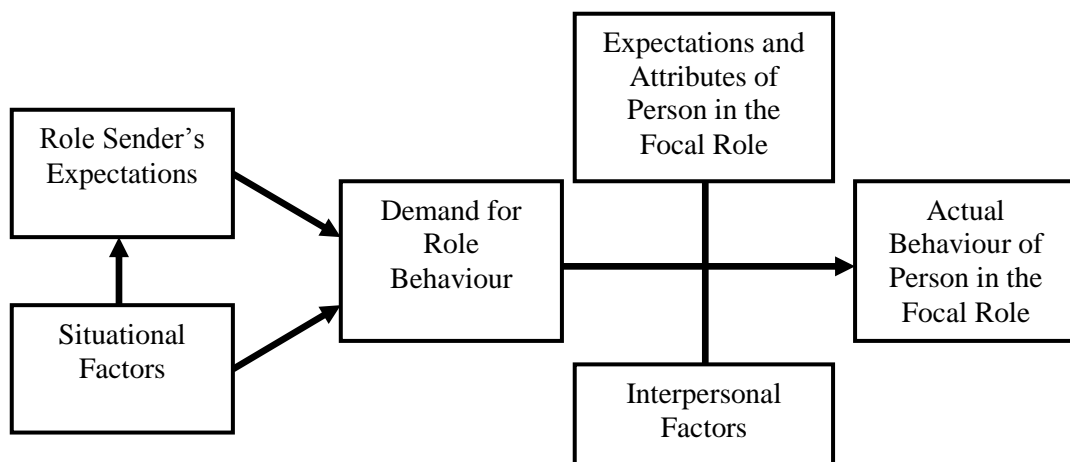


Figure 2.8 – Sathe's (1982) adaptation of role theory

Source: Sathe (1982, p. 119)

In conclusion, Sathe (1982) argues that the relationship between situational factors and their impact on role behaviour have not been researched, and ‘this is a rich arena for future research’ (p. 119). Hopper (1980) examined the role behaviour of 12 MAs in six companies in the context of alternative organisational structures. Hopper (1980) found that MAs were generally not meeting the expectations of the four most important role senders (nor their own expectations) regarding providing a support role to managerial decision making, giving rise to role conflict, ambiguity, and stress. Collins (1982) observes the dearth of accounting research using role theory and argues that MASs may stipulate certain role behaviour e.g., budgets communicating cost management expectations to managers. Maas and Matějka (2009) found a positive relationship between controllers focused on head office control (as opposed to divisional decision making) and role conflict and ambiguity. In summary, use of role theory in accounting research is very limited and it tends to have been mostly examined in the context of auditing and role conflict. As this study primarily focuses on the roles of MAs, it would seem very appropriate to use role theory as a lens through which to view the findings from the study.

2.4.3 Role theory and the roles of MAs

Role theory, in comparison to the other two theoretical perspectives that frequently appear in management accounting studies, has had little if any use in management accounting research. The decision to employ role theory in the study is intuitively appealing given its central focus on roles in organisations and this study’s focus on the roles of MAs in organisations. It was not however for these reasons in the first instance that that role theory was selected as a relevant theoretical perspective.

There are many aspects to role theory that specifically relate to understanding the roles of MAs. Expectations, as explained above, influence the roles that are enacted by those in focal roles and thus relating expectations to the roles of MAs has the potential to bring clarification to the previously noted poor understanding of the roles of MAs (Anthony, 1989; Young, 1996), and the apparent contradictions around the actual roles enacted by MAs where some appear to be aligning with the model of the business partner, while others do not do so (see section 3.7). The focus on expectations in the context of the roles of MAs brings into focus the expectations that

managers might have of MAs (e.g., relevant information for management control and decision making purposes) and if and how MAs are meeting these expectations.

Role theory also includes the attributes of the focal role and that role's relationship to role senders. In the context of the roles of MAs this permits the opportunity to relate the characteristics of MAs, and MAs' inter-personal relationships, to the expectations that managers have of MAs. The theory considers organisational factors shaping expectations and this would potentially offer insights into those forces that might be shaping the roles of MAs. Role theory, in the context of the roles of MAs, examines how managers influence MAs through their expectations of them and how MAs may in turn influence those expectations through their behaviour, their characteristics, and their inter-personal relationships. This potentially offers an opportunity to gain an understanding of the roles of MAs from a number of perspectives.

Role theory includes the concepts of role conflict and role ambiguity, and in the context of the roles of MAs these are particularly pertinent. As noted in section 2.4.1 there are potential role conflicts for MAs in the model of the business partner which presupposes the maintenance of independent and objective control with closely supporting managerial decision making. Role theory, through understanding the role senders' expectations, leads to an understanding of the outcomes for those in focal roles e.g., role conflict, ambiguity, stress which have only rarely and belatedly been observed (Hopper, 1980; Sathe, 1982).

In summary, the potential of role theory to advance our understanding of the roles of MAs is significant in its scope and this is further supported in its direct linking to the research objectives, namely investigating the antecedents (e.g., expectations), characteristics (e.g., attributes), and consequences (e.g., conflicts, ambiguities) associated with the roles of MAs.

2.5 Summary and conclusion

This chapter introduced the three theoretical lenses that underpin the interpretation of the findings of the study. While the basic tenets of each theory have been summarised individually, this study aims to analyse data using all three theories in a less disparate fashion than presented here. Three theoretical lenses have been employed because

each of the theories have particular relevance to the roles of MAs and thus provide the potential for theoretical insights to be attained in their use. The use of these lenses highlights the relative merits and weaknesses of each theory and provides the benefit of having three alternative theoretical perspectives on the roles of MAs as opposed to just one. In common with Marginson (1999) and Berry *et al.* (1991), the theoretical perspectives are used as ‘guiding perspectives’ as opposed to, a priori, identifying and testing a single theory. Similarly, Burns and Baldvinsdottir (2005) employ theory as ‘a sensitising mechanism that assists interpretations’ (p. 727) (see also Granlund and Taipaleenmäki, 2005). Keating (1995) analyses the use of theory in management accounting case studies as being for the purposes of ‘discovery’ (e.g., emerging theory), ‘refinement’ of existing theory, and ‘refutation’ of existing theory. This study, in employing the three lenses of existing theory, is open to theoretical engagement in the latter two categories. Berry *et al.* (2008) also note that ‘by grounding research in organisational practices, it becomes legitimate to use a wide range of theoretical approaches in helping explain such activities’ (p. 15) and this study through the adoption of qualitative enquiry facilitates this process.

Chapter Three

Roles of Management Accountants

3.1 Introduction

This chapter presents a review of literature on the roles of MAs. It commences with a description of the environmental context and the various depicted roles of the finance function in the contemporary business environment. Many dimensions of the roles of MAs are examined, including alternative role conceptualisations, empirical research, influences on the roles, their characteristics, and some outcomes of the roles. The latter part of the review examines a number of characteristics of management accounting information provided by MAs.

3.2 The business environment

It is generally agreed that contemporary business environments are characterised as intensively competitive, increasingly global, uncertain and subject to continuous change. Simons (1995), who advanced understanding of the strategic use of MCSs (see section 2.2.4), notes how the corporate landscape has changed and how a new theory of control is needed to manage the tension between older and newer approaches to management and control, as illustrated in Table 3.1.

OLD Management control approach	NEW Management control approach
Top-down strategy	Customer/market-driven strategy
Standardisation	Customisation
According to plan	Continuous innovation
Keeping things on track	Meeting customers' needs
No surprises	Empowerment

Table 3.1 - Tensions between basic philosophies of control and management

Source: Adapted from Simons (1995, p. 4)

Simons's work addresses how top management use control systems as 'levers' in this new environmental context, but pays less attention to their use lower down in the organisation. A number of factors have been noted as impacting on the management accounting function which have generally emanated from outside organisations. These include the increasingly competitive and internationalising environment (Burns *et al.*, 1999; Burns and Baldvinsdottir, 2005, 2007); manufacturing technologies (Bromwich and Bhimani, 1994); technological developments (Ezzamel *et al.*, 1997; Burns and Yazdifar, 2001; Granlund and Malmi, 2002; Hunton, 2002; Scapens and

Jazayeri, 2003), structural arrangements (Granlund and Lukka, 1998a; IMA, 1999), and the introduction of accounting innovations (Friedman and Lyne, 1997).

In examining the forces promoting the homogenisation of global management accounting practices, Granlund and Lukka (1998b) classify some as economic forces and others as institutional forces, drawing on DiMaggio and Powell's (1983) institutional theory. Examples of economic forces include global competition, technologies, and economic cycles, while examples of institutional forces include harmonisation of regulation, the management accounting profession, and benchmarking. This classification provides a useful framework when investigating the factors influencing the management accounting function. The next section presents a review of the shape of contemporary finance functions following on from these environmental influences.

3.3 The finance function in organisations

The role of the finance function in organisations can be analysed using a number of frameworks in the literature. Keating and Jablonsky (1990) note changes in the orientation of the finance function in a study of six major US corporations based primarily on interviews with financial executives responsible for implementing change. Three finance function orientations were observed:

- 1) *Command-and-control orientation* - this was found in firms with a functional hierarchical structure. Emphasis was placed on corporate control and managing resources efficiently with the finance function acting in an independent capacity.
- 2) *Conformance orientation* - this tended to exist if there was significant business with the government or the firm was required to comply with statutory or other external regulations. The finance function was bureaucratic, procedural and technical in nature.
- 3) *Competitive-team orientation* - a firm with this orientation was market-driven and financial work was integrated into the business in a matrix type structure.

It was characterised by customer focus, financial excellence, value-added participation with management and an in-depth awareness of the business.

Keating and Jablonsky (1990) argue that firms typically have all three orientations in their finance function but there may be differences in the degrees of emphasis placed on them or in the trajectories for change set for the future. Figure 3.1 illustrates the three orientations of the finance function.

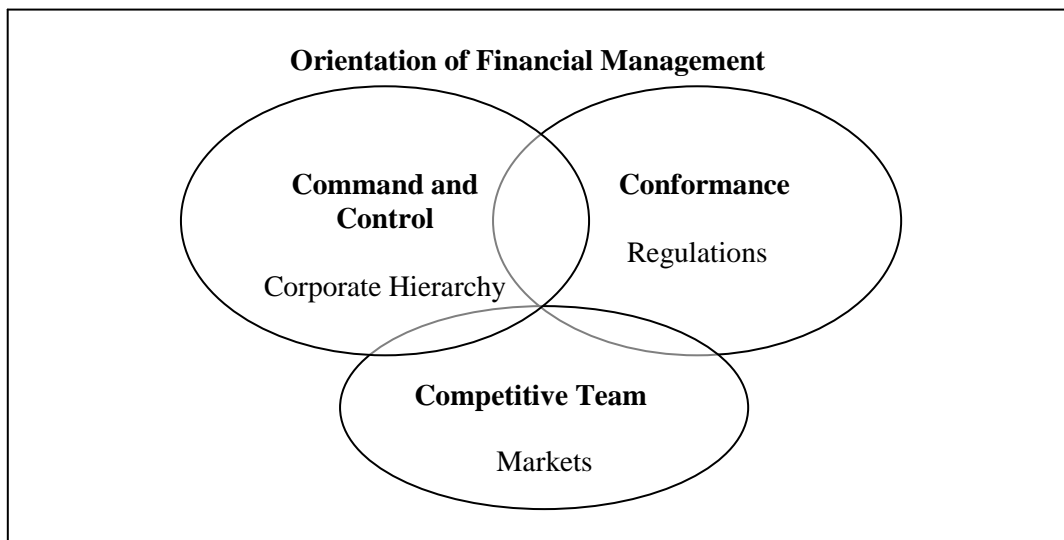


Figure 3.1 - Finance function orientations

Source: Keating and Jablonsky (1990, p. 43)

Keating and Jablonsky (1990) found that four of the six companies were shifting towards a competitive-team orientation from either a conformance or command-and-control orientation. This shift required a re-thinking of the role of the finance function:

This means they move away from being an independent third party or custodian of the accounts and become a client-oriented professional (both internal and external clients) with an in-depth knowledge of the business (p. 7).

In a survey of 805 managers (508 non-financial managers and 297 FMs) by Jablonsky *et al.* (1993), the move towards a competitive orientation was not clearly discernable; perceptions differed between the FMs who generally perceived that they had a competitive-team orientation to the non-financial managers who frequently perceived

the FMs to be mainly command-and-control or conformance oriented. A significant number of FMs and non-financial managers were found to agree that the financial organisation is characterised as: 1) providing top management with an independent review of operating plans and performance, 2) directing financial information flows up and down the chain of command, 3) having developed sophisticated operating and capital budgeting models, and 4) being oriented to ‘making the quarterly numbers’ (p. 11). Further, the categorisation of financial work into the categories of the earlier study (*command-and-control*, *conformance orientation* and *competitive-team orientation*) did not emerge, but rather combinations of all three falling into either a *Business Advocate* profile or a *Corporate Policeman* profile. Jablonsky *et al.* (1993) describe the core values of these profiles as presented in Table 3.2.

Business Advocate Profile	Corporate Policeman Profile
Service and involvement	Oversight and surveillance
Knowledge of the business	Administration of rules and regulations
Internal customer service	Impersonal procedures
Finance and analytical skills	Accounting and auditing skills
Monitoring the operating and capital budget	Accurate financial reporting
Improving the bottom line	Budget/variance reporting

Table 3.2 - Core values of business advocate and corporate policeman profiles

Source: Adapted from Jablonsky *et al.* (1993, p. 17)

Being a business advocate is associated with providing support to the business and involvement in business strategy, while being a policeman is associated with accountability from both an internal (control) and external (compliance) perspective. In a follow up study, Jablonsky and Keating (1998) capture the perceptions of 1,569 non-financial managers which reveals a classification of their respective firm’s finance functions as 43.6% Business Advocate and 56.4% Corporate Policeman. Sheridan (1997) notes the changing role of the finance function and asserts that controllers ‘are no longer commentators on the past, they are now expected to play their part as members of the team in building the company’s future’ (p. 2). Sheridan (1997) observes how many of the rudimentary accounting tasks have been automated,

resulting in a ‘deskilling’ of accountants with financial information now residing in the wider organisational domain where financially-literate managers use their own computers for financial purposes. Supporting this, Burns *et al.* (1996, 1999), Scapens *et al.* (2003), and Burns and Baldvinsdottir (2007) observe the wider technology-enabled dissemination, or ‘decentring’, of accounting information. May (2002) effectively observes this as part of an illustration of how the finance function has streamlined its activities, as depicted in figure 3.2.

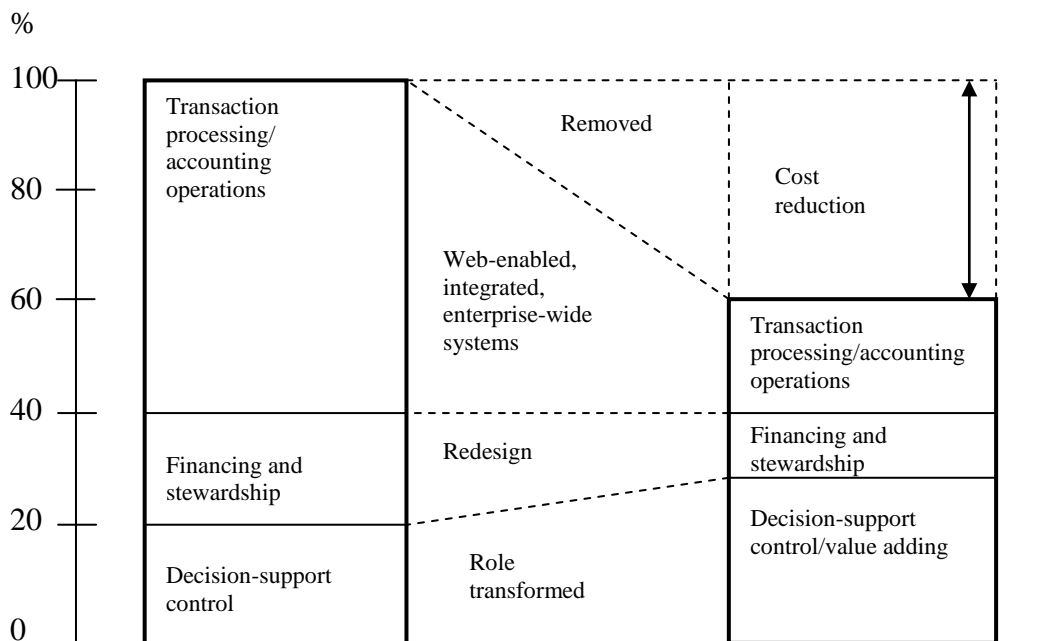


Figure 3.2 – Change occurring in the function of finance

Source: May (2002, p. 11)

In response to recent accounting scandals Burns and Baldvinsdottir (2007) observe the criticality of the roles of accountants as stewards and controllers but:

...due to advances in information technology and the decentring of accounting knowledge, such roles now occupy less of the management accountant’s time (p. 124).

Although there is little research to date, there is some anecdotal evidence that the conformance orientation (Keating and Jablonsky, 1990) from regulatory compliance might be impacting on the role of the finance function. This somewhat contradicts Burns and Baldvinsdottir’s (2007) and May’s (2002) indications of a reduced

financing and stewardship function. EIU and KPMG (2006) comment in their global survey of leading finance functions that:

Regulatory compliance and corporate governance initiatives have placed a major burden on finance functions in recent years and, in some ways, have distracted finance from achieving its wider aspirations to become a strategic business partner. New regulatory requirements and accounting standards such as Sarbanes-Oxley, Basel II and IFRS have required finance to devote significant resources to improving controls, procedures and processes to ensure compliance (p. 5-6).

Similarly, Sharman (2007) observes the US management accounting profession as increasingly being oriented to regulatory (e.g., Sarbanes Oxley (SOX) legislation) concerns as opposed to supporting managers' decision making processes.

One of the challenges with the studies above is their lack of engagement with theoretical perspectives on the roles of the finance function. While these pieces of research have empirical merit there could have been an opportunity to relate these empirical findings to the previous theoretical lenses reviewed in the last chapter e.g., contingencies are not identified with respect to the alternative depictions of the roles of finance, and there are no theoretical explanations as to how or why these roles have occurred. The findings seem contradictory in that financial personnel perceive themselves moving towards more business and market-oriented roles away from control-oriented roles, while non-financial managers perceive the opposite with very recent observations also concurring with this. There is an indication in this work that regulation, technology, market forces and control may be shaping the finance function.

Moving from the wider roles of the finance function that include some dimensions identified above that are beyond the remit of this study (e.g., payroll, accounts payable and receivable, treasury functions), the remaining review of literature focuses specifically on the roles of MAs noting that it is within the context of the finance functions discussed above that MAs enact their roles. The next section presents definitions of the roles of MAs and management accounting.

3.4 Definitions: management accountants and management accounting

Horngren *et al.* (2000) define management accounting as an organisational function that ‘measures and reports financial and non-financial information that helps managers make decisions to fulfil the goals of an organisation’ (p. 888). Atkinson *et al.* (2001) define management accounting as ‘a value added improvement process of planning, designing, measuring, and operating non-financial and financial information systems that guides management action, motivates behaviour, and supports and creates the cultural values necessary to achieve an organisation’s strategic, tactical, and operating objectives’ (p. 577). Belkaoui (1980) defines a MAS as ‘the set of human and capital resources within an organisation which is responsible for the production and dissemination of information deemed relevant for internal decision making (p. 21). All these definitions very strongly emphasise the provision of management accounting information that supports managerial decision making and control with the more recent definitions drawing more attention to organisational goals, non-financial information, and a process orientation in broader organisational contexts. Similarly, a comparison of CIMA (1996)’s definition of management accounting and CIMA (2005)’s definition of the roles of MAs reveals a broadening in many dimensions e.g., strategic orientation, supporting decision making, NFIs, systems design and enhancement, emphasis on management as well as measurement, and all strongly positioned within a management cross-functional team context.

3.5 Descriptors of accountants in organisations

The roles of MAs in organisations can be classified in different ways and many alternate descriptors have been employed in this regard. Table 3.3 illustrates various titles that draw attention to different dimensions of the accountants’ roles and shows the study, or studies, that used such a title.

Role label or classification	Study
'Business Partner'	IMA (1996, 1999) Siegel (2000) Gibson (2002) Siegel <i>et al.</i> (2003a, 2003b) Pierce and O'Dea (2003) Byrne and Maher (2003) Gould and Fahy (2005, 2005/2006) Byrne and Pierce (2007) Järvenpää (2007) Sorensen (2009)
'Business Unit Orientation' vs. 'Functional Orientation'	Emsley (2005)
'Police Officer' vs. 'Consultant' vs. 'Spy/Watchdog'	Gibson (2002)
'Involved Controller' vs. 'Independent Controller' vs. 'Split Controller' vs. 'Strong Controller'	Sathe (1982, 1983)
'Bean-counter' vs. 'Controller'	Granlund and Lukka (1998a)
'Beancounter'	Friedman and Lyne (1997)
'Business-oriented'	Granlund and Lukka (1998a)
'Service Aids' vs. 'Bookkeepers'	Hopper (1980)
'Business Advocate' vs. 'Corporate Policeman'	Jablonsky <i>et al.</i> (1993) Jablonsky and Keating (1998)
'Consulting', 'Bookkeeping', 'Banking', 'Controlling', and 'Administrator'	Mouritsen (1996)
'Hybrid Accountants'	Burns <i>et al.</i> (1999) Burns and Scapens (2000) Burns and Baldvinsdottir (2005, 2007)
'Business Analysts'	Burns <i>et al.</i> (1999)
'Problem Solving', 'Scorekeeping', and 'Attention Directing'	Simon <i>et al.</i> (1954)
'Local responsibility' vs. 'Functional responsibility'	Maas and Matějka (2009)

Table 3.3 - Summary of role titles for MAs

Many of the studies in table 3.3 present an analysis of the roles of MAs as a simplified dichotomy. At one end, roles are characterised as largely involving the production of detailed, financial and historic information with minimum interaction with managers. At the other end, the roles are characterised as largely involving the production of tailored, often non-financial and futuristic performance information with high levels of support to managers' decision making processes. The extent that MAs are oriented towards either end of these depicted role spectrums is examined in section 3.7.

It is apparent that the title of 'business partner' has considerable use in the literature and this will be the primary designation for this particular depiction of the roles of

MAs in the remaining literature review. IMA (1999) provide a useful definition of the business partner role:

A business partner is an equal member of the decision making team. As a business partner, a management accountant has the authority and responsibility to tell an operating executive why particular types of information may or may not be relevant to the business decision at hand, and is expected to suggest ways to improve the quality of the decision (p. 5).

Drawing from a professional affiliation of senior financial members of large organisations, CIMA (2009) explain the business partnering model as widening roles for MAs that go beyond information provision to enhancing decision making as it:

...takes the management information provided by accounting operations as its starting point. It is about understanding relevance, sharing insights, influencing decisions in the best interests of shareholders and helping to manage performance and risk through to the achievement of impact (p. 11).

In a review of research on the roles of MAs in the US, Sorensen (2009) concludes that the roles are ascending to senior levels in organisations 'where they are becoming business partners—valued partners in top level decision making' (p. 1291). For MAs, the business partner role model generally denotes an increasing emphasis on a more strategic, forward-looking and collaborative role orientation with respect to supporting managers' decision making and control functions (King *et al.*, 1991; Friedman and Lyne, 1997; Granlund and Lukka, 1998a; Pierce and O'Dea, 2003). It could be argued that there are differences in degrees with the titles in the literature. For example, is a MA that is only involved to a limited degree also a business partner? It is suggested, following the definition above that being a business partner goes beyond occasional involvement and represents greater involvement in supporting managerial decision making and control. Thus, there is a continuum of roles that range from high levels (or low levels) of support for managerial decision making and control provided by MAs, which Sathe (1982) contrasts as the 'independence' and 'involvement' of the controller (see section 3.7 on variation in the roles of MAs). There are also recent professional observations by senior financial officers of leading organisations that 'there are as yet no established best practice models or processes'

for the model of the business partner (CIMA, 2007, p. 28). This thus recognises the model of the business partner as one that is evolving (see also CIMA, 2009).

There is also some debate as to whether the designation ‘management accountant’ will be sustained into the future (Otley, 2008) and commentators observe that new role titles are emerging e.g., ‘Global Expense Manager or Strategic Financial Analyst’ (Ahrens and Chapman, 2005, p. 330). It can also be noted that mirroring this is the professional management accounting institutes in the US and UK that have changed their publication titles from ‘*Management Accounting*’ in both instances to ‘*Strategic Finance*’ in the US and ‘*Financial Management*’ in the UK. CIMA (2007) note that the ‘Business Partner’ title is used in practice but also titles such as ‘Financial or Business Analyst, Business or Finance Manager or simply Management Accountant’ (p. 28).

It is also important to draw more attention to the role models as opposed to the role titles in the literature, as the latter may have different meanings. Granlund and Lukka (1998a) note for example that controllers in the US ‘are usually rather senior people’ (p. 197), while Finnish controllers tend to operate more in profit centres and less so in centralised capacities. It can also be observed that in dichotomising roles that the meanings attached to the control function can be ambiguous e.g., controllers can be seen to be positively the polar opposite of ‘bean-counters’ (Granlund and Lukka, 1998a), while others suggest a somewhat negative depiction of the control function e.g., ‘Police Officer’ and ‘Spy/Watchdog’ (Gibson, 2002), ‘Corporate Policeman’ (Jablonsky *et al.*, 1993; Jablonsky and Keating, 1998) and ‘Controlling’ (Mouritsen, 1996). In investigating the emergence of the ‘hybrid accountants’, Burns and Baldvinsdottir (2007) contrast these roles with the traditional roles of the MA who is described ‘as being a monitor and controller of others’ performance’ and ‘producing financial reports to be transmitted up the organisational hierarchy’ (p. 118). This emphasises a need for clearer specification of role definitions and a deeper understanding of variation of definitions across countries. Notwithstanding this the control function is an integral component of the roles of MAs, as explicated in sections 3.3 and 3.4, and the next section examines this control function.

While the studies identified in table 3.3 examine closely the classifications of roles of MAs, many ignore role theory in explaining the roles of MAs and also do not consider contingency theory in attempting to identify what contingencies might attach to the roles of MAs when attributed with a particular designation. Many of the studies outlined in table 3.3 have a strong empirical orientation but are weaker on theoretical engagement. Some studies on the roles of MAs have considered theories in a more isolated sense e.g., Hopper (1980) draws primarily on role theory with very limited reference to contingency theory or management control theory and Burns and Scapens (2000) and Burns and Baldvinsdottir (2005) draw exclusively on institutional theory in longitudinal research. While somewhat dated, Sathe (1982) does draw on contingency and role theory, but this is an exception. Thus, there is some scope to bring multiple theoretical perspectives to bear on understanding the roles of MAs.

3.6 Controllership

The preceding chapter reviewed the theory of management control (see section 2.2) and this section builds on that by identifying the nature of the control function from the perspective of the roles of MAs. Sutthiwan and Clinton (2008) note that ‘controllership is fundamentally a function of management accounting’ (p. 44) and accounting roles have long been observed as central to this function (Anthony, 1965; Macintosh, 1985; Emmanuel *et al.*, 1990; Otley *et al.*, 1995). The management control theoretical perspective, as per section 2.2, has tended to place a strong emphasis on classifying control systems, developing theories of control, and contingencies in control system designs but has paid less attention to how control is achieved in organisations through the enactment of roles, particularly the roles of MAs. Thus, while the literature has placed accounting as the functional mechanism of control in organisations, less has been observed of how this operates.

A summary of the key dimensions of the roles of MAs as controller include (Willson and Colford, 1991; Riahi-Belkaoui, 1992):

1. Responsibility for financial accounting and statutory reporting;
2. Coordination, compilation and management of planning processes;
3. Management of information, control and performance systems; and

4. Preparation and communication of appropriate information to support managerial decision processes.

Simon *et al.* (1954) relate the effectiveness of the controller function to the provision of high quality information, at the lowest cost and the long term competency development of accounting and non-accounting managers. The information quality dimension is examined in section 3.13. The literature thus places a high degree of emphasis on the enactment of management control through the roles of MAs. Accepting the centrality of the control function to the roles of MAs but also recognising the roles of MAs in management decision-support, or the business partner model noted earlier, the following section examines these collectively and provides some empirical evidence of how the roles of MAs discharge these functions.

3.7 Balance between hierarchical reporting and supporting managers

Table 3.3 above presents many descriptors of the roles of MAs that frequently contrast very traditional, historic and overly financial, hierarchical, reporting-oriented roles (e.g., the ‘bean-counter’) with the model of the business partner depicted as MAs providing high levels of support to managerial decision making and control functions, often on senior and cross-functional teams. This section examines some of the empirical evidence to date that gives some sense of where MAs are on this continuum, or as to the balance that they achieve in their roles.

Simon *et al.* (1954) note that the most promising area for enhancing the controllership function is involvement with managers to address performance issues, but found that most accountants indicated little emphasis on this area. In a quantitative and qualitative analysis of the expectations of OMs and the roles of MAs, Hopper (1980) found that managers desired accountants to act in a ‘service role’ as opposed to being in a ‘bookkeeper’ role but this desire remained unsatisfied and ‘no managers sought less influence for their accountant’ (p. 408). Likewise the accountants themselves mostly desired to act more in the service role. Two explanations are advanced for these unfulfilled wishes. Firstly, the bookkeeping role is highly specified in nature, while the service role is ambiguous in nature and left to the accountants to define for themselves. Secondly, considerable stress could be linked to the non-fulfilment of bookkeeping duties. Hopper (1980) found that the ‘service activities had to be

performed in the troughs between stressful cycle end peaks, but instead this period was frequently used for recovery from stress' (p. 409). Further, it is more obvious if bookkeeping duties, as opposed to service role duties, are not performed. Thus, Hopper (1980), drawing on role theory, highlights managers' expectations of MAs and, in finding that these were not being met, there were role conflicts and stress for MAs. This links to the earlier review of role theory and accounting research (see section 2.4.2).

From a survey of 129 firms (1,977 questionnaires) and 180 interviews of FMs and OMs in 12 large firms, Sathe (1978) observes that the balance between hierarchical reporting and supporting local managers is affected by the extent of decentralisation of reporting lines. Thus, where the divisional controller reports to the local divisional general manager, and therefore not directly to the corporate controller, the local operational information requirements and analyses take precedence, but where the divisional controller reports directly to the corporate controller then 'adherence to corporate policy recommendations and furnishing of information requested by the corporate controller tends to get first priority' (p. 100). From a survey of 134 Dutch controllers in business divisions, Maas and Matějka (2009) found a negative relationship between an increased orientation of controllers of business units to a corporate ('functional') role and supporting management decision processes, as opposed to an orientation of controllers to a divisional ('local') role. The controllers' managers, both locally and at head office, perceived the controllers' priority roles to be in regard to assisting decision making at the local level, a perception shared by the controllers as well. Maas and Matějka (2009) argue that locally involved divisional controllers may result in more control at the divisional level. Any serious control breaches at the local level were perceived as necessitating reporting up the corporate hierarchy, but these were perceived as infrequent and mitigated through the involvement of the controller. These findings thus run counter to the mainstream perception in the literature that effective control mandates independence and not involvement (Simon *et al*, 1954; Sathe, 1982, Keating and Jablonsky, 1991; Sutthiwan and Clinton, 2008).

King *et al.* (1991) note a shift in the orientation of MAs, in their UK longitudinal case studies. Over a five-year period, MAs were observed as moving away from 'historian'

and 'watch-dog' roles to roles that embrace teamwork and providing advice. McKinnon and Bruns (1992) found that accountants could be busy 'interacting' with OMs and addressing their information needs, but there is a tendency for reporting to dominate:

Preparing reports requires the application of their [accountants'] specialised professional training, and many accountants see formal report production as one of their most important jobs (p. 218).

Some accountants were observed participating in meetings, understanding the business and providing advice, which suggests moving towards the model of the 'business partner'. In a survey of accountants with respect to strategic planning, Simon (1992) notes that accountants perceive a weakness in 'market knowledge' and a 'lack of marketing skills' (p. 18), thus suggesting scope for accountants to strengthen their commercial understanding of businesses.

In a survey of 370 Danish chief MAs, Mouritsen (1996) found that work activity variation in the accounting function is much greater than conventionally portrayed and notes how the accounting function's enacting of *controlling* or *consulting* roles reflects different forms of involvement. In accounting functions that emphasised *consulting*, there was a horizontal orientation; that is working with inputs and outputs, production and sales functions and there was an organisational alignment with products and customers. In accounting functions that emphasised *controlling*, involvement was achieved through the deployment of hierarchical budgetary control; this encompassed rewarding or punishing appropriate or inappropriate behaviour. In a discourse analysis from interviews with four hotel controllers, Gibson (2002) found a strong orientation towards a 'company cop' role. The study found that the controller's behavioural pattern fitted neither the 'bean-counter' nor the 'valued business partner' role but a 'company cop' role that involved acting in different capacities at different times e.g., sometimes 'police officer', sometimes 'consultant', and sometimes 'spy/watchdog'. The 'company cop' role is defined in terms of 'the taking of some kind of action over the performance of line managers' (p. 21).

The emergence of accounting roles characterised as 'hybrids', in the sense of broader roles for MAs, has been noted in the literature (Burns *et al.*, 1999; Burns and Scapens,

2000; Burns and Baldvinsdottir, 2005, 2007). Burns and Scapens (2000) note the rise of 'hybrid' accountants – a term used by managers to describe accountants who are aligned with, and supporting, business processes. They describe a hybrid accountant as one 'who has both accounting knowledge and an in-depth understanding of the operating functions or commercial processes of the business' (p. 6-7) and they are typically located next to the process leaders. The extent to which, and the point at which, MAs intermingle and relate their expertise with other functional expertise in organisational dialogue has been observed (Ahrens, 1997). Notable contrasts were found between accountants in German and British breweries regarding the marshalling of accounting knowledge and the purpose and stage of decision involvement (Ahrens, 1997). The accountants in German breweries were found to be playing a more independent post hoc analysis role than the accountants in the British breweries who tended to contribute their expertise during the unfolding decision process. The study also attaches more significance to 'the management information which is actively used, as opposed to formally produced' (p. 636). Ahrens and Chapman (2000) document the self-role perceptions of 30 British MAs and 34 German MAs who portrayed their roles as key to the running of firms suggesting management accounting was 'far from an occupation on the verge of dissolution in novelty' (p. 497). A field study of eight FMs in a Finnish context notes the accountant as having a 'management-oriented broad mind' and being 'concerned by the bigger financial picture' (Vaivio and Kokko, 2006, p. 70). Further, the findings show the accountant to be 'pragmatic', aware of business priorities and market trends, and a 'socially active, articulate and engaged agent who was relying on multiple informal networks'. Caglio (2003) found an enlarged role for MAs on the introduction of Enterprise Resource Planning (ERP) systems which legitimised wider cross-functional roles as 'service providers' with a weakening role in report production due to the automation. MAs in these studies were thus found to play important roles in participating in management decision making processes.

Granlund and Lukka (1998a) present expanded roles (or desired roles) of MAs as outlined in figure 3.3. The key point is that the roles of MAs are expanding; that is, new roles are not displacing old roles but are in addition to them.

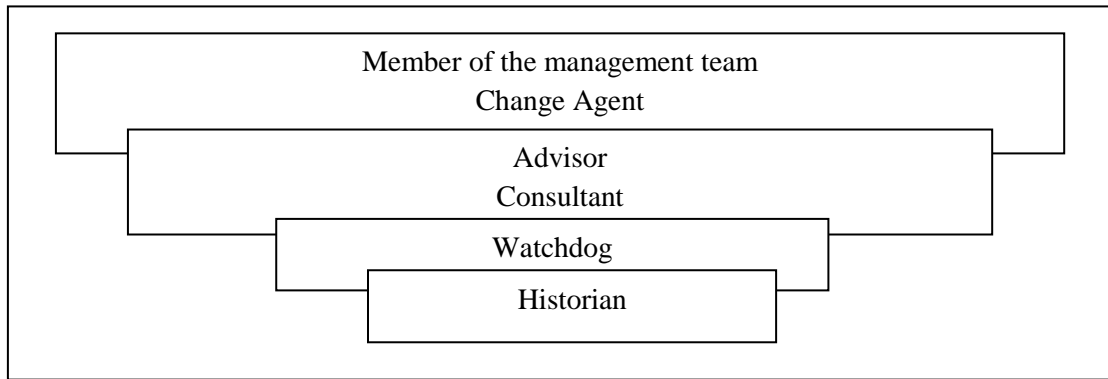


Figure 3.3 – The expansion of the MA's job description

Source: Granlund and Lukka (1998a, p. 187)

In a case study of a MNE subsidiary in an Irish context, Byrne and Maher (2003) observe a widening of the roles of MAs whilst still retaining traditional roles such as producing management reports and cost management practices. Granlund and Lukka (1998a) argue that the depicted 'bean-counter' role is still necessary in corporate financial departments responsible for financial reporting and related procedures. Granlund and Lukka (1998a) note that accountants are 'not ready to abandon the role of financial monitor' and 'the traditional management accountant's role of being the 'watchdog' of the organisation is still there' (p. 198). These findings on an enlargement of roles imply that the balancing of the roles of MAs could be even more challenging in the future. The enlargement argument also runs contrary to the dichotomising of the roles of MAs into the positions of bean-counter versus business partner models which implies a positioning somewhere on a continuum.

In a study of change programmes in 40 service organisations Brignall *et al.* (1999) and Johnston *et al.*, (2002a) found that MAs were not involved in 40% of continuous change programmes and 50% of radical change programmes. Moreover, MAs were only fully involved with less than 25% of the continuous change programmes. These results contrast with the almost exclusive reliance on financial performance measures found in the change programmes. Managerial scepticism, reluctance to participate and a lack of sound business knowledge were reasons put forward by some managers for the low levels of change programme involvement. Brignall *et al.* (1999, p. 28) conclude:

It would appear that...management accountants are little used to drive or even support process improvements in organisations. Worse still, they appear to be much maligned and their potential misunderstood and under-utilised.

More recently, CIMA (2009) remark that:

...some members of the forum [professional affiliation] have found that accountants' enthusiasm for providing business partnering is not always matched by their colleagues' [in other functions] willingness to have them do much more than they already do (p. 28).

Senior management backing and establishing and nurturing relationships over time is suggested as means of addressing this.

Clarke *et al.* (1999) posit that MAs in Ireland function more as book-keepers than innovative business partners in observing the comparatively low adoption rates of activity-based techniques in Ireland. They suggest that some of the barriers include the narrow accounting curriculum and little demand for change from either industry or academia. Also in an Irish context, Pierce and O'Dea (2003) note that 'in some organisations, the MA is seen as little more than a financial accountant who extends the mentality of auditor, rule-book and procedures manual to monthly and quarterly accounts' (p. 280). In a US context Sorensen (2009) observes that the 'gap between practice and education is well established and awaits bold practitioner-based educational programmes to close it' (p. 1291).

CIMA (2007) note variability in the model of the business partner in organisations and suggest that 'tactical support' would be adequate in firms with developed markets while MAs would need to 'challenge strategically' in rapidly changing markets (p. 28) e.g., one member of the CIMA panel of senior CFOs described the MA as primarily a 'constructive irritant' while another member described the MA as decision and control support with recourse to the 'irritant' as required. This suggests a potential contingency for the roles of MAs and the environment (see section 2.3.2). CIMA (2007) identify four classifications of business partners as follows:

- 1) *Shared service centres including outsourced centres* – in this arrangement the business support roles of MAs are provided from a centralised support perspective, and as a substitute for decentralised support ‘but ordinarily this is not considered to be finance business partnering’ (p. 29). It lacks strategic orientation.
- 2) *Financial support* – the roles of MAs as financial support are typically based in the business but as part of the financial hierarchy with alignment to supporting managers in their planning, analysis processes, and the resolution of operational problems. This model is more decentralised or ‘embedded’.
- 3) *Expert services* – MAs with expertise report to the senior financial hierarchy and although part of a more centralised arrangement these MAs participate in strategic business decision support (e.g., risk assessments, acquisitions). It is noted that these MAs may lack business knowledge but being somewhat detached from the business ‘can make it easier for them to challenge the business’ (p. 29).
- 4) *Finance leadership* – the roles of MAs in this depiction are considered most aligned with the model of the business partner in combining business knowledge, financial acumen, interacting closely with senior managers in the business (decentralised roles), and having a strategic orientation. The breadth of their roles are summarised as follows:

The can challenge line managers as sparring partners. They do not produce financial or management information but they promote the application of finance disciplines to decision making, challenging the business to generate more value and having a significant influence on the business’s direction. They provide as much leadership as support. They can be embedded in the business or have a matrix reporting relationship (p. 29).

CIMA (2009) observe that the level at which business partnering occurs in organisations may vary both in respect of the individual (e.g., manager versus a top executive) and the extent of influence (e.g., providing information versus confronting and instructing) as illustrated in figure 3.4.

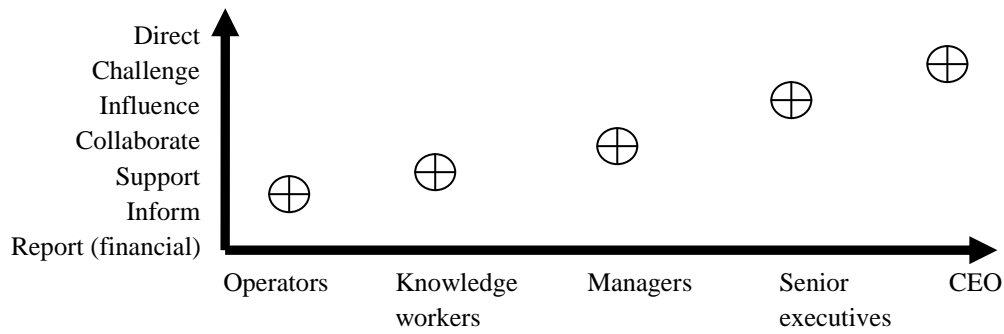


Figure 3.4 – Alternative levels of business partnering

Source: CIMA (2009, p. 28)

Based on structured and unstructured interviews with approximately 400 corporate and divisional managers in 24 major US companies, Sathe (1982) found a positive relationship between the expectations of divisional management and the involvement of the controller and a positive relationship between controller involvement and the financial performance of the company (e.g., control of debtors, stocks, expenses and capital expenditures). By being involved, it is possible to instigate proactive control – ‘to put an early stop to ill-conceived, ill-advised, or illegal courses of action being contemplated, that is, before-the-fact or anticipatory control’ (Sathe, 1982, p. 19). However, countering this is a potential negative impact on creativity in suppressing managers’ enterprising initiatives and the risk of the controller being less independent for control purposes (Sathe, 1982). The next section discusses role conflict in this context and the sections following examine some of the factors that may be associated with the roles of MAs moving towards business partnership which also build on this section.

3.8 Role conflict

Regarding the controller’s role, Henning and Moseley (1970) note that it is ‘fraught with potential conflict’ (p. 488). Role conflict is defined and reviewed in section 2.4.1 in the context of role theory. This section examines some of the empirical research on role conflicts and accounting roles. A pivotal point of focus for conflicting demands for MAs has been the role of controller, in maintaining the integrity and accuracy of financial reporting and internal control systems, and secondly, the role of actively supporting management in decision-making processes as a business partner (Sathe,

1982). Simon *et al*'s. (1954) study of controller's departments suggests splitting these roles as 'combining the functions leads to a potential conflict between the accountant's function of providing service to operating departments, and his function of analysing operations to provide valid and objective data for higher levels of management' (p. 5). Supporting this, Keating and Jablonsky (1991) state that:

...a financial person aspiring to be a business advisor or business-unit CFO cannot function as a corporate policeman, independent commentator, or custodian of accounts. These roles, consistent with traditional concepts of workplace specialisation and internal control, extend back to mass production management practices that promote highly specialised, hierarchical patterns of work organisation (p. 46-47).

In viewing the increasing regulatory burdens, Sutthiwan and Clinton (2008) also argue that the roles of controllers be divided into two separate roles. Sathe (1978) found that there was no consensus on whether divisional controllers ought to have a direct line into the local divisional manager and a dotted line into the corporate controller or vice versa. Sathe (1982) suggests that it depends, as although many (controllers and OMs) believe the roles are 'more or less mutually exclusive' (p. xvii), there are situations where roles can be combined. Sathe (1983) presents a framework that analyses the roles of controllers into the *involved*, *independent*, *split* and *strong controller* in light of the potentially conflicting roles of controllership and management decision-making support. The split controller, following Simon's suggestions, assigns the roles to separate individuals.

Only the strong controller combines the dual responsibilities, and this is the most demanding role. Which role is appropriate, Sathe (1983) argues, depends on whether greater emphasis is needed on controllership (independent) or on decision-making support (involved) or both equally (split or strong). Sathe (1982) argues that strong controllers are able to manage this simultaneous demand for independence and involvement due to a prerequisite set of personal characteristics and skills that include motivation, integrity, interpersonal skills and business knowledge. Siegel (2000) argues that conflict is not inevitable for accountants acting in the dual roles of controllers and business partners and suggests: providing more responsibility to the business (e.g., authorisation approval limits), interfering less, educating the business,

engaging as a partner, not as an ‘overseer’ and senior management endorsement of the dual roles. Hopper (1980) highlights some role conflicts for MAs as ‘book-keepers’ and ‘service-aids’ in relation to alternative structural arrangements as follows:

- 1) Decentralised – the MA reporting to the OM and physically adjacent to the OM;
- 2) Partially decentralised – the MA reporting to the FM but physically adjacent to the OM; and
- 3) Centralised – the MA reporting to the FM and physically adjacent to the FM.

The specific role conflicts relate to the extent that MAs met OMs’ expectations on:

- 1) the MAs’ performance of the most highly ranked activities important and common to most OMs (i.e., preparation of budgets, issuing budgets, ad hoc projects and informal interacting);
- 2) the time devoted by MAs to these activities;
- 3) the attributes of the MA; and
- 4) the MAs’ interpersonal relationships.

Hopper (1980) found that some conflicts were lower in decentralised organisation structures, where accountants were closer to OMs:

The major effect of decentralisation appeared to be that managers’ expectations concerning formal information, i.e., budgets and projects, were more likely to be met, but conflicts over liaison persisted whatever the structure (p. 405).

Hopper (1980) notes that role conflicts in respect of relationships between MAs and OMs and role conflicts in respect of the characteristics of the MAs were largely not significant, whatever the structural arrangement. Drawing on role theory, Maas and Matějka (2009) found increased controller role conflict and ambiguity resulting from increased expectations from their line corporate structure and no lessening of expectations from managers in the business units. This conflict and ambiguity was found to limit the controller’s capacity to address undesired accounting practices in the business unit.

3.9 Factors associated with MAs moving towards business partnership

Sathe (1982) groups the factors affecting the extent of controller involvement into three categories, namely: the individual's attributes such as personal drive, personality and relationships with management; the management approach including their expectations and orientation; and organisational and environmental attributes. Sathe's work concentrates on researching the latter two factors and primarily focuses on the involvement of the corporate, or head office, controller.

For controllers within different business divisions (26 divisions) of the same company (13 companies), Sathe (1982) found that the involvement of these controllers was positively related to the expectations of managers in the divisions, following role theory's predictions:

...expectations of local management regarding controller involvement are consistently and positively related to the degree of actual involvement (p. 104).

Sathe (1982) found a positive but 'negligible' relationship between the degree of change in the division's environment and the involvement of the controller and no relationship was found between the time spent on external reporting and controller involvement; that is the more time spent on reporting was not found to reduce the time available for decision support. This finding suggests that perhaps the availability of time to accountants is not a major variable in determining the extent of involvement in business decisions.

For divisional controllers in different companies, seven company or head office factors that affect the 'typical' involvement (i.e., involvement most common for the overall company) are identified by Sathe (1982):

- 1) *Working asset intensity* – a substitute measure of the extent to which control and financial analysis are essential to the success of the business (the actual measure is stocks plus debtors divided by net sales).

- 2) *Financial orientation* – the extent that corporate management depend on financial data, analysis and control in their management system.
- 3) *Expectations regarding typical divisional controller involvement* – corporate management’s expectations of involvement of controllers in operating and strategic business decisions.
- 4) *Emphasis placed on planning, budgeting, and capital expenditure review* – the extent of corporate management’s focus on its MCS in managing the relationship between head office and the divisions.
- 5) *Emphasis on controllership to line transfers* – the focus placed by corporate management on the transfer of divisional controllers to line positions such as marketing, operations, and general management. Mendoza and Bescos (2001) found that the career structure of managers and MAs lacked essential exposure to responsibilities in their opposite roles; that is their respective career paths rarely crossed over.
- 6) *Emphasis on service role in dealing with management* – extent of corporate controller’s involvement in head office business decisions and the amount of time devoted to divisional reports and queries.
- 7) *Duration of sustained emphasis on development of controllership personnel* – the length of time spent on developing controllers in terms of career plans, job rotations or other development initiatives.

The first factor assessed attributes of the organisation, the next four (2-5) assessed attributes of head office and the last two (6 and 7) assessed attributes of the controller in head office, all in the context of their relationship to the ‘typical’ involvement of controllers in divisions. Sathe (1982) found that statistical relationships between the involvement of controllers in local decision processes were ‘strong’ for factors 2, 4 and 7 above, and ‘moderate’ for the remaining factors. It was found that the head office controllers’ expectations of the controllers’ involvement in the divisions was weaker than that of head office management. These findings, while not providing

much insight into the involvement of the controller from a divisional perspective (what Sathe refers to as a ‘top-down’ view), do indicate that a number of head office factors are related to how involved the controller is in divisions within the company.

In a survey of 17 large Italian industrial firms, Zoni and Merchant (2007) found that controllers were at a minimum ‘somewhat involved’ in decision making by management. Drawing on Sathe’s (1982) company-level measurements of the involvement of the controller, the study notes a positive relationship between the involvement of the controller and capital intensity, operating interdependency, and the extent of formalisation of planning systems (strategic, budget). In analysing decision making into its strategic and operating elements, greater capital intensity, managerial financial expertise and planning system formalisation are linked to the involvement of the controller in strategic decision making, while greater operating interdependency is linked more to the involvement of the controller in operating decision making. A negative relationship was found between controller decision making involvement and the employment of controller roles as training for general management roles. An unexpected positive relationship was found between the financial expertise of managers and the involvement of controllers in decision making of a strategic nature. Zoni and Merchant (2007) note that ‘instead of having controllers more involved to compensate for the line managers’ weaknesses (as propositioned), apparently financially competent line managers encourage greater controller involvement’ (p. 40). The study also found a significant relationship between company performance and the involvement of the controller.

In a field study of five organisational change programmes, Chenhall and Langfield-Smith (1998b) identify five factors that could affect the extent of influence of MAs in developing performance indicators for change initiatives:

- 1) *A shared view* – managers and accountants possess similar views of the role that accountants can play in change programmes (only found in two of the five cases) i.e., MAs ‘must want to participate, and managers must actively seek their contribution’ (p. 374). It was observed in one case that ‘the accountants claimed that they were under pressure to prepare conventional financial accounts and saw

this as their main priority' (p. 375).

- 2) *Management support for accounting innovations* – accountants may be more reluctant to get involved in change programmes if senior management are not backing the introduction of accounting innovations.
- 3) *'Accounting champion'* – a champion could raise the profile of accountants in change programmes, especially where management backing is poor.
- 4) *Skills* – skills of both a technical and social nature were sought in the cases for an accountant's involvement in change programmes. Trust was also found to be significant in gaining acceptance from managers on the contributions that accountants could make. Burns and Baldvinsdottir (2007) note that MAs require sound communication and interpersonal skills in their roles 'to interact and build trustworthy relationships' across organisational functions and levels (p. 127).
- 5) *Formal hierarchical structure and authority* – dependence on the formal organisation structure as a source of authority became a barrier for accountants' involvement in change initiatives that typically were team-driven.

The impact of technological developments on the roles of MAs has attracted some interest in the literature. From interviews with UK accountants and managers, Ezzamel *et al.* (1997) observe that 'the automation of accounting functions has enabled the size of accounting departments to be slashed' (p. 447). Technology has facilitated the wide-scale dissemination of accounting and control information in organisations, enabling constant monitoring by non-financial managers (Ezzamel *et al.*, 1997). Scapens and Jazayeri (2003), in a longitudinal study of ERP systems, note a broadening of the roles of MAs as well as the OMs acquiring increased understanding of accounting (see also Caglio (2003)). Dempsey and Vance (2006) found in their case study that the analytical roles of MAs had expanded on the back of developments in IT. CIMA (2008) argue that business intelligence software (end-user performance management software that typically extracts key decision data from underlying transactional systems) may provide scope for MAs to be more effective in decision support and adopting the model of business partnership. Jack and Kholeif

(2008) found that the MA still occupied a role oriented towards report production following the introduction of an ERP system. Granlund and Malmi (2002) found minor impacts on management accounting practices from the adoption of ERP systems as such practices operated outside the system. While all MAs anticipated that ERP would release them to attend more to supporting managers' decision making, this was observed as occurring in only five of the ten case firms. A change in the roles of MAs, from a narrow accounting focus to a broader partnership model was also found. Granlund and Malmi (2002) note that:

...the roles of accountants has expanded towards more active, business-oriented roles. For the rest of the companies ERPS is still used mainly for improved processing of the document mass (p. 311).

Thus, the literature is inconclusive on the impact of these systems advancements on the roles of MAs as these findings indicate.

Ezzamel *et al.* (1997) note that accounting as an activity is possibly in greater use, despite the technology-driven reduction in accounting staff. Hence, other functions deploy accounting to support their organisational efforts. In conclusion, Ezzamel *et al.* (1997) argue that the identity of the finance function may be challenged by its increasing orientation towards non-financial information and the increasing financial acumen of other functions. Other commentators in the literature similarly observe increased management accounting activities (i.e., more managers taking on these activities), while there may be less management accounting for accountants (Cooper, 1996; Pierce, 2001).

Johnston *et al.* (2002a) conducted interviews with the most senior financial officer in six organisations regarding MAs' involvement in change programmes. The case analysis suggests that six key requirements determine the 'successful' involvement of MAs in change programmes. These are: team participation, having solid and well-developed systems, understanding of the business and its processes, flexibility, interpersonal and communication capabilities, and an organisational context that facilitates MAs' involvement (e.g., nature of the business, life cycle, speed of growth). MAs were found to free up time for involvement with OMs in different ways e.g., having computerised systems, being specifically recruited for involvement with

OMs, being in a small company where spreadsheets resulted in time efficiencies, and in taking an approach which Johnston *et al.* (2002b) term ‘good enough accounting’.

Drawing on the work of educational psychologists and human theories of information processing a survey by Coad (1999) found that MAs with a ‘learning orientation’ were more likely to be involved in business decision making than those with a ‘performance orientation’. A performance orientation suggests concern with affirmative reviews by others, a notion of success in terms of individual ability, and an aversion to new ways of working just in case they result in adverse reviews. A learning orientation on the other hand denotes individuals who are inquisitive, seek learning and ability enhancing opportunities, and do not particularly fear mistakes. Coad (1999) suggests that ‘management accountants can indeed live up to demands for more proactive involvement and role innovation if they possess or can develop a learning goal orientation’ (p. 109). In regard to orientations and the roles of MAs Hopper (1980) found that nine MAs (out of a total of 12) sought to fulfil a management ‘service role’, while three sought to fulfil a ‘bookkeeper’ role, which was related to ‘career aspirations’ and ‘sources of satisfaction’. Hopper (1980) suggests that the latter ‘desired promotion to financial positions and derived considerable satisfaction from bookkeeping activities’, while the former ‘sought moves to non-accounting positions linked to production’ (p. 409) and took reward from engaging with and assisting managers with their decisions.

From a theoretical perspective most of the studies on factors impacting upon the roles of MAs have not been subject to formal hypotheses testing; even Sathe’s work was limited to exploratory statistical analysis. As can be seen much of the research here has been generated from field-based research which usefully points towards important involvement factors for the roles of MAs. However, a limitation in these exploratory approaches, with some exceptions, is that theoretical perspectives are not always considered.

3.10 The impact of accounting innovations on the roles of MAs

Following the questioning of the relevance of management accounting from the mid-eighties (Johnson and Kaplan, 1987) a number of new accounting techniques have emerged e.g., Activity-Based Costing (ABC), Strategic Management Accounting

(SMA), Balanced Scorecards (BSCs), Target Costing (TC), and Life-Cycle Costing (LCC). There is some evidence that the implementation of new management accounting techniques impacts upon the roles of MAs. Vaivio (2004) notes the impact of the adoption of non-financial measurement and an expanding controller's role precipitated by the stimulating and knowledge-creating introduction of non-financial measures. This follows a stream of research on the implementation of ABC and its association with the roles of MAs e.g., enhanced legitimacy (Bhimani and Pigott, 1992), a shared accounting understanding (Norris, 1995), improved MAs' relations with managers (Gietzmann, 1991; Friedman and Lyne, 1997) and controllers who 'stepped outside of the traditional role' by engaging more cross-functionally than hierarchically (Anderson, 1995). Theoretically, this literature has tended to draw on the implementation literature (e.g., information systems and operations literatures) with respect to understanding the introduction of management accounting innovations, or worked towards theory development, and therefore has tended to neglect the theoretical implications for the roles of MAs from the perspectives of control, contingency, and role theory.

In the operations implementation literature, Schultz and Slevin (1975) distinguish between what they term *technical validity* and *organisational validity*. The former relates to a system achieving its purpose from the designer's perspective, while the latter relates to a system achieving its purpose from the user's perspective. In an implementation of ABC, McGowan (1998) distinguishes between two user-groups; that is (1) users i.e., those for whom the system has been designed, and (2) preparers who include 'systems analysts, accountants, programmers, managers and others assigned the task of developing, modifying and maintaining the system' (p. 36). McGowan (1998) observes the users' potentially greater focus on organisational validity and the preparers' potentially greater focus on technical validity.

Bjornenak and Olson (1999) deconstruct management accounting innovations using a framework that separates out *scope* and *system* dimensions. The former represents what is accounted for and in respect of what period, while the latter incorporates the notion of linkages between system users, systems design and temporal aspects of the systems. Table 3.4 summarises the distinguishing features of these dimensions.

Scope dimension	System dimension
Descriptive objects, i.e., the objects for which we are accounting	The number and lifetime of the systems
Causal variability factors, i.e., the causes of variation in the descriptive objectives	The integration of user aspects in management accounting
Time, i.e., the period of time for which we are accounting	

Table 3.4 – Summary of scope and system dimensions

Source: Bjornenak and Olson (1999, p. 328)

Bjornenak and Olson (1999) note that much of what has been documented on management accounting practice is concerned with the scope dimension and therefore the system dimension has been neglected.

3.11 Impact of firm ownership

In a longitudinal study, Yazdifar *et al.* (2008) note that ‘the role of the management accountant in the subsidiary company was also affected by its parent companies’ (p. 426). A recent cross-industry survey of UK MAs by Yazdifar and Tsamenyi (2005) found weak support for hypothesised differences in the perceptions of MAs between subsidiaries and independent enterprises regarding management accounting practices, change drivers, and the roles of MAs. The impact of head office was thus not found to be a statistically significant factor differentiating the perceptions of MAs but one of a number of institutional factors that might shape these perceptions. Although not statistically significant, the survey found some evidence that MAs viewed themselves as more control-oriented in subsidiaries and more business-oriented in independent enterprises. In examining the forces promoting the homogenisation of global management accounting practices, Granlund and Lukka (1998b) note that one ‘coercive pressure’ that is recognised is the influence of corporate head office: ‘it is common for the headquarters/parent company of a trans-national enterprise to force its foreign divisions/subsidiaries to adopt similar reporting systems or performance measurement frameworks’ (p. 163). Granlund and Lukka (1998a) observe, in a Finnish context, that the accountant operates horizontally as the ‘business oriented member of the managerial team and a financial advisor’ and operates vertically as the ‘local guardian, ensuring that the corporate interests are not forgotten’ (p. 199). This

also relates to the earlier discussion of the balance in the roles of MAs and role conflicts (see sections 3.7 and 3.8).

3.12 Individual characteristics of MAs

This section presents a number of themes on attributes that relate to the roles of MAs in the management accounting literature.

3.12.1 Multi-skilled team members with business knowledge

Kaplan (1995) highlights new management accounting roles in operating controls systems, activity-based cost management and the BSC where the MA, as management team member, has ‘intimate knowledge of the underlying technologies, capabilities, markets and strategy of the organisation’ (p. 8). Scapens *et al.* (1996) suggest that MAs need a sound commercial awareness of the business that they operate in and they should be able to relate this to their accounting measurements. They emphasise that the MA should be a very active member of management, or other managers may take over some of these roles (see also Burns *et al.* 1996, 1999; Burns and Baldvinsdottir, 2007). From interviews with over 100 accountants in the US, Siegel *et al.* (2003a) note that adopting the model of the business partner requires MAs to have strong skills in communicating, team working, analysis, and a particularly strong understanding of the business. Brignall *et al.* (1999) found some accountants to be important members of senior management committees with some discharging strategic responsibilities.

Johnston *et al.* (2002a) note that interpersonal and communications skills were perceived by the accountants interviewed as critical to their involvement with other organisational members at all levels to ‘be an efficient conduit for appropriate information flows’ (p. 1334). In three of the six cases, these skills were perceived to impact on annual appraisals and the potential promotion of junior accountants. Feeney and Pierce (2007) found that managers rated the business knowledge, team skills, and interpersonal skills of the MA higher for decision making than for control purposes. Precision was rated higher for control as opposed to decision making purposes.

Vaivio and Kokko (2006) found the controller using ‘personal multipliers’ on different official platforms, tailored around key individuals. These multipliers were in

effect how controllers discerned past and projected performance evaluation in interacting with managers by being inquisitive, putting everything in the situational context, and recognising that managers have different styles (e.g., some more reticent than others). CIMA (2007) note that creating business partners requires MAs to be ‘T shaped’ meaning that the core financial skills beneath the top of the ‘T’ are capped by a wider set of business-based skills (see also CIMA, 2009).

Pierce and O’Dea (2003), in a field study of 12 manufacturing firms in Ireland, found that understanding the business and team work was perceived, by both managers and accountants, as critical for the effective involvement of MAs in the business. Most managers however perceived MAs as deficient in essential characteristics that are important to them, such as being flexible and more broadly focused. Flexibility relates to the speed with which changes can be made and a broader focus could be achieved by incorporating external benchmarking information. Brignall *et al.* (1999) found from the cases where the involvement of MAs appeared critical to the change programme outcomes, flexibility was recognised as essential. Flexibility in this study related to their role boundaries, decision making approach and the purpose of accounting information ‘even to the point of being willing to support ideas that seemed financially unjustifiable’ (p. 42).

Johnston *et al.* (2002a) identify five roles of MAs in the context of their involvement in operational process change:

- 1) *The generalist* – the responsibilities of MAs for most of the cases stretched beyond the numbers to include commercial decision making, supported by MAs having sound business knowledge and effective MASs.
- 2) *The non-traditional accountant* – MAs were visibly ‘hands on’ in the business, away from their desks. One MA was given a non-accounting title ‘Customer Operations Manager’.
- 3) *The linchpin* – the MAs seem to have acted as organisational integrators (on all levels), armed with financial and non-financial information with key ‘ownership’

3.12.2 Organisational structure and physical location

From 300 telephone interviews of MAs in the US, IMA (1999) found that 20% of respondents noted that at least 50% of their company's MAs had decentralised to the operating functions that they work with, and the trend was stronger in larger companies. Pierce and O'Dea (2003) found that OMs perceived the physical location of MAs as important; that is those in close proximity could better enhance their business understanding, increase legitimacy in the eyes of managers, and it reflected a positive attitude towards building a partnership ethos. Similarly, from eight interviews in six Finnish firms, Granlund and Lukka (1998a) observe a role shift for MAs from 'bean-counter' to a 'controller' involved in business decision-making that appeared to be linked to the decentralised structure; that is being physically closer to the business activity. In a longitudinal case study of over five years, Järvenpää (2007) found that the decentralising, and process orienting, of the management accounting function was instrumental in moving MAs toward the model of business partnership.

Hopper (1980) found that managers expressed more satisfaction with management accounting information in a decentralised accounting structure than in a centralised structure and also 'there was tentative evidence that they studied it more' (p. 405). Decentralisation-centralisation was assessed with regard to the physical location of MAs and whether their line manager was an accountant or an OM. In contrast, Mouritsen (1996) found that the accounting department's work had more of a relationship with the interaction between accountants and other managers than decentralisation or centralisation per se. The provision of more accurate information and being more knowledgeable about operations was attributed to the accountant's proximity to managers. Chia (1995) found support for the hypothesised moderating effect of decentralisation on the relationship between the MAS's information sophistication level (in terms of broad scope, aggregation, integration and timeliness) and managerial performance.

Thus, the physical location of accountants, in terms of their proximity to the managers that they work with, may have an impact on the nature of the information they provide, the relationships they have with those managers, and ultimately the satisfaction those managers experience with the accounting service provided to them.

3.12.3 Survey evidence of characteristics of MAs

In a survey of the cost management techniques in 168 firms in Ireland, Nulty (1992) notes that the lack of dialogue between accountants and manufacturing departments contributed to weak cost management systems:

Many participants – accountants and non-accountants – expressed serious concern about the “remoteness” of accounting in their own particular organisations. Lack of good communications and interchange gives rise to confusion and misunderstanding in the effective use of cost management information (p. 3).

The IMA (1996) survey of 4,080 MAs in the US (795 returned) found that from a list of 162 items of knowledge, skills, and abilities (KSAs), certain KSAs were perceived as very important to the work of MAs. Table 3.6 extracts a list of the top 10 KSAs ranked by the mean importance (1 = not at all important and 5 = very important).

Ranking	Knowledge, Skill and Ability	Mean Importance
1	Work ethic	4.67
2	Analytical/problem-solving skills	4.66
3	Interpersonal skills	4.64
4	Listening skills	4.58
5	Use of computerised spreadsheets	4.51
6	Understanding the business	4.48
7	Understanding bottom line implications of day-to-day business and accounting decisions	4.44
8	Writing skills	4.32
9	Familiarity with business processes	4.32
10	Relationship between balance sheet, income statement and cash flow statement	4.31

Table 3.6 - Listing of top 10 KSAs ranked by mean

Source: Adapted from IMA (1996)

It is apparent from the table that there are skills that relate to the accountant performing financial accounting tasks (e.g., item 10) but most point towards the model of the business partner. Burns and Yazdifar (2001) conducted a UK survey of MAs’ tasks, tools, techniques, and skills in the five years prior to the survey and expectations by the year 2005. Table 3.7 shows the number of MAs and what that

percentage of the sample (1,000 MAs surveyed, 279 returned) that number represents in relation to the top 10 skills for MAs expected to be most important by 2005.

Skill	Number	% of sample
Analytical/interpretative	156	61
IT/system knowledge	119	47
Broad business knowledge	223	55
Integrating financial and non-financial information	105	41
Teamwork	84	33
Change management	81	32
Strategic thinking	81	32
Commercial	73	29
Decision-making	66	26
Presentational	55	22

Table 3.7 – Top 10 skills expected to be most important for MAs by 2005

Source: Burns and Yazdifar (2001, p. 35)

With the exception of business knowledge, these findings reveal characteristics that could be linked to the model of the business partner as being those in the bottom five of the top ten, which perhaps raises questions about MAs future perceptions of their own roles. In comparison to the results for the previous five years, Burns and Yazdifar (2001) note that ‘oral communication’ and ‘interpersonal’ (both on the top 10 list of skills for the previous five years) were no longer deemed as important, despite the continued inclusion of teamwork. Technology (intranets and e-mail) is suggested as the alternative medium. This finding seems out of line with the surveys by IMA (1996) and IMA (1999) and intuitively contradictory to the espoused characteristics of the model of the business partner. That apart, the top 10 skills suggest a widening of the MA’s skill base and an implied shift from producing figures to analysing them, and integrating them into the wider organisational realm.

3.12.4 Image of accountants

The image of accountants has received some interest in the literature and it draws attention to the perceptions that others have of the roles of accountants. DeCoster and Rhode (1971) note:

The literature provides evidence that accountants are negatively

stereotyped as cold, aloof, nonsociable, submissive, shallow, weak, passive and lacking sensitivity (p. 661).

Friedman and Lyne (2001) identify the use of the stereotype label 'bean-counter' in 138 newspapers and magazines published between January 1970 and June 1995. Moreover, 106 of these occur from 1990 suggesting the stereotype is not waning, but in fact growing in the public view. Six different 'nuances' are associated with the bean-counter image and are classified as negative or positive. However, the negative nuances far outweigh the positive ones (only 13 incidents) and further there are proportionally more negative nuances associated with accountants in business as opposed to in practice (52% vs. 30% respectively).

Sathe (1983) recognises that those entering the controllership profession may have a stronger disposition towards working with numbers rather than with people with commonly associated depictions such as the "bean counter", "number cruncher", and "green eyeshade" (p. 45). It is argued these depictions, and accountants' roles in analysing and reporting poor performance (e.g., adverse variances) to managers, could impact on interpersonal relationships with managers.

In a study of 11 medium and large companies that had implemented some ABC methods, Friedman and Lyne (1997) found support for the 'bean-counter' view of accountants by OMs and the accountants themselves, whilst also observing the positive impact that the implementation had on broadening the roles of MAs. The 'bean-counter' is defined in terms of an accountant who generates numerical reports that contributes little to managing the business efficiently, a process which serves a self-fulfilling purpose. Friedman and Lyne (1997) found that:

...the term bean-counter was used wholly negatively to describe accountants who have no understanding or feel for the business, and can only count beans, a mechanical process divorced from business reality, which can stifle initiative and even lead to decisions which will harm the business (p. 20).

While noting that these new costing practices had significantly improved the 'bean-counter' image of the accountants in the firms studied, it is argued in the long term that it is incumbent on accountants to develop new techniques in response to changing business environments to dispel such an image. Only six of the eleven companies

provided direct evidence that relations with OMs had improved, and management accounting information was more useful, resulting from the implementation. It must also be noted that the 11 firms selected had adopted ABC methods successfully which is not reflective of the generally low levels of adoption of accounting innovations (see section 3.13.9). The ‘bean-counter’ image was also evident in Brignall *et al*’s. (1999) study that noted poor involvement of MAs in change programmes with some managers unsure of their potential to contribute. Ahrens and Chapman (2000) found the perceptions of MAs in less senior positions as unfavourable with regard to the preparation of reports dismissing, as the MAs put it, ‘just reporting’ that could be performed by ‘anybody’ (p. 489). Ahrens and Chapman (2000) comment that reporting was perceived as an activity that ought not to form a part of ‘their occupational sphere’. In terms of the move to the business partner model, it could be suggested that the accountant’s image, both projected and perceived, may have an impact on how easy the accountant finds the move to such a role.

This section on the characteristics of MAs has drawn attention to empirical studies which have identified factors such as the MAs understanding of the business, interpersonal skills and management team membership, flexibility, physical location and structural alignment as well as analytical, accounting, and technology skills as relating to the roles of MAs. There is a strong descriptive and survey orientation to some of this research and therefore a lack of theoretical engagement although Hopper (1980) drew on role theory in finding managers’ information expectations better met in decentralised structures, while Piece and O’Dea (2003) note contingencies between managers and MAs in being perceived as ‘strong’ or ‘weak’ in their roles. What is also missing from some of these studies, particularly survey research, is the perceptions of not just MAs but also of the managers.

3.13 Characteristics of management accounting information

Atkinson *et al.* (2001) define management accounting information as ‘financial and operating data about an organisation’s activities, processes, operating units, products, services, and customers; e.g., the calculated cost of a product, an activity, or a department in a recent time period’ (p. 577). Traditionally in the accounting literature the effectiveness of the controller’s work was determined by the economic provision of useful information. Simon *et al.* (1954) state that:

A controller's department is effective to the extent that it: provides informational services of high quality; performs these services at a minimum cost; and facilitates the long-range development of competent accounting and operating executives (p. 1).

The literature makes a number of distinctions with regard to management accounting information. A number of authors have made the distinction between management accounting information that managers might use for decision making purposes and information that managers might use for control purposes (Emmanuel *et al.*, 1990; Horngren *et al.*, 2000; Zimmerman, 1997, 2001; Atkinson *et al.*, 2001). In the context of the contemporary roles of MAs, CIMA (2009) observe that:

...at the heart of the role is providing information to support decision making. The quality of information is key to finance business partners' credibility. It is the basis for their invitation to the decision making table (p. 14).

The characteristics and dissemination of information in organisations is distinguished and presented by Emmanuel *et al.* (1990) as:

Routine generated	or	ad hoc
Formally transmitted	or	informally transmitted
Quantitative	or	qualitative (p. 6)

Simon (1960) identifies a spectrum of executive decision making which involves decisions of a 'programmed' or a 'non-programmed' nature. The former is described as 'repetitive and routine', while the latter is described as 'novel, unstructured, and consequential' (p. 5, 6). Emmanuel *et al.* (1990) distinguish between information that supports decision making and control in situations of a routine ('programmed') or non-routine ('non-programmed') nature. The former occurs where there is clarity and understanding leading to a sound anticipation of consequences, while the latter occurs where such clarity and understanding does not exist and therefore more managerial discernment is necessitated. Emmanuel and Otley (1985) define non-programmed decisions as 'those whose outcomes cannot be accurately predicted' and which 'require a high degree of judgement' (p. 255).

A committee report on internal reporting by the American Accounting Association (AAA) (1974) set out particular characteristics relating to the attributes of accounting information within an organisation. These are illustrated in Table 3.8.

Information characteristic
Relevance / mutuality of objectives
Accuracy / precision / reliability
Consistency / comparability / uniformity
Verifiability / objectivity / neutrality / traceability
Aggregation
Flexibility / adaptability
Timeliness
Understandability / acceptability / motivation / fairness

Table 3.8 – Characteristics of information for internal accounting

Source: AAA (1974, p. 83)

To evaluate the perceived quality of management accounting information, a review of the literature identifies important dimensions. These include the relevance, accuracy and timeliness of management accounting information, the financial orientation of accounting information, the volume of information, non-financial measures and multi-dimensional frameworks, functional information needs and the use of accounting information. These are now discussed in turn.

3.13.1 Relevance

There has been much research on the relevance of management accounting information and practices, which in part can be seen to have been prompted by the claims of Johnson and Kaplan (1987):

Today's management accounting information, driven by the procedures and cycle of the organisation's financial reporting system, is too late, too aggregated, and too distorted to be relevant for managers (p.1).

Kaplan and Cooper (1998) maintain the claim that there is an excessive orientation towards financial reporting, product costs are inaccurately calculated, customer accounting is little used, the focus is more on the areas of responsibility than the

processes, and management accounting information is excessively summarised, too financial, and too late. These views have been challenged by some who observe that although management accounting information and techniques may be exhibiting a slow pace of innovation (Bromwich and Bhimani, 1994), the manner in which the information and techniques are being used has changed (Bromwich and Bhimani, 1989) and their use broadened beyond MAs to OMs (Scapens *et al.*, 1996; Burns *et al.*, 1999).

McKinnon and Bruns (1992) observe a number of challenges to the relevance of management accounting information including: the diverse range of sources of information that managers use, the publishing of redundant reports, the overuse of financial measurements while managers frequently use non-financial measurements, and an ineffective mode of presentation. In investigating accounting in electronic firms, Innes and Mitchell (1989) found that management information was perceived to be too complicated and financial in orientation. Lewis (1993) identifies weaknesses in traditional information provided to management as: having a poor relationship to the firm's objectives, critical information being lost in the 'detail', information being 'too late to be useful', information stated exclusively in financial terms, and inappropriate alignment of information to the 'organisational structure, not the activities and processes' (p. 44).

Findings in an Irish context corroborate these studies. O'Dea and Clarke (1994) conducted a field study of 16 multinational companies in Ireland. In gathering evidence on MASs, some financial controllers raised a number of concerns about the inadequacies of their company's accounting information system. Some of these concerns included factors that would suggest the information was not as relevant as it could be e.g., late delivery of control information, key performance indicators (KPIs) such as time and quality not being reported, and an inability to change costing systems without head office sign-off. Pierce and O'Dea (2003) investigated the perceptions of the usefulness of management accounting information in 12 manufacturing firms in Ireland. Managers anticipated less need for management accounting information unless it became broader in scope, more flexible, timely and user-friendly. Feeney and Pierce (2007) found that MAs were not meeting the control and decision making information needs of managers.

McKinnon and Bruns (1992) identify the characteristics of useful management accounting information as including: how related the information is to action in the manager's function, how customised or adaptable the information is to the managers' needs, how briefly and simply information is presented that allows a speedy interpretation, the timeliness of the information, and how trustworthy it is. Otley (1995) warns that OMs will ignore reports from the accounting information system if their value is not explained. Littler and Sweeting (1989) note in their case analysis of technology firms that managers were trying to shift the accounting orientation from a historical perspective to a more forward looking perspective.

Ezzamel *et al.* (1997) observe that a wider dissemination of management accounting information in organisations has an impact on this information i.e., an 'increased demand for additional, more detailed, more timely, and more frequent information' (p. 16). The use of comparative information (e.g., actual performance versus forecast, budget, last year and external benchmarking) has also been highlighted as useful to managers (McKinnon and Bruns, 1992; Pierce and O'Dea, 2003).

3.13.2 Accuracy and timeliness

Accuracy is identified as an important characteristic of management accounting information for it to have value (AAA, 1974) although Belkaoui (1980) recommends the setting of 'upper and lower bounds within which accuracy may be an effective property of management accounting information' (p. 16). Hopper (1980) found that managers perceived management accounting information as more precise, timely, and useful in decentralised structures.

Pierce and O'Dea (2003) found the compromising of the timeliness of management accounting information by MAs in pursuit of accuracy, while managers placed a stronger emphasis on timeliness and therefore sourced the required information immediately and directly themselves from elsewhere. This can be linked to the notion of MAs deploying a 'good enough accounting' approach (Johnston *et al.*, 2002b), as noted earlier. Jazayeri and Hopper (1999) note a trade off between the timing and accuracy of information from some case research:

It was recognised that the weekly accounts [produced through an MRP II system by the production departments] were less accurate than the eight times per year management accounts....both managers and accountants believed...that the advantages of immediacy outweighed any additional accuracy that might be secured through further delay.

From case research, Johnston *et al.* (2002b) note that ‘all the organisations believed that their accountants should assume a more strategic role, i.e., move away from focusing on the minutiae of measurement to supporting competitive strategy’ (p. 259). Feeney and Pierce (2007) note that while managers highly rated both relevance and reliability for control and decision making purposes, it was found that managers rated accuracy and consistency more for control purposes and timeliness and aggregation more for decision making purposes.

There is evidence that management accounting information is not furnished to managers in a timely manner (O’Dea and Clarke, 1994; Kaplan and Cooper, 1998; Pierce and O’Dea, 2003). Drury *et al.* (1993) found that timeliness was a particular issue for management accounting information. One result of providing untimely information is that managers may seek out alternative sources of information (McKinnon and Bruns, 1992) and ‘efforts to speed up accounting processes in hopes of meeting more of managers’ information needs may be misdirected’ (p. 204) as managers may already be familiar with the information. However, Chenhall and Morris (1986) note that improving the timeliness and breadth of scope of management accounting information was perceived as important where organisations faced environmental uncertainty.

3.13.3 Financial orientation

According to Johnson and Kaplan (1987) and Kaplan and Cooper (1998) there is an excessive financial orientation in the provision of management accounting information. The problem is stated by Johnson and Kaplan (1987) as ‘with increased emphasis on meeting quarterly or annual earnings targets, internal accounting systems focus narrowly on producing a monthly earnings report’ (p. 1). In a UK study, Scapens *et al.* (1996) found no evidence of the dominance of external financial accounting systems over MASs or that the former were instrumental in the design of the latter. In contrast, Drury and Tayles (1997) found evidence that would not permit

the dismissing of Kaplan and Johnson's claims. Littler and Sweeting (1989) found a dominance of financial measures in one of the technological companies studied and note that it 'may have been at least partially a consequence of the need of this business to conform with overall group policies' (p. 33). McKinnon and Bruns (1992) note the existence of a 'financial mentality':

One problem is that much of the accounting data collected is orientated towards the production of corporate financial statements (p. 155).

O'Dea and Clarke (1994) found that one controller identified head office accountants as being more interested in financial reporting requirements than with providing decision-focused information. In a survey of chief operations officers in 85 US manufacturing firms, Fry *et al.* (1995) found the use of standard costing systems (74%) to be inappropriate for the production and cost characteristics of the plants and the manufacturing strategy pursued and found an excessive reliance on financial reporting. They suggest that MAs need to become 'educators' in introducing appropriate accounting systems to the business and also 'students' in understanding the nature of the products, the process of manufacturing and the business's manufacturing strategy.

Given the accountant's past orientation towards predominantly financial systems, it can be argued that accountants may not be best placed to produce the broader performance information required in business decision making processes. For example, Eccles (1991) notes how one company assigned the development of a broader performance system to the finance function 'to broaden their perspective and measurement skills', while another company bypassed the finance function 'to avoid the financial bias embedded in the company's existing management information systems' (p. 137).

3.13.4 Volume of information

With the advent of organisation-wide integrated systems, such as ERP systems, Burns *et al.* (1996) point to the challenges of an excess of information. Macintosh (1985) states that:

Organisations collect far more information than they could ever reasonably use for decision making...it seems that organisations, even the best ones, over-invest in a glut of redundant information (p. 209).

Bromwich and Bhimani (1994) similarly observe that organisations collect masses of information which may be presented in reports but may be little used by OMs. McKinnon and Bruns (1992) did not find managers concerned with an excess of information but rather note their approach to skilfully draw from a wide pool of sources and to develop their own personalised systems. Mendoza and Bescos (2001) also found that 70% of the 120 managers interviewed were deploying personally developed approaches to understanding reports:

Documents are rarely read from beginning to end. Reading documents of twenty pages or more would be too time-consuming. Thus managers create their own reading strategies and techniques: they start by leafing through seeking specific data and, if a figure is not in line, they know exactly what data need checking, and in which documents they can find the required information (p. 275).

King *et al.* (1991) conclude, from 16 longitudinal case studies in the UK, that managers sometimes desire to be 'over-informed' because of it legitimising managers' positions but also because of it being a cultural characteristic of the firm.

3.13.5 Non-financial measurement

Accounting is frequently defined in terms of information provision with the effectiveness of the controllership function assessed in terms of the quality of the information provided (Simon *et al.*, 1954). As noted in section 3.13.3, there is criticism of accounting information in terms of its excessive financial orientation (Johnson and Kaplan, 1987; Kaplan and Cooper, 1998; McKinnon and Bruns, 1992) even though managers appear to have a preference for non-financial information. Notwithstanding the recent and growing interest in the literature in the subject of non-financial measurement, as far back as Simon *et al.* (1954) this was evident:

In those companies where the products can be measured, at least roughly, in physical units, manufacturing and some sales executives make more use of data expressed in physical units than data measured in dollars (p. 31).

In response to the criticisms of traditional reporting systems, a number of broader performance measurement systems have developed, which extend ‘from treating financial figures as the foundation for performance measurement to treating them as one among a broader set of measures’ (Eccles, 1991, p. 131).

From a survey of 303 UK manufacturing firms, Drury *et al.* (1993) note that increasing focus would be placed on non-financial measures. Similar findings are evident from case study research. Jazayeri and Hopper (1999) found increased use of non-financial measures in their UK case study and that these non-financial measures were not just in the production area but in other areas such as customer performance and innovation. Hoque and Alam (1999) found in a case study of a New Zealand construction company that management had to refocus the MAS to one that included both financial and non-financial aspects. The importance of NFIs became apparent as management realised that long term survival was dependent on ‘quality, customer satisfaction, and operational efficiency’ (p. 205). In an Irish context, a survey of 108 MAs by Pierce and O’Dea (1998) notes that nearly 50% of respondents indicated use of non-financial measures. This supports previous studies in an Irish context that show some adoption of non-financial measures (Clarke, 1992; O’Dea and Clarke, 1994). More recently, Ittner and Larcker (2009) observe a number of developing strands of research on non-financial measurement; that is non-financial measurement and performance, determinants of measure selection and the balance of financial versus non-financial measures, and the consequences of systems using these measures. Attention in future research is directed towards understanding the changing nature of these measures in practice, their application in the context of risk and regulation, and relationships between their application inside and outside the firm.

One concern with the increased adoption of these measures is the extent of involvement of MAs in their development, capture and reporting. Drury *et al.* (1993)’s survey reveals that in many instances such activity took place outside the finance department and that this poses a serious threat to MAs in that they ‘will relinquish their role as specialists in management information (p. 30). In contrast, as noted earlier (see section 3.10), Vaivio (2004) found that the introduction of non-financial measures resulted in an enlargement of the controller’s role.

3.13.6 Multi-dimensional frameworks

The combined use of financial and non-financial measures have become more integrated and formalised in the recent development of a range of multi-dimensional performance frameworks. The 'Balanced Scorecard' was initially advanced by Kaplan and Norton (1992) as a multi-dimensional performance measurement framework but subsequently has been linked to the organisation's strategy as a management framework (Kaplan and Norton, 1996). The scorecard essentially includes a range of 'leading' and 'lagging' scorecards which encompass the performance of internal processes, responding to customers, innovation and expansion and a financial scorecard. There are a number of other multi-dimensional frameworks in the literature, including the: EFQM (European Foundation for Quality Management) Business Excellence Model (EFQM, 2003), Performance Prism (Neely *et al.*, 2001), Tableau de Bord (Lebas, 1993; Epstein and Manzoni, 1998), Results and Determinants Matrix (Fitzgerald *et al.*, 1991), and the Performance Pyramid (Lynch and Cross, 1995). Collectively, these frameworks aim to promote a broader conceptualisation of performance beyond the financial and short-term frame to take a more integrated, holistic, externally-oriented, long-term, and strategic approach.

Pierce and O'Dea (1998) note that over 90% of respondents indicated that they never or very rarely used the BSC but as the incidence of non-financial performance measures in use was high, they suggest that companies have developed informal performance measurement systems. A possible explanation of this is provided by Littler and Sweeting (1989):

It is not possible to create a stereotype range of financial and non-financial measures. Those that should be employed need to be related to the features and circumstances of the particular business (p. 30).

This follows the contingency theory of management accounting as discussed in section 2.3 and suggests that performance systems ought to be adapted to each organisation's particular setting (Otley, 1999). Otley (1987) recognises the challenge facing organisations in determining what particular measures to adopt. Littler and Sweeting (1989) found that managers in technology firms focused considerable

attention on determining the indicators that were key to the firm and then attempted to embed these in the firm's systems. In the services sector, Fitzgerald and Moon (1996) support the contingency notion in the design of appropriate performance systems.

3.13.7 Functional information needs

It can be argued that those who use management accounting information, the decision makers, due to their functional orientation (e.g., marketing, production, research and development) may have varying levels of satisfaction in relation to that information. The work of McKinnon and Bruns (1992) indicates substantial differences in the type of information used by functional managers. Pierce and O'Dea (2003) found that functional requirements contributed to different perceptions between the users and preparers of accounting information:

Functional differentiation was another contributor to the preparer-user perception gap, in that there was consistent evidence of a wider gap for sales managers than for their counterparts in production (p. 285).

In explaining managers' information needs, Mendoza and Bescos (2001) note that satisfaction levels with management accounting information varied between functions. Managers in the executive management, production, logistics and purchasing functions indicated a higher degree of satisfaction than managers in sales and marketing, and R&D and projects. Similarly, managers in the latter functions appeared to be missing more information.

Richardson and Barker (2001) conducted a survey of accountants' and marketers' perceptions of the use and importance of management accounting techniques. There was a general consensus on the perceived importance of management accounting techniques between the two groups but differences were found in the actual use of techniques between the two groups. Market share reports, break-even analysis and marketing cost reports were ranked higher by marketing managers than accounting managers i.e., these techniques were in the top 10 mean responses for marketing managers but were respectively 13th, 14th and 18th for accounting managers.

A survey of 52 marketing managers and 52 production managers by Lau (1999) found that cost control affected the relationship between a focus on tight budget targets and a tendency to create slack for manufacturing, but not marketing functions. Lau (1999) suggests that revenues as opposed to costs may be more relevant to control in the marketing function and that ‘the management of marketing operations and costs may demand quite different techniques from those used for the management of manufacturing operations and costs’ (p. 431).

Mia and Chenhall (1994) found differences between the marketing and production functions in terms of the relationship between broad scope MAS information and managerial effectiveness. A greater use of broad scope MAS information by marketing managers is associated with improved performance and this relationship is less so for production managers. The basic argument is that, although both functions may face the same environmental uncertainty, production may be ‘buffered’ to a greater extent than marketing.

Chenhall and Morris (1986) examine perceptions of the usefulness of management accounting information along the dimensions of scope, timeliness, aggregation and integration as being influenced by the uncertainty of the environment and both the interdependence and decentralisation within the organisation. The findings indicate that managers prefer broad scope, aggregated and integrated information where there is interdependence between the organisation’s functions. The uncertainty of the environment is linked to accounting information being broader in scope and timely.

3.13.8 Use of accounting information

Information contained in management accounting and control reports may be used in many ways. Simon *et al.* (1954) note that managers at various levels use accounting data to address three different types of questions (p. 3):

- 1) Score-card questions: “Am I doing well or badly?”
- 2) Attention-directing questions: “What problems should I look into?”
- 3) Problem-solving questions: “Of the several ways of doing the job, which is the best?”

The score-card use of accounting data relates to performance evaluation and the attention direction use relates to identifying problems that need to be addressed. The problem-solving use relates to the provision of analyses supporting management decision-making, for example capital investment, pricing policies, allocation of marketing expenditures, location of plant, remuneration, and stock policy.

McKinnon and Bruns (1992) distinguish between four different types of management accounting information: *operating* (short term performance management), *status* (summed operating data to check outcomes as expected), comparisons to *benchmarks* (positional data on firm's relative performance), and *reference* (aggregated information for longer term or planning purposes). Some examples of these dimensions of management accounting information are provided in table 3.9.

Information	Examples	Some report characteristics
Operating	Downtime Units produced Order bookings	Daily updated Physical counts Often informally transmitted
Status	Rail car availability Inventory levels Backlog Site remediation status Employee injury status	Frequently updated Physical counts Narrative descriptions
Benchmark	Actuals to budget Year-to-date Performance to last year Comparisons to ratios	More financial added Longer time horizons More complex data
Reference	Divisional income Assets, liabilities Corporate goals Customer records Employee records Logs of production, sales activities	Detail Complex data Even more financial in nature Narrative summaries Historical nature

Table 3.9 – Classification of information for management reports

McKinnon and Bruns (1992, p. 129)

Otley (1999) notes the contrasting cycles of information flows for control purposes between the immediacy of manufacturing systems to the feedback cycles that stretch from daily, weekly, monthly to yearly and long-term horizons. Bruns and McKinnon (1993) found that OMs procured information from informal sources and built their

own personalised information systems which contained information that could later be expected to appear in the formal reporting system to serve as a form of validation:

...those that provided information that allowed managers to confirm that the actions they had taken had had the intended effects, or they provided information on current status of resources or capacities (p. 107).

Similarly, Bromwich and Bhimani (1994) note that accounting information can be retrospectively relied upon as a post-hoc rationalisation of decisions made, even though the information might not have shaped the decision despite its availability.

3.13.9 Use of management accounting techniques

Considerable attention has been given by management accounting researchers to the extent of adoption of management accounting innovations, following on in part from the criticisms levied on the irrelevance of management accounting information as noted (see section 3.13.1). Table 3.10 lists examples of traditional management accounting techniques (and their mean usage, 1 = never and 5 = very frequently) from a survey of Irish manufacturing organisations by Pierce and O’Dea (1998).

Traditional management accounting techniques	Mean Usage (n=106)
Budgets	4.54
Variance analysis	4.08
Standard costing	3.85
ROI	3.34
Volume-based overhead absorption	3.20
DCF	3.06
Marginal costing	2.98
Cost-plus pricing	2.97
Flexible budgets	2.93
Breakeven analysis	2.63

Table 3.10 - Usage of traditional management accounting techniques

Source: Pierce and O’Dea (1998, p. 42)

The table shows that traditional techniques continue to be used in practice (and usage is higher than for newer management accounting techniques – the mean score range for which is 3.42 down to 1.34). Traditional control devices such as budgets,

variances and standards top the list, indicating high adoption, consistent with findings on the wider use of budgets (see section 2.2.5). It could be suggested that some of these techniques are calculative, complex in nature and perhaps do not necessitate the involvement of many from outside the finance function. Cotton *et al.* (2003) note ABC adoption of 20.3% in New Zealand companies compared to 17.5% found in Innes *et al.*'s (2000) UK study of ABC adoption. From ABC surveys conducted in the 1990s, Clark *et al.* (1999) note ABC implementation rates between 36-41% in the US, 6-20% in the UK, 23% in Canada, 12% in Australia, and 12% in Ireland. More recent research suggests ABC adoption levels are slowing in Ireland (Pierce and Brown, 2003). In a survey of 1,995 US MAs, Garg *et al.* (2003) found widespread use of traditional management accounting tools with almost 80% indicating that the adoption of management accounting innovations would be a 'low to medium priority' (p. 33). The literature thus suggests that, while there has been a US-led take up in the adoption of management accounting innovations, many companies continue to use traditional management accounting techniques. While the adoption of management accounting innovations is linked in the literature to broadening roles for MAs (see section 3.10), the low levels of innovation adoption noted here places some limits on the extent that the roles of MAs may develop towards the model of the business partner.

The literature on the information characteristics provides evidence of a range of characteristics important to MAs providing useful information to managers, while recognising that there have been shortcomings in this endeavour but also innovations attempting to address these. While there has been a strong emphasis on management accounting information classifications, tools and use, less attention has been paid to theoretical conjectures. Some of the studies above identify unmet expectations of managers regarding their information needs, and while implicitly relating to role theory's emphasis on management expectations, this theoretical perspective is not explored. Furthermore while there are some studies above that indicate contingencies in management accounting information (e.g., see section 3.13.7 on differing functional needs of managers) there is considerable scope to develop this further and to relate this not just to the information (e.g., contingencies that might attach to different types of information or reports in particular contexts) but to the specific expectations of managers. The control literature makes a useful theoretical distinction

between information for decision making and control which lends itself to further empirical analysis.

3.14 Summary and conclusion

This chapter has examined a number of dimensions of the roles of MAs that include factors that might be shaping roles, characteristics linked to the roles and, to a lesser extent, some potential impacts of these roles. The review of the literature leads to the following conclusions:

- 1) The roles of many MAs are located in organisations operating in very competitive and dynamic environments and these external forces, combined with organisational responses to these forces in the form of innovations in management, accounting, manufacturing and IT systems may have implications for the shaping of these roles. A number of studies have attempted to classify the contemporary finance function in organisations and have drawn attention to the enhancement of information and communication systems, different functional orientations and transitions between them, and the reduction or removal of cross-functional barriers. While there is some evidence of a functional orientation moving in the direction of greater support for managerial decision making, there is also evidence to the contrary and concern over the potential negative impact of an increasing regulatory burden. This literature however requires greater theoretical application in understanding the contemporary finance function and shows inconsistencies between the perceptions of financial and non-financial personnel, thus warranting more research on these.

- 2) The literature provides a number of definitions and descriptors associated with the roles of MAs and suggest roles that have a wide remit. The roles of MAs have frequently been dichotomised between roles oriented towards independent control, financial accounting, historic reporting and roles oriented towards supporting managers' business decision making processes. The empirical research to date is mixed with regard to what roles MAs are actually playing in organisations. For example, there is some evidence that the traditional 'bean-counter' roles cannot be discounted, that the roles are broadening and not necessarily discarding traditional roles but expanding on them, and that some roles are aligning with the model of

the business partner, while others fail to do so. With this incomplete and inconsistent evidence, it is thus not possible to conclude on the extent to which the roles of MAs are aligned with the model of the business partner as espoused in the literature. There are even some arguments that some of the roles of MAs may diminish or disappear. Many of these studies have a weak theoretical foundation or a singular theoretical perspective and so consideration of the three theoretical lenses as outlined in chapter two would have merit in further examining and explaining the roles of MAs and particularly they might better assist in the reconciliation of some of the inconsistencies that are appearing in the empirical record.

- 3) The literature identifies control as an important aspect of the roles of MAs and suggests that MAs may encounter role conflict in the fulfilment of roles that attempt to adopt the model of the business partner, while maintaining independent control and upholding the integrity of the accounting systems. The literature does not concur on the combining of these roles as some point towards role separation, while others maintain that it is possible if MAs possess certain characteristics, or certain arrangements are put in place. This literature draws upon aspects of management control, contingency, and role theories as presented in the last chapter but offers scope to build on these bases, and explore how the roles of MAs are implicated in the enactment of control in organisations and their impact on control, their experience, or not, of role conflicts with respect to meeting, or not meeting, managers' expectations.
- 4) The literature indicates a range of factors that might influence the extent that MAs are actively involved in supporting managerial decision making processes including management expectations; emphasis on financials, planning and capital budgeting and controllership development; the extent of a common view between MAs and OMs; management backing for innovations; having an accounting advocate; prerequisite individual characteristics and skills; and the reliance placed on the official hierarchical structure. There is mixed evidence regarding the impact of IT systems, such as ERP systems, on releasing MAs for more business support. There is some evidence that the introduction of management accounting innovations provides scope for MAs to develop broader managerial decision

support roles in organisations but the adoption of such innovations, and particularly in an Irish context, is noted as quite low. For MNE subsidiaries the literature provides some weak evidence that the head office function has an impact on the roles of MAs in the subsidiaries.

The range of identified influences on the roles of MAs in these studies suggests that there is considerable theoretical potential to build on some of these factors. The contingency lens could highlight which influences impact on the roles of MAs in which situations. Role theory with its prediction of the influence of management expectations could reveal insights into the nature of expectations and their relationships to the roles of MAs, which has been little visited since the work of Hopper (1980) and Sathe (1982). The management control perspective provides scope to better understand how management control operates in organisational environments where these influences shape the roles of MAs.

- 5) Certain attributes have been identified in the literature as very important to the contemporary roles of MAs including having a very strong knowledge of the business, possessing effective interpersonal skills and engaging in management team decision making with these characteristics being linked more to the model of the business partner. There is empirical evidence to suggest that some MAs possessed these characteristics, while other evidence suggested otherwise. A number of models and role profiles are suggested regarding the characteristics and activities that might assist MAs moving towards the model of business partnership, although these are largely normative and descriptive in nature and lack theoretical perspectives. Regarding the latter, there is scope to apply some of the theoretical lenses to these characteristics in perhaps identifying contingencies regarding certain characteristics of MAs being sought in certain circumstances or in relating the characteristics of the MA and their inter-personal relationships with managers to the expectations of managers, all of which are important concepts within role theory.
- 6) The literature identifies a range of management accounting information dimensions including relevance, accuracy and timeliness, financial orientation, volume of information, non-financial measurement, multi-dimensional

frameworks, functional information needs and the use of accounting information and techniques. The anecdotal evidence and empirical studies largely suggest that MAs are not fully meeting the information needs of managers and some information may be characterised as untimely, irrelevant, excessive, overly detailed, financially oriented, and forfeiting timeliness for absolute accuracy where approximations would suffice. The growing adoption of non-financial measures, and the incorporation of these into wider performance management frameworks, is noted in the literature. There are mixed results regarding their impact on the roles of MAs as some appear to occur largely outside the remit of MAs, while others seem to have enabled MA to get much more involved in supporting business decision making processes. The literature also makes clear distinctions in managers' functional information needs and MAs appear to have not adequately addressed these. These studies have a strong descriptive or prescriptive orientation and there is theoretical merit in further understanding the information needs using the theoretical lenses in chapter two by examining management's information expectations from a role theory perspective, how control information is used from a management control perspective, and if there are contingencies attached to particular forms or types of management accounting information and reports as some studies for example, on functional differentiation, are suggesting.

- 7) The vast majority of the research to date on the roles of MAs has not occurred in an Irish context and this thus represents an opportunity to add to the very limited body of management accounting knowledge generated in this context. In conducting a study in a single country context it eliminates country effects and by gathering data in a country with a limited empirical record, it means that this data may have some merit in subsequent studies of a transnational nature.

This chapter began by presenting the general contextual environment that MAs operate within (see section 3.2) followed by classifications of the contemporary finance functions. Section 3.4 and 3.5 respectively defined management accounting and the roles of MAs and the various labels, and associated meanings, that attach to alternative depictions of these roles. The importance of the control aspect to the roles of MAs was set out in section 3.6 linking to management control theory reviewed in

section 2.2. Section 3.7 reviewed a number of studies providing empirical evidence regarding the orientation of the roles of MAs towards hierarchical reporting (the 'bean-counter' model) or towards supporting managers (the 'business partner' model). Inherent in this latter orientation is role conflict, which was examined in section 3.8.

Section 3.9 through to section 3.11 reviewed the literature on factors that potentially shape the roles of MAs in organisations including what might influence the MA becoming more involved in providing support to managers (the 'business partner' model) and this was followed by empirical evidence on the individual characteristics and perceptions linked to the contemporary roles of MAs by both MAs and managers.

The last major theme of the literature review examined the characteristics of management accounting information (see section 3.13). This section covered a number of characteristics that have been noted as important in the provision of management accounting information and also some evidence as to whether this information meets the needs of OMs. This section has presented a summary of the preceding literature review as a precursor to the following chapter on research methodology.

Chapter Four

Methodology and Methods

4.1 Introduction

This chapter presents the development of the research questions and the associated research methodology and methods for the dissertation. It commences with a review of the philosophical assumptions underpinning the research, followed by a review of trends in methodologies and methods in the management accounting discipline. Next, the research problem and related objectives are presented, followed by the research design for phase one and phase two of the study. The section following this discusses the concepts of validity, reliability, and generalisability and relates them to the research undertaken. The next section explains how access was secured and provides operational details for both phases of the study. The final section outlines the qualitative data analysis strategies undertaken.

4.2 Appreciating philosophical research underpinnings

How we view the world and gain an understanding of it may have implications for the research design we adopt. Sometimes these views or assumptions are explicit in research output but frequently they are implicit. Easterby-Smith *et al.* (1991) suggest that it is important to appreciate the philosophical underpinnings of research as such understanding impacts the identification, clarification, and operationalisation of research designs. Recognising the philosophical assumptions underpinning social enquiry also indicates to the researcher the limitations associated with the making of particular claims in regard to what represents a contribution to the understanding of a particular topic (Thomas, 2004). Johnson and Duberley (2000) state that ‘how we come to ask particular questions, how we assess the relevance and value of different research methodologies so that we can investigate those questions, how we evaluate the outputs of research, all express and vary according to our underlying epistemological commitments’ (p. 1). The following sections review the various philosophical assumptions regarding the nature of reality, knowledge, human nature and methodology that underpin the research activity in general and the assumptions that underpin the current study in particular.

4.2.1 Ontology

Ontology pertains to the fundamental assumptions about the nature of reality; that is very simply, what is reality? Gill and Johnson (1997) define ontology in terms of ‘the study of the essence of phenomena and the nature of their existence’ (p. 178). There

has, for some time, been an ontological debate polarised between the positions of nominalism and realism. Burrell and Morgan (1979) note that a nominalist perspective ‘revolves around the assumption that the social world external to individual cognition is made up of nothing more than names, concepts and labels which are used to structure reality’ (p. 4). In simple terms, it means reality is only in the mind. The realist position is based on the assumption that reality is essentially outside the mind; that is it exists independently of human beings. Burrell and Morgan (1979) note the realist position assumes that the ‘social world external to individual cognition is a real world made up of hard, tangible and relatively immutable structures’ (p. 4) i.e., the characteristics of the world are stable or unchanged over time.

Morgan and Smircich (1980) present a useful framework that analyses the ontological assumptions underlying social enquiry into six types (see table 4.1).


CORE ONTOLOGICAL ASSUMPTIONS	
1. Reality as a projection of human imagination	SUBJECTIVE
2. Reality as a social construction	
3. Reality as a realm of symbolic discourse	
4. Reality as a contextual field of information	
5. Reality as a concrete process	
6. Reality as a concrete structure	OBJECTIVE

Table 4.1 - Ontological assumptions underlying social enquiry

Source: Morgan and Smircich (1980, p. 492)

Thus, there is a range of possible ontological assumptions that underpin social enquiry. The subjective and objective continuum mirrors the preceding discussion, distinguishing respectively the notions of idealism (or nominalism) and realism. Following on from ontology and its debate about what constitutes reality is how it can be known or as Hughes (1980) states ‘claims about what exists in the world almost inevitably lead on to issues about how what exists may be known’ (p. 6).

4.2.2 Epistemology

Epistemology can be explained as the assumptions relating to the nature of knowledge; that is how we acquire knowledge or simply as Crotty (1998) states: ‘how

we know what we know’ (p. 8). Gill and Johnson (1997) define it in more detail as ‘the branch of philosophy concerned with the study of the criteria by which we determine what does and does not constitute warranted or valid knowledge’ (p. 177).

Burrell and Morgan (1979) polarise epistemologies between the philosophical perspectives of positivism and anti-positivism. In the positivism camp knowledge is understood in terms of searching for universal laws (much akin to the natural sciences) and the nature of relationships (causality) between variables. Hughes (1980) notes that positivism acknowledges ‘only two forms of knowledge as having any legitimacy and authority, the empirical and logical’ (p. 21). In the anti-positivism camp, which may also be loosely referred to as qualitative research, phenomenology, interpretivism or social constructionism, knowledge is understood in terms of the subjective meanings that the particular individuals involved create (Burrell and Morgan, 1979). Edmund Husserl (1859-1938), the original proponent of phenomenology, argues that knowledge is ‘socially constructed’. The anti-positivism school, or qualitative perspective, is an extremely broad one (Hughes, 1980). Tesch (1990) for example in attempting to map the qualitative research territory identifies 45 distinctive methodologies or perspectives. Easterby-Smith *et al.* (1991) present the key characteristics of the positivist and phenomenological paradigms as per table 4.2.

	Positivist paradigm	Phenomenological paradigm
Basic beliefs	The world is external and objective	The world is socially constructed and subjective
	Observer is independent	Observer is part of what is observed
	Science is value-free	Science is driven by human interests
Researcher should	Focus on facts	Focus on meanings
	Look for causality and fundamental laws	Try to understand what is happening
	Reduce phenomena to simplest elements	Look at the totality of each situation
Preferred methods include	Formulate hypotheses and then test them	Develop ideas through induction from data
	Operationalising concepts so that they can be measured	Using multiple methods to establish different views of phenomena
	Taking large samples	Small samples investigated in depth or over time

Table 4.2 – Key characteristics of the positivist and phenomenological paradigms

Source: Easterby-Smith *et al.* (1991, p. 27)

Evered and Louis (1981) distinguish the nature of social science enquiry between that which is positioned as being from the *outside* or the *inside* e.g., one aims at generating knowledge with ‘universality and generalisability’ which is ‘context free’, while the other aims to generate knowledge with ‘situational relevance’, which is ‘interpreted’ and ‘contextually embedded’ (p. 388). It is argued that an appreciation of the epistemological implications of these distinctive approaches enables the researcher to make suitable research designs and to better align particular research capabilities and aims. The dominance of research from the outside in organisational science is recognised and critiqued as producing ‘results that are precise but irrelevant’ (p. 393).

4.2.3 Human nature

Assumptions are made in the social sciences on the extent to which human beings are influenced by their environment or are independent of it. Burrell and Morgan (1979) describe determinism as the view that the environment itself determines human activities. At the other extreme, voluntarism represents the view that human beings are ‘completely autonomous and free-willed’ (Burrell and Morgan, 1979, p. 6). Social science researchers’ assumptions must gravitate towards the determinist or voluntarist perspective or they can take a more middle position ‘which allows for the influence of both situational and voluntary factors in accounting for the activities of human beings’ (Burrell and Morgan, 1979, p. 6).

4.2.4 Methodological debate

There are numerous research methodologies available to the social science researcher. Crotty (1998) provides examples of methodologies including experimental research, survey research, ethnography, phenomenological research, grounded theory, heuristic enquiry, action research, discourse analysis, and feminist standpoint research. Within each of these methodologies a number of research methods or tools can be selected (e.g., sampling, observations, questionnaires, case studies, interviews, content analyses, focus groups). Although sometimes confused or used interchangeably, there is an important distinction to be made between research methodologies and research methods; the former addresses the philosophy of approaches to research, while the latter represent the ‘tools of the trade’. The following discussion continues the focus

on methodological concerns and then moves on to the particular research methodologies and methods deployed in this study.

Burrell and Morgan (1979) polarise the methodological debate between the ideographic and nomothetic approach. The ideographic approach stresses the importance of ‘obtaining first-hand knowledge of the subject under investigation’ (p. 6) and entails gaining insights and close interaction between the researcher and the subject of study. The nomothetic approach is rigorously scientific in nature and typically involves the testing of hypotheses, instrument design and quantitative analysis (Burrell and Morgan, 1979). Gill and Johnson (1997) compare the two approaches (see table 4.3).


Nomothetic methods emphasise		Ideographic methods emphasise
1. Deduction	vs.	Induction
2. Explanation via analysis of causal relationships and explanation by covering laws (etic)	vs.	Explanation of subjective meaning systems and explanation by understanding (emic)
3. Generation and use of quantitative data	vs.	Generation and use of qualitative data
4. Use of various controls, physical or statistical, so as to allow the testing of hypotheses	vs.	Commitment to research in research settings, to allow access to, and minimise reactivity among the subjects of research
5. Highly structured research methodology to ensure replicability of 1, 2, 3 and 4	vs.	Minimum structure to ensure 2, 3 and 4 (and as a result of 1)
		
Laboratory experiments, quasi-experiments, surveys, action research, ethnography		

Table 4.3 – A comparison of nomothetic and ideographic methods

Source: Gill and Johnson (1997, p. 37)

As can be seen from table 4.3, approaches to research that facilitate the testing of prior theory in a research process that ends with empirical data collection are associated with deduction. Approaches to research that facilitate the development of

theory in a research process that commences with data collection are associated with induction. Although these research approaches are presented as a dichotomy, intermediate positions are possible as can be seen by the transition of research designs at the bottom of the table. These designs, from left to right, tend to increase in flexibility and embeddedness in real world contexts.

4.2.5 Continuum of the assumptions underlying social science

Burrell and Morgan (1979) present the researcher’s ontological, epistemological, human nature and methodological assumptions across the subjectivist – objectivist continuum. Figure 4.1 illustrates the opposite spectrum ends of social science research assumptions.

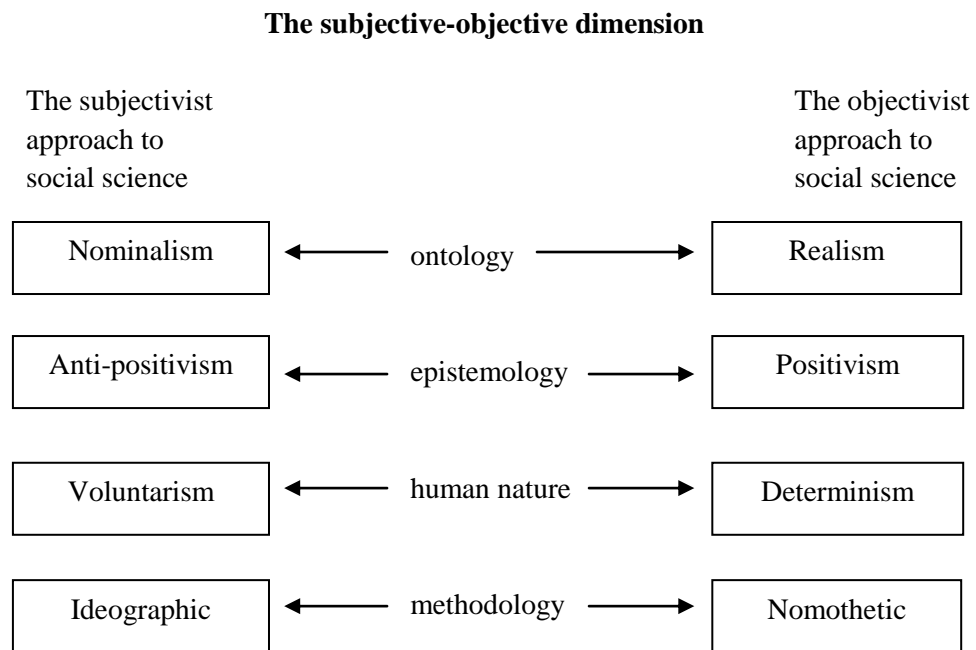


Figure 4.1 – Continuum of social science research assumptions

Source: Burrell and Morgan (1979, p. 3)

Burrell and Morgan (1979) assert that the alternative perspectives are not reconcilable as ‘they offer alternative views of social reality’ and a ‘synthesis is not possible, since in their pure forms they are contradictory’ (p. 25). However, Gill and Johnson (1997) note that researchers are not necessarily faced with selecting either/or methodological extreme as ‘it would appear that such a view of methodology, purely in terms of a dichotomy, is fundamentally flawed’ (p. 134).

Easterby-Smith *et al.* (1991) note that there is a philosophical issue in attempting to triangulate methodologies due to their nature i.e., ‘a single, objective and stable truth [positivism] is not compatible with the social constructionist view of reality being flexible, fluid and continually renegotiated’ (p. 134). They advise the researcher that both quantitative and qualitative approaches can be used within the one paradigm (positivistic or phenomenological) and to remain within the one paradigm, crossing over rarely and with caution. Remenyi *et al.* (1998) in contrasting the philosophical positions of positivism and phenomenology conclude that the important distinction in the end is ‘the degree of caution with which the results will be used’ (p. 37). This is thus framing the limits, and setting the criteria, that should direct the interpretation of the outcomes of the research in the context of the assumptions underpinning them. Thus, the literature highlights the purist or extreme philosophical positions that are associated with the undertaking of the research task, while also demonstrating that researchers may adopt a reconciling or ‘methodological pluralism’ (Gill and Johnson, 1997, p. 133) approach, albeit with difficulty.

4.2.6 Philosophical perspectives in accounting research

Traditionally, management accounting research has its roots in neo-classical economics (Scapens, 1985, 1990) and in general terms the positivist paradigm has been the dominant one in the past, although alternative paradigms (e.g., interpretative and critical research) have gained ground recently. Shields (1997) notes that economics was the largest theoretical base (75 of 152 articles) in research published in eminent US accounting journals between 1990 and 1997. In a review of management control research, Otley *et al.* (1995) state that:

The predominant ontological stance is a realist, stemming from the original concentration of the practical theorists on what they saw as real problems in practice. The primary epistemological stance of these control theorists is positivist and functionalist (p. S38).

Burrell and Morgan (1979) map the philosophical assumptions underpinning social science research as the subjective-objective continuum (as per figure 4.1 above) and further map the philosophical assumptions regarding the nature of society in terms of regulation (maintaining and improving on the status quo) and radical change (fundamental societal change required). Figure 4.2 presents the combined dimensions.

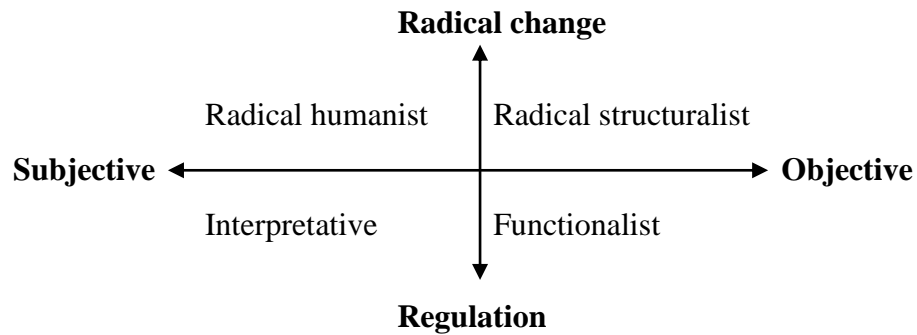


Figure 4.2 – Four paradigms for the analysis of social theory

Source: Burrell and Morgan (1979, p. 23)

The continuum stretching from regulation to radical change can be related to the development of critical theory. Observing its roots in works of Karl Marx (1818-1883) and the development of feminist research, Sarantakos (1998) notes that critical theory is located between the contrasting epistemological and human nature positions as identified above by Burrell and Morgan (1979). Lee and Lings (2008) observe that this philosophical school aims to ‘uncover the implicit assumptions and ideologies which underlie accepted ideas of the ‘truth’ in a given social situation’ (p. 63) based on an ‘interventionist mode of revolutionary politics’ (Roslender, 2006, p. 248). In an accounting context, Chua (1986) distinguishes between three philosophical perspectives namely positivism, interpretivism and the critical perspective using the following categories as a basis for doing so, as presented in table 4.4.

A. Beliefs about knowledge
Epistemological
Methodological
B. Beliefs about physical and social reality
Ontological
Human intention and rationality
Societal order/conflict
C. Relationship between theory and practice

Table 4.4 – Categorisation of philosophical assumptions

Source: Chua (1986, p. 605)

Chua (1986) argues that the development of accounting knowledge has been overly dominated by positivism and shows how the alternative philosophical characteristics of interpretivism and critical theory can make a valuable contribution to the advancement of accounting knowledge. The undertaking of research using these non-traditional perspectives is therefore advocated. Lending support to this analysis, Ryan *et al.* (2002) note that much of the management accounting research in the past could be positioned in the Burrell and Morgan's (1979) objective – regulation quadrant in figure 4.2; that is functionalism. Hopwood (1983) recognises the functionalist research traditions in accounting research where the activity is viewed from 'a relatively unproblematic technical perspective' (p. 290). Some attempts have also been made to chart and reconcile philosophical positions underlying accounting research. Laughlin (1995) for example maps a wide range of different philosophical schools of thought according to selections made on the basis of methodology, a-priori conceptualisation and emphasis on change with each selection being scaled as low, medium or high, illustrated through a grid of nine boxes. The irreconcilable positions, at the extremes of this philosophical analysis, lead to the argument for a 'middle range' approach that attempts to gainfully take some of the merits from the outer irreconcilable positions.

Notwithstanding the noted dominance of positivistic research in previous accounting research, there has been a notable increase in the publication of accounting research in the other three quadrants of Burrell and Morgan's (1979) analysis in figure 4.2. Contributions, guidance, and debates on alternative management accounting methodologies are growing (Atkinson and Shaffir, 1998; Ahrens and Dent, 1998; Ahrens *et al.*, 2008; Vaivio, 2008). Hwang and Wu (2006) note that journals dedicated specifically to management accounting research display a broader focus on research topics, methodologies and theoretical perspectives. The mutually exclusive subjectivist and objectivist philosophical positions that Burrell and Morgan's (1979) note (see figure 4.1) are becoming blurred in management accounting research (Ahrens, 2008; Kakkuri-Knuuttila, 2008).

Philosophical perspectives can also be analysed specifically in the context of particular research designs. Dichotomising between the positivist and interpretivist paradigms Ryan *et al.* (2002) identify how these perspectives are related to case

research in accounting. The positivistic oriented researcher is likely to use the case study method as a first-step exploratory device to be followed by hypothesis testing on a large sample basis.

Positive researchers are concerned with developing general theories, and they regard case studies as a tool for the generation of ideas and hypothesis, which it is intended will be subjected to empirical testing in large-scale statistical studies at a later stage (p. 147).

Conversely, the interpretivistic oriented researcher is likely to use the case study method to explain the nature of the social phenomena observed. Ryan *et al.* (2002) recognise that this polar distinction simplifies the eclectic uses of the case study method. This draws attention again to the link between philosophical perspectives and methodology as noted in section 4.2.4 but in addition, highlights how research designs are not exclusively aligned to one particular philosophical position. Otley and Berry (1994) draw out features of four management control case studies including their distinctive epistemological, method, and theoretical features. Scapens (1990) notes the increasing importance of case study research in management accounting research and notes the various roles that this research approach provides to management accounting researchers. Drawing on Burgess's (1984) 'Veranda Model' of field research (that was used by colonial anthropologists as an enquiry somewhat removed from the native's daily experiences) Scapens (1990) suggests that to get the most from case study research, researchers should be ready to investigate the everyday experiences of management accounting at different organisational levels and between different managerial groups.

4.2.7 Research assumptions underpinning this research

The theoretical assumptions underpinning social research have informed the design of this study. The ontological position taken could be located as 'reality as a contextual field of information' (Morgan and Smircich, 1980, p. 492) which is somewhat midway between the polarities of reality as objective and reality as subjective. The epistemological position taken, although again not moving towards the extremities of positivist or interpretivist positions, is more oriented towards the interpretivist position. Thus, the focus is more, in Easterby-Smith *et al.*'s (1991) terms, on 'meanings' than on 'facts', on the 'subjective' perspective rather than the 'world is

external and objective’, and on ‘totality’ and ‘trying to understand what is happening’ (p. 27), rather than on reductionism, hypotheses testing and establishing cause and effect. Atkinson and Shaffir (1998) state that:

...field research, when done well, sensitises us to the actors’ perspectives and enables us to understand situations and events from their perspective (p. 59).

Similarly, the approach adopted in this study is more from the insider than outsider with the role of the researcher somewhere between the ‘empiricist’ and the ‘unobtrusive observer’ (Evered and Louis, 1981, pp. 388-389).

In regard to assumptions in the debate on human nature as determinist or voluntarist, this study adopts a more central position that allows for both the scope for individuals to determine, and to be determined by, their environments (Burrell and Morgan, 1979). Finally, the assumptions underpinning methodology gravitate towards ideographic, as opposed to nomothetic, methods which are associated with ‘induction’, ‘qualitative data’, and ‘explanation of subjective meaning systems’ (Gill and Johnson, 1997, p. 37). Although there is debate in the literature on reconciling between the extremities of the philosophical assumptions (Rossman and Wilson, 1985; Lee, 1991; Morse, 1991; Gill and Johnson, 1997) this study does not attempt to make such reconciliations. In collectively considering the major ontological, epistemological, human nature and methodological debates this study as a whole is more oriented to the ‘subjectivist’ position and more oriented towards ‘regulation’ than ‘radical change’ (Burrell and Morgan, 1979). The philosophical position adopted has been informed by works cited above but also importantly by the research problem that this study addresses (see section 4.4). The position adopted applies consistently to both phases of data collection, outlined in section 4.4.2.

The rationale behind not selecting the other research designs is outlined below. Longitudinal and ethnographic research was not possible in this study because while they would provide an in-depth understanding regarding the roles of MAs these designs typically require very high levels of organisational access for prolonged periods which the researcher did not have. While there are frequently calls in the management accounting and control literature for more studies with these designs the

access and timelines associated with such designs might perhaps explain why we do not see very many of them. Action research is premised on commencing with and addressing a real organisational issue (Coghlan and Brannick, 2005) and often undertaken by those working in the particular organisation, which was not the case for the author of this study. This study was also motivated by gaps in the academic literature as noted (see section 4.4).

Survey research can be seen to be a reasonably popular research design in management accounting research (see table 4.5, section 4.3). The adoption of this design would have included prior specification of research hypotheses, construct definition and operationalisation and statistical analysis. The reason for not selecting this design was that it would not provide the required depth of insight to address the research problem. The literature review identified a number of contradictions in previous studies and also presented a largely fragmented picture of the roles of MAs. It can also be argued that there are few well developed instruments that attempt to tap constructs that relate to the roles of MAs. There have only been a few instances where for example studies have attempted to measure the involvement aspect of the roles of MAs (Sathe, 1982, Emsley, 2005).

Experimental research, as can be seen from table 4.5 (see section 4.3), is not among the most common of methods adopted in management accounting research, particularly outside the US. Smith (2003) observes that obtaining participation from accountants in practice for experiments is extremely challenging and ‘experiments in the field still appear very rarely in the literature largely because of the constraints imposed by access, ethical considerations and even trade unions’ (p. 113). For this study, experiments were deemed inappropriate as not enough was known about potential causal relations nor would it have been straightforward to set up control and treatment groups in the context of the research problem outlined. The following section presents a methodological review of recent research in the field of management accounting prior to the statement of the research problem.

4.3 Review of research in management accounting

In a review of the first decade of research published in the UK’s *Management Accounting Research* (1990 to 1999), Scapens and Bromwich (2001) note the eclectic

nature of contributions across such dimensions as the source country, topic investigated, research setting, underlying theory and research method employed. The organisational roles of MAs appear much less presumed than in US accounting journals where the studies of such roles are not particularly forthcoming. In a review of US management accounting research from 1990-1997, Shields (1997) analyses contributions into research topics, research settings, theories used and results. The centrality of management control research is evident from 85 of the 152 (approx. 56%) articles being on that topic in Shields's (1997) review and about 19% (approx. 34 out of the 178 papers) are classified under control and performance measurement in Scapens and Bromwich's (2001) review. There is considerable divergence in published studies using case/field studies, with only 7% in the US journals and 39% in the UK journal (representing the most used method in that journal's articles) with 21% in the *European Accounting Review* (EAR) (Bhimani, 2002). Table 4.5 provides a comparison of research methods from these reviews.

Papers	Scapens and Bromwich (2001)		Shields (1997)		Bhimani (2002)	
Journals	MAR (UK)		AOS, TAR, CAR, JAE, JAR and JMAR (US)		EAR (EU)	
Years (full/partial)	1990-1999		1990-1997		1992-2001	
Column number	1	2	3	4	5	6
<u>Research method*1:</u>						
Analytic	45	25%	49	32%	10	23%
Experiment	7	4%	21	14%		
Case/ Field studies*2	69	39%	10	7%	9	21%
Survey	27	15%	28	18%	5	12%
Literature review	14	8%	13	9%	15	35%
Archival research*3	12	7%	22	14%	4	9%
Multiple methods			7	5%		
Other*4	4	2%	2	1%		
TOTAL	178	100%	152	100%	43	100%

MAR = Management Accounting Research, AOS = Accounting, Organizations and Society, TAR = The Accounting Review, CAR = Contemporary Accounting Research, JAE = Journal of Accounting and Economics, JAR = Journal of Accounting Research, JMAR = Journal of Management Accounting Research, and EAR = European Accounting Review.

- * Notes: 1. Figures are rounded as only percentages are available in Scapens and Bromwich (2001) (column 2) and only absolutes are available from Shields (1997) (column 3). Bhimani (2002) (column 5 and 6) includes both.
2. Action research is included in this category as it is separated out by Scapens and Bromwich (2001) but not by Shields (1997).
3. Archival research, as used by Shields (1997) is taken to be the equivalent of 'Historical analysis' and 'Financial statement analysis' from Scapens and Bromwich (2001).

4. Other represents 'methodological discussion' in Scapens and Bromwich (2001) and 'behavioural simulation' in Shields (1997).

Table 4.5 – Review of management accounting research methods

Sources: Adapted from Scapens and Bromwich (2001, p. 250), Shields (1997, p. 9) and Bhimani (2002, p. 106)

Shields (1997) suggests that the low level of published case/field studies may be attributable to a deficit in field research skills, availability of fellow researchers, incentives, access, and the editorial orientations of accounting journals. Historically in the US a similar paucity of field research is noted by Kaplan (1986) as 87% of the papers had no data sourced from actual companies or data that were investigated in an organisational context and field studies amounted to only 4.5% of research methods. Bhimani (2002) argues that articles in the EAR may have greater diversity in their philosophical underpinnings than in the US (see Shields, 1997). Bhimani (2002) classifies 24% of EAR papers (10 out of 43) as interactionist or postmodernist in orientation. Thus, the nature of published management accounting research reveals significant diversity, with European research apparently affording more space to the publication of case-based research.

There is a strong record in the literature calling on management accounting researchers to conduct more organisational-based research. In a number of papers Kaplan (1983, 1984, 1986, 1993, 1994) has led the call for a greater emphasis on field-based research in advancing management accounting knowledge. Burchell *et al.* (1980) state that 'it is quite staggering to reflect on how few studies there are of the organisational functioning of accounting' (p. 23) and Anthony (1989) reflects on the lack of knowledge in regard to management accounting practices. Hopwood (1983) similarly comments on the paucity of organisational-based accounting research that captures contextual insights. Otley (1994) suggests that case study approaches may play a critical role, given the potential breadth of control practices that could be observed. Spicer (1992) further documents the increasing interest in the adoption of case-based methods in the theory and practice of management accounting research. Notwithstanding these calls for more field research, and some progress being made, field studies do not largely feature in the top US accounting journals, and worryingly management accounting is representing proportionally less of US accounting research

output (Maher, 2001). In the UK, Kaplan's mandate for more field research was well received, given that research efforts had already been dedicated to such approaches since the 1980s, and have been generally more diversified in nature (Hopper *et al.*, 2001).

Young (1999) calls for accounting researchers not to neglect the real issues facing managers in their research and further advocate that field methods may be effective in this regard. Further, Mitchell (2002) argues that much stronger links with practitioners are required, particularly involving them more in the research process and in disseminating research output. Tomkins and Groves (1983) similarly argue that accounting research should get closer to the practitioner's world and a broadening (and articulation) of the ontological assumptions, across a continuum ranging from the traditional scientific approaches to more interpretative, approaches is promoted. Vaivio (2007) argues that qualitative or case-based research in management accounting counteracts the literature's 'textbook view' (e.g., overly focusing on accounting techniques), the 'economics view' (e.g., rational models of decision making), and the 'consultancy view' (e.g., prescriptive direction on performance enhancement).

4.4 Research problem, objectives and research design

This section presents the research problem, as identified through the review of literature, the research objectives established from that review, the overall design of the study, and the particular research methods employed.

The research design is provided in detail in subsequent sections, covering the overall design (see sections 4.4.2, 4.5, and 4.6) and operationalisation (see section 4.8), and finally some reflections on pre-conceived designs that did not materialise (see section 4.10). In brief, a two-phase approach is designed, both qualitative in nature, with the first phase inductively seeking to address the emerging issues from the literature review through in-depth interviews with FMs and OMs and with phase two seeking to investigate specific relationships around a particular sub-set of variables that emerged from phase one data analysis.

4.4.1 Research problem and associated objectives for phase one

The literature has indicated a need to better understand the roles of MAs (Jablonsky *et al.*, 1993; Chenhall and Langfield-Smith, 1998b; Brignall *et al.*, 1999; Pierce and O’Dea, 2003). The research to date on the roles of MAs and management accounting in general is limited (Anthony, 1989), fragmented in nature (Chapman, 1997; Chenhall, 2003, 2007), and there is a need to build a more comprehensive picture of the contemporary roles of MAs. Young (1996) notes that ‘25 years of survey research has yet to yield a cohesive body of knowledge about management accounting’ (p. 55). Further, previous academic research fails to adequately bring together, in one study, an investigation of influences on the roles of MAs, the characteristics that might be linked to such roles, and what the outcomes are of the roles that MAs actually enact in organisations. These are important as they may determine the effectiveness of MAs in their roles, which includes support MAs give to OMs in their decision making processes. There are a number of gaps in the literature that underpin the research problem and these will now be presented in the derivation of each the three research objectives for phase one of the study.

4.4.1.1 Research objective one

A number of studies have noted the poor understanding that exists of the forces that might be shaping the nature of management accounting in organisations (Libby and Waterhouse, 1996; Burns and Scapens, 2000). In chapter two (see section 2.3), contingency research has identified a range of variables that have been linked to MCS design including environment, structure, technology, size, strategy and culture (Emmanuel *et al.*, 1990; Chenhall, 2003, 2007) and set out the contingency premise of ‘fit’ between the organisational context or situation and particular contingent variables. This study attempts to apply the contingency analysis to the roles of MAs. Role theory, reviewed in section 2.4, predicts that management expectations impact upon the behaviour of those occupying roles i.e., whom those expectations relate to. As a potential influence on the roles of MAs, this has not been examined in the management accounting literature since the early work of Hopper (1980) and Sathe (1982). From a management control theoretical perspective (see section 2.2), Otley (1994), Scapens *et al.* (2003) and Berry *et al.* (2008), make calls to develop greater insights into the nature of the management control function in contemporary practice and the roles of MAs in this regard.

The empirical literature on the roles of MAs provides some evidence of the factors that may be impacting on these roles, albeit based on an incomplete picture that emerges from a range of disparate studies with some evidence being from a limited number of studies or being more anecdotally based. Some evidence is equivocal with respect to the impact of certain factors e.g., technological developments (see section 3.9) (Ezzamel *et al.*, 1997; Granlund and Malmi, 2002; Scapens and Jazayeri, 2003; Hunton, 2002; Jack and Kholeif, 2008), the introduction of accounting innovations (see sections 3.10 and 3.13.9) (Bhimani and Pigott, 1992; Anderson, 1995; Friedman and Lyne, 1997), and firm ownership (see section 3.11) (Granlund and Lukka, 1998a, 1998b; Yazdifar and Tsamenyi, 2005; Yazdifar *et al.*, 2008).

The literature suggests other factors that may have an impact on the roles of MAs moving towards the model of the business partner (see section 3.9). These include: the business environment (Sathe, 1982, Burns *et al.*, 1999; CIMA, 2007), management expectations and financial and budgetary orientations (Sathe, 1982), career path (Sathe, 1982; Mendoza and Bescos, 2001), and structural arrangements and physical location (Hopper, 1980; IMA, 1999; Granlund and Lukka, 1998a; Pierce and O’Dea, (2003). Chenhall and Langfield-Smith (1998b) also note that MAs having a common perspective with OMs, having management support, and having accounting leadership may be an influence on the roles of MAs. Finally, the literature suggests that certain orientations or individual qualities of the MA may be influential in moving towards the model of business partnership (Nulty, 1992; Mouritsen, 1996; Coad, 1999; Johnston *et al.*, 2002a; CIMA, 2009).

Bringing together these literature strands relating to potential influences on the roles of MAs leads to the statement of the first research objectives as follows:

To investigate antecedents associated with the roles of MAs.

4.4.1.2 Research objective two

The theoretical lenses discussed in chapter two may be informative in attempting to understand the nature of the roles of MAs in contemporary organisations. Thus, contingency theory (see section 2.3), in simple terms, suggest that it might be possible

to develop contingencies around the characteristics of the roles of MAs pertaining to a particular match or 'fit' to some attribute associated with the context in which that role is located. Role theory (see section 2.4) predicts that the characteristics of those occupying roles can influence those who have expectations of them. From a management control theory perspective (see section 2.2) the literature points to the requirements for the existence of control but these are not related to how the MAs are implicated in the exercise of this control.

The research to date on characterising the roles of MAs has indicated, mainly from descriptive and professionally-oriented research (see section 3.12.3) that certain characteristics are important with respect to roles moving towards the model of business partnership (IMA, 1996, 1999; Burns and Yazdifar, 2001; CIMA, 2007, 2009). These include possessing strong inter-personal and team skills and having a sound understanding of the business (while not negating characteristics such as technical, analytical and IT skills, and integrity). Some empirical research (see section 3.12.1) has lent support to the importance of these attributes for MAs as business partners, and also emphasise strategic orientation and flexibility (Jablonsky *et al.*, 1993; Sheridan, 1997; Brignall *et al.*, 1999; Pierce and O'Dea, 2003; Vaivio and Kokko, 2006) but have also sometimes found that MAs do not adequately possess these. The literature also suggests that a decentralising of MAs or their physical location (see section 3.12.2) may be a characteristic of roles more closely linked with the model of the business partner (Hopper, 1980; Granlund and Lukka, 1998a; IMA, 1999; Pierce and O'Dea, 2003). With the rising accounting acumen of non-financial managers (Sheridan, 1997) and the wider dissemination of accounting information (Ezzamel *et al.*, 1997) there are arguments that the roles of MAs may decline in organisations (Cooper, 1996; Burns *et al.*, 1996; Pierce, 2001). There is thus some uncertainty around the MA's espoused transition to the model of business partnership.

Empirical research has indicated a somewhat contradictory set of findings. Some studies note that MAs play an important part in organisational decision making processes akin to the model of business partnership (Ahrens, 1997; Caglio, 2003; Vaivio, 2004; Vaivio and Kokko, 2006). Others note that the roles of MAs may not be meeting the expectations of those whom they support regarding the information provided or the extent of their involvement in organisational processes (Chenhall and

Langfield-Smith, 1998b; Johnston *et al.*, 2002a; Pierce and O’Dea, 2003). Regarding the informational dimension of the roles of MAs (see section 3.13) the literature review identifies a range of pertinent dimensions (e.g., information relevance, accuracy and timeliness, financial orientation, volume of information, non-financial measurement, multi-dimensional frameworks, functional information needs, and the use of accounting information and techniques). There is also evidence that managers’ information expectations are not being met (Littler and Sweeting, 1989; McKinnon and Bruns, 1992; Mendoza and Bescos, 2001; Pierce and O’Dea, 2003). Since Johnson and Kaplan’s (1987) challenge on the relevance of management accounting information much attention has been directed towards the adoption of innovations to counter this challenge. The evidence seems to indicate varying but relatively modest levels of adoption (see section 3.13.9) and the low, and perhaps slowing, adoption levels in an Irish context (O’Dea and Clarke, 1994; Pierce and O’Dea, 1998; Clarke *et al.*, 1999; Pierce and Brown, 2003).

The literature thus presents different characteristics of the roles of MAs and collectively there is a somewhat inconsistent and unclear picture of these roles with respect to both the business partner model and the information provision aspect to the roles. This leads to the statement of the second research objective as follows:

To investigate the characteristics associated with the roles of MAs.

4.4.1.3 Research objective three

The literature review indicates that there has been very little research on the actual outcomes of the enacted roles of MAs in organisations, and particularly in comparison to the antecedents and characteristics noted above.

Following from the literature review, one strongly expected outcome of the roles of MAs would be the information that they furnish in support of managers’ decision making and control processes. However, the literature also shows evidence that MAs are not providing timely and relevant information towards these ends and there are contradictory results with respect to whether MAs are moving towards the model of the business partner, which thus raise questions regarding what the outcomes of the roles of MAs actually are. The literature on the outcomes of the roles of MAs is very

limited as noted and so there is a need to identify and understand these. Furthermore, some of the research to date has had a professional institute, anecdotal or normative orientation about the roles of MAs (Scapens *et al.*, 1996; Burns *et al.*, 1996; IMA, 1996; Sheridan, 1997; Jablonsky and Keating, 1998; Burns *et al.*, 1999; IMA, 1999; Burns and Yazdifar, 2001; Siegel *et al.*, 2003a, 2003b).

Theoretically, there is a prediction from role theory that one possible outcome for the roles of MAs, if they do not meet the expectations of managers is role conflict and role ambiguity (see section 2.4). There is limited empirical research (see section 3.8) in this theoretical frame save the, now somewhat dated, work of Simon *et al.* (1954), Hopper (1980) and Sathe (1982) and some professional institute-based observations (Siegel, 2000; Keating and Jablonsky, 1991), with Maas and Matějka (2009) a notable exception. Management control theory (see section 2.2) is noted as needing insights regarding its nature in contemporary settings (Otley, 1994; Shields 1997; Scapens and Bromwich, 2001) and thus there is a need to understand the outcomes of the roles of MAs from a management control perspective. The contemporary control setting (see sections 2.2.6 and 3.2) reveals changing environmental, management and technological contexts which are likely to give rise to management control outcomes which require investigation (Ezzamel *et al.* 1997; Granlund and Mouritsen, 2003; Scapens and Jazayeri, 2003), and particularly in the context of the roles of MAs who are likely to play important roles in these outcomes.

The existing literature on the outcomes of the roles of MAs is limited and therefore it would seem important to address this particular gap. This leads to the third research objective:

To investigate the consequences associated with the roles of MAs.

4.4.2 Overview of research design of phase one and phase two

The research problem was investigated in two phases, each within the qualitative mode of enquiry (see section 4.4.3). The first phase of this study sought to address the identified gaps in the literature by providing a more comprehensive and in-depth picture of the antecedents, characteristics, and consequences associated with the roles of MAs. The research design deemed most appropriate to address these gaps was

inductive in nature as the literature only tentatively suggested a limited number of individual factors that might emerge as antecedents, characteristics, and consequences associated with the roles of MAs.

The research method employed to address these objectives in phase one was in-depth interviews (see section 4.5) with 18 FMs and 18 OMs in 16 manufacturing firms. The research design may be classified as a cross-sectional field study (Lillis and Mundy, 2005) as opposed to an in-depth case study or a more broad-based survey. In support of this choice of method, Lillis and Mundy (2005) note that this method enables researchers ‘to uncover reasons that might explain conflicting results, ambiguities, or tensions in prior research’ (p. 131). The analysis of the qualitative data from phase one led directly to the design of phase two of the research.

The research design for phase two was built upon an analysis of phase one data. The outcomes of the analysis of phase one leading to the research objectives for phase two is presented at the commencement of the phase two findings, having first presented the findings from phase one in chapter five. Phase two of the study concentrated on an in-depth examination of a reduced set of variables from the list of variables that emerged from phase one. The need to gain more depth and focus of enquiry from the emerging comprehensive picture in phase one by definition necessitated the selection of a limited number of factors for phase two i.e., it was not possible to bring all the factors into phase two. The process that led to the selection of these particular variables, and therefore the exclusion of other variables is set out in section 6.2 (at the beginning of the phase two findings chapter), and this process was one that followed a detailed qualitative data analysis process (see section 4.9.1).

The research design of phase two (see section 4.6) was built upon the case study research design (Yin, 1994) where the MAs represent the ‘case’ being investigated, as Bryman (1989) notes, ‘the ‘case’ can also be a person’ (p. 171). Yin (1994) states that ‘in the classic case study, a “case” may be an individual’ where ‘information about each relevant individual would be collected’ (p. 21). The research methods employed in phase two were a combination of in-depth interviews and the analysis of documentation associated with MAs, and associated with OMs. In phase two, the focus was on 12 specific MAs as ‘cases’. 36 interviews were conducted by

interviewing the 12 MAs (twice) and 12 associated OMs. The 12 MAs and 12 OMs were based in five manufacturing firms.

In both phases of the research, the perspectives of accountants and non-accountants (i.e., OMs), were captured. In phase one this served the purpose of validating FMs' perceptions of the roles of MAs against OMs' perceptions, and thereby mitigating the risk of bias or a one dimensional perspective. In phase two of the research this practice was repeated, bearing the same purposes in mind, but also more specifically drawing on role theory methodology (Kahn *et al.*, 1964; Katz and Kahn, 1978; Hopper, 1980) in connecting specific MAs to OMs that were identified by MAs as those OMs most influencing their particular roles (see section 4.6.4 for role theory application to interview guide design and see section 4.8.3 for role theory application to linking specific OMs and MAs).

4.4.3 Rationale for research design: qualitative

The selection of a research design requires the making of a number of decisions in pursuit of the most appropriate design which inevitably means not being able to maximise utility on all possible dimensions of research (McGrath *et al.*, 1982). Research design issues also require consideration of a number of factors as illustrated in figure 4.3.

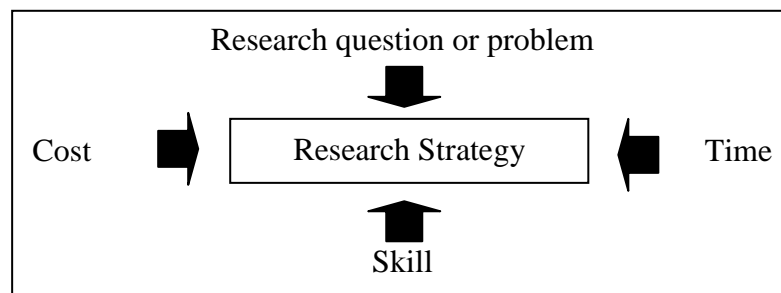


Figure 4.3 – Factors relating to research design

Source: Remenyi *et al.* (1998, p. 45)

Paramount in these factors is the research question as Brannick (1997) observes that the ‘one decision that focuses, and to a large extent drives all the rest, is the definition of the research question’ (p. 3). The research question is a prerequisite to the selection of research methods (Abernethy *et al.*, 1999). The basis therefore for the selection of

the research design for this study was built upon the preceding statement of research objectives.

The research problem identified a number of contradictions in previous research, criticism of management information, the need for a more holistic perspective and a dearth of research, particularly on role consequences. Collectively, these pointed to the need to conduct a study of a more in-depth nature. One of the noted hallmarks of qualitative enquiry is its capacity to produce a greater depth of enquiry than that possible through quantitative research (Glesne and Peshkin, 1992). Although quantitative research has a dominant history, Van Maanen *et al.* (1982) attributes an increasing dissatisfaction to the findings from quantitative-based research due to:

..the relatively trivial amounts of explained variance, the abstract and remote character of key variables, the lack of comparability across studies, the failure to achieve much predictive validity, the high level of technical and notational sophistication rendering many research publications incomprehensible to all but a highly trained few (p. 13).

In addressing the need for a more comprehensive picture, Patton (1990) identifies holism as a major dimension of qualitative enquiry which acknowledges the complexity inherent in investigating phenomena. Hakim (2000) comments on the relative merits of the 'worms eye' as opposed to the 'bird's eye' view of qualitative enquiry: 'qualitative research is valuable for identifying patterns of associations between factors on the ground, as compared with abstract correlations between variables in the analysis of large-scale surveys and aggregate data' (p. 37). Ahrens and Dent (1998) succinctly attribute the richness of field study to 'mean life-like, born out of recognisable organisational contexts' (p. 4). The first phase could be characterised primarily in inductive terms and the second could be characterised primarily in explanatory terms, with both phases having some descriptive components. Some of the major methods employed in qualitative research were employed in the research design i.e., semi-structured interviews and company documentation (Bryman, 1989). Guba and Lincoln (1994) comment that 'qualitative data, it is asserted, can provide rich insight into human behaviour' (p. 106) and Shank (2002), in concise terms, states that 'qualitative research is first and foremost about meaning' (p. 4). Thus, this research approach and data would assist gaining a more in-

depth understanding of the meanings that MAs and managers attach to the roles of MAs in context.

Three theoretical perspectives were employed in the study (see section 2.5) as devices to guide data analysis, and to some extent in determining interview guide design and data collection (see section 4.6.4). However, the lenses were not used as an a priori basis for deriving hypotheses for testing. This quantitative approach is more appropriate for studies that are primarily theory-driven. Thus, the attempt to employ theory for explanatory purposes complemented the use of a qualitative approach. It can further be argued that the employment of more than one theoretical frame in a single study is possible as qualitative research tends to have a less narrowly defined approach than quantitative research. In field studies, Ahrens and Dent (1998) recognise the ‘possibility of interpreting the data through a multiplicity of theoretical perspectives’ as part of the process of ‘the production of rich accounts’ (p. 33). In a review of 82 management control studies, Ferreira and Merchant (1992) recognise the purposes of undertaking field research as descriptive, theory creation, and the investigation of hypotheses. In line with this study, Ferreira and Merchant (1992) observe that frequently these motivations overlap and field researchers ‘intend to describe their observations and to reflect on their observations’ theoretical significance’ (p. 13).

Qualitative data can be an ‘attractive nuisance’ as the data are ‘rich, full, earthy, holistic, “real”’; their face validity seems unimpeachable’ (Miles, 1979, p. 590). The ‘nuisance’ associated with qualitative data include the time and effort required to collect such data, anxiety, the overpowering impact of the tasks in collecting, managing, and analysing a large volume of data. The selection of any particular research design has its limitations. McGrath *et al.* (1982) identify the trade-offs in research design as a ‘three-horned dilemma’ in attempting to appropriately maximise:

(A) generalisability with respect to the populations, (B) precision in control and measurement of variables related to the behaviour(s) of interest, and (C) existential realism, for the participants, of the context within which those behaviours are observed’ (p. 74).

Thus, the design of this study maximises (C) but as a result accrues less merit in terms of (A) and (B). These issues, and those relating to analysing qualitative data, are dealt with in section 4.7 on validity, reliability and generalisability. There are also a number of limitations associated with the methods associated with the qualitative approach and these are presented in sections 4.5.3, 4.6.3, and 4.6.5.

4.5 Research methods: phase one interviews

Interviews are a frequently used research method in the gathering of qualitative data in social research (Yin, 1994; Seale, 1998; Bryman and Bell, 2007), and in accounting research (Smith, 2003; Lee and Humphrey, 2006; Vaivio, 2007, 2008). This section presents a rationale for using interviews, the primary vehicle of data collection in phase one, and a major component of the data collection in phase two. The rationale is followed by an examination of the major merits and limitations of employing this research method.

4.5.1 Rationale for the interview method

The research literature commonly identifies interview designs across a spectrum from structured, semi-structured and unstructured formats (Bryman and Bell, 2007; Saunders *et al.*, 2006). Although interviews can be designed to facilitate a more structured enquiry, in this study the interviews were designed specifically to gain in-depth insights with respect to the research problem and specific objectives (see section 4.4.1), and so can be positioned closest to the semi-structured format which permits the necessary probing and flexibility in execution, while at the same time imposing some overall direction and structure on the interview. The semi-structured interview can also be referred to as the qualitative interview. To avoid ‘semantic wranglings’, King (1994) categorises interviews as ‘depth’, ‘exploratory’, ‘semi-structured’ or ‘unstructured’ under the heading ‘qualitative research interview’ (p. 14). Similarly, Kvale (1983) notes that ‘technically the qualitative research interview is “semi-structured”, it is neither a free conversation nor a highly structured questionnaire’ (p. 174). Lee (1999) characterises the semi-structured format as ‘having an overarching topic, general themes, targeted issues, and specific questions, with a predetermined sequence for their occurrence’ and ‘the interviewer is free to pursue matters as circumstances dictate’ (p. 62).

These interviews therefore probe ‘the meanings interviewees attach to issues and situations in contexts that are not structured in advance by the researcher’s assumptions’ (Easterby-Smith *et al.*, 1991, p. 73), or as Patton (1990) states ‘to allow us to enter into the other person’s perspective’ (p. 278). Rubin and Rubin (2005) note that ‘qualitative interviews build on naturalistic, interpretive philosophy’ and are ‘extensions of ordinary conversations’ (p. 12). However, it is important to distinguish research interviews from conversations, as the former are designed and conducted with particular aims in mind. Dane (1990) describes the interview as a ‘conversation with a purpose, but it is not an interrogation’ (p. 130). Bechhofer and Paterson (2000) describe the interview as an ‘interactional process’ as opposed to a ‘conversation’ in that the ‘shared interactional rules’ are not the same; the interview is performed between ‘strangers’ and the conversation is frequently a ‘one-off’ affair (p. 69).

Easterby-Smith *et al.* (1991) observe that the ‘qualitative interview’ is appropriate where the purpose is to ‘understand the constructs that the interviewee uses’ and to ‘develop an understanding of the respondent’s ‘world’’ (p. 74). King (1994) also notes the appropriateness of the qualitative interview ‘where a study focuses on the meaning of particular phenomena to the participants’ (p. 16). Kvale (1996) notes that ‘the purpose of the qualitative research interview...is to understand themes of the lived daily world from the subjects own perspectives’ (p. 27).

Thus, the literature on qualitative interviewing supports the approach adopted in the interviews conducted in this research as they sought to uncover the meanings that MAs attach to what influences their roles (the antecedents), what characteristics are associated with their roles, and finally what they perceive as the consequences of their roles. These meanings could then be compared to those that managers attached to such roles.

4.5.2 Merits of the interview method

McCracken (1988) recommends the long interview as an indispensable tool of qualitative enquiry: ‘it can take us into the mental world of the individual, to glimpse the categories and logic by which he or she sees the world’ (p. 9). Qualitative enquiry ‘mines’ the surface as opposed to surveying it and there is more merit in working carefully and longer with fewer respondents than with many from a distance

(McCracken, 1988). King (1994) notes that the interview is ‘a method which most research participants accept readily’ (p. 33) as well being very flexible. Seale (1998) notes the flexibility in qualitative interviewing in that interviewers can ‘invent questions on the spot in order to follow up interesting leads’ (p. 205). Sarantakos (1998) identifies 14 merits in employing the interview method:

- 1) *Flexibility* – there is scope to accommodate changes during the interview.
- 2) *High response rate* – in comparison, for example, to a survey, interviews tend to achieve a good response rate.
- 3) *Easy administration* – participants engage in a dialogue as opposed to say requiring skills to digest lengthy or sophisticated survey instruments.
- 4) *Opportunity to observe non-verbal cues* – the interviewer is present and can thus relate the dialogue to, for example, interviewee body language.
- 5) *Less patience and motivation* – interviews require the interviewer and interviewee to engage and this may be more appealing than say completing a questionnaire by oneself.
- 6) *Control over the environment* – as the interview is in the environment where data collection occurs, this affords scope to the interviewer to exercise some control over that environment.
- 7) *Capacity for correcting misunderstandings by respondents* – the interviewer can intervene to clarify any uncertainties that arise.
- 8) *Control over the order of the questions* – interviewees respond to interview questions in the order in which they are asked and cannot, as could be possible with a questionnaire, attend to questions in a different sequence.

- 9) *Opportunity to record spontaneous answers* – interviewees are generally ‘on-the-spot’ in an interview situation and therefore an instinctive response is more likely to be acquired.
- 10) *Control over the identity of the respondent* – the interviewer has no doubt about whom the interviewee is, while in a mail questionnaire this is not the case.
- 11) *Completeness of interview guaranteed* – it is quite likely that as the interviewer directs the interview, the questions that are brought to the interview should be addressed.
- 12) *Control over the time, date and place of interview* – the interview method can be conveniently scheduled and located to accommodate interviewee requirements.
- 13) *More complex questions* – as the interviewer participates in the interviewing process, it is possible to address more complicated questions than for research methods where there is nobody present.
- 14) *Greater permissible length* – this can be achieved as the interview dialogue may continue beyond the time that had been allocated for it.

These particular factors provide the justification of employing the research method in this study. The next section highlights some of the limitations.

4.5.3 Limitations of the interview method

The methodological literature records a number of limitations of employing the interview method. King (1994) notes that one of the disadvantages to the qualitative interview is the enormous quantity of time required in designing interview guides, conducting interviews and analysing the data. Whyte (1982) remarks that ‘interviews yield voluminous data’ (p.117), making the task of data management and analysis more challenging. Glensne and Peshkin (1992) recognise the differences that may occur in interviewing in relation to ‘who is conducting the interview with whom, on what topic, and at what time and place’ (p. 75) and that ‘the spontaneity and unpredictability’ requires the researcher ‘to think and talk on their feet’ (p. 77).

Kvale and Brinkmann (2009) rank the interview-related tasks, in ascending order of the time commitment required, as conducting the interviews, transcribing the interviews and performing the analysis of the interview data. Smith (2003) identifies the wording of interviewing questions, memory difficulties, variability and inconsistency in questioning, and difficulties in capturing interview data, as challenges in the interviewing process. Another difficulty with interviewing is getting consent from potential interviewees (Robson, 1993).

Sarantakos (1998) identifies the specific limitations of interviews as: a) the cost and time dimensions, b) potential for interviewer bias, c) the disruptiveness of interviews compared to completing a survey, d) the respondent's identity and circumstances are revealed, and e) interviews do not facilitate collecting data of a delicate nature where respondents are more disposed to documenting, as opposed to speaking about, such matters. Sarantakos (1998) adds the more general limitations that apply to research methods in general such as 'deliberate misrepresentation of facts, genuine mistakes, unwillingness or inability to offer information' but with 'interviewing, it is easier to detect problems' (p. 267). The researcher was mindful of these limitations in both the planning and execution of the interviewing processes and reference was made to the methodological experiences and practices reported in studies of accounting that employed a similar qualitative approach (see Horton *et al.*, 2004; Marginson, 2004).

4.5.4 Design of interview guide: phase one

The interview guide designs for phase one, and phase two, were informed by the methodological literature. The initial guide design commenced from consideration of the research problem, objectives and the type of investigation (Berg, 1995). To capture 'the most complete story' Berg (1995) states that the interview guide should include 'essential questions, extra questions, throw-away questions and probing questions' (p. 36). The interview guide 'is not a structured schedule or protocol' but 'a list of general areas to be covered' (Taylor and Bogdan, 1998, p. 105).

The interview guide for phase one of the research was at the unstructured end of the semi-structured interview classification. Particular emphasis was placed on open-

ended, probing questions and discussion prompts. The major sections of the interview guide are as follows:

- 1) *Background information* – e.g., job title, responsibilities, company information.
- 2) *Management accounting roles in general* – e.g., instinctive impression of role.
- 3) *Factors influencing the roles of MAs* – e.g., discussion of factors and use of prompts when required.
- 4) *Characteristics of the roles of MAs* – e.g., what makes an effective MA? Use of probes as appropriate. Exploration of roles in control and decision making functions.
- 5) *MCSs and management accounting information* – exploration of roles of MAs in the context of the wider organisation's accounting and control systems.
- 6) *Consequences of the roles of MAs* – e.g., exploration of perceived consequences of roles of MAs.
- 7) *Other issues* – open-ended invitation to discuss other points perceived as important to interviewee on the subject matter.

A copy of the full interview guide is included in Appendix A. While the interview guide may appear neatly structured, the actual interview exchange included the interviewer requesting an elaboration of points, examples of when or how something occurred or why something was the case. It is not possible to fully convey this in the hard copy presentation of the interview guide.

4.5.5 Use of tape-recording equipment: phase one and two

Permission was sought to use tape-recording equipment for all interviews in both phases of data collection. Interviews were the dominant form of data collection in both phases of the study and all interviews were recorded using a tape recorder where permission was given to do so, which was 63 out of a total of 72 interviews.

Whyte (1982) recommends recording 'as close to verbatim as possible. Among other things, this helps the student stretch his powers of observation and his memory' (p. 117) and 'a tape recorder on the spot provides the fullest recording' (p. 118). Taylor and Bogdan (1998) note that recording allows the researcher to obtain more data than that which could be obtained from having to mentally recall the interview. Patton (2002) states that 'a good hammer is essential to fine carpentry, a good tape recorder is indispensable to fine fieldwork' as all the interview preparation and approach 'comes to naught if you fail to capture the actual words of the person being interviewed' (p. 380).

From an accounting perspective Hayes and Mattimoe (2004) identify the key factors in the recording decision as 'the nature of the topic being researched; the sectoral setting of the study; the preferences of individual respondents and the preference and competencies of the researcher' (p. 371). In defence of recording Taylor and Bogdan (1998) provide some interviewee perspective:

...informants are acutely aware that the interview's agenda is to conduct research. Since the interviewees already know that their words are being weighed, they are less likely to be alarmed by the presence of a tape recorder. The interviewer often also has an extended period of time in which to get informants to relax and become accustomed to the tape recorder (p. 112).

The final decision to record the interviews was based, on balance, on the merits of obtaining a more accurate and complete record of the interview and being a little more free from continuous note taking to concentrate on the interview dialogue against the drawback that the presence of recording equipment might result in the interviewee being more reticent. It should be noted that the recording did not replace note taking - which still occurred during and after the interview. Lee (1999) notes that the recorder does not capture the 'visual aspects of the physical context, facial expressions, or body language' (p. 86) and also equipment can fail.

Warnings were also heeded from the literature regarding the danger of the recording equipment resulting in the interviewer relaxing, not concentrating or listening (Brownell, 1995). Practical methodological advice on recording was followed

including: using a small-sized device with good recording quality, careful positioning of the device, having sufficient (and spare) tapes and batteries, and pre-testing the equipment (Adam and Healy, 2000).

The transcription of interview tapes is ‘an exceedingly time consuming task’ (Whyte, 1982, p. 118). Robson (1993) suggests a multiple of ‘ten between tape time and transcription time’ (p. 230) unless ‘highly skilled’. Seale (1998) indicates the merits of transcribing interviews:

...the transcription of taped interviews in order to prepare them for analysis constitutes one of the major chores of qualitative interviewing. Though laborious, the experience of transcribing can bring a much closer appreciation of the meanings in the data, and this is often the time that ideas for coding...arise, as well as ideas for topics to pursue in subsequent interviews (p. 207).

Where the researcher sought some very limited assistance with the transcription task, the transcripts were carefully checked.

4.6 Research methods: phase two case study approach

The case study approach is not a research method but a collection of methods and so is more appropriately referred to as a research strategy (Yin, 1994). This section presents the rationale for selecting this approach, the relative merits and limitations of taking this approach and finally the particular data collected in investigating the cases.

4.6.1 Rationale for the case study approach

Yin (1994) notes that the case study ‘investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomena and context are not clearly defined’ (p. 13). As the name suggests, this approach focuses on a particular ‘case’, or ‘cases’ in an in-depth fashion. This study examines the roles of MAs very much in their current ‘real’ and ‘live’ roles and in the context of their organisational settings. The MAs are the central point of focus in this study, and hence represent the ‘case’. In phase two, 12 roles of MAs were investigated as ‘cases’.

A distinction may be made between case studies in terms of their underlying purpose. Ryan *et al.* (2002) analyse accounting case studies according to their purpose, while recognising that there is some ambiguity here in that case studies may incorporate a number of these types and ‘ultimately, it is the intention of the researcher that determines the classification in each instance’ (p. 144). Ryan *et al.* (2002) and Scapens (1990, 2004) distinguish five categories of accounting case studies: descriptive, illustrative, experimental, exploratory and explanatory. The particular case study design employed in this study, while having some exploratory and descriptive components, was primarily explanatory. The case design was exploratory as it remained open to deeper insights tentatively coming from phase one and was explanatory in that it sought to explain relationships that emerged in the analysis of phase two data, through the use of three theoretical lenses.

4.6.2 Merits of the case study approach

There are a number of merits in undertaking research employing the case study method. These include:

- 1) *Context* – Yin (1994) highlights the ‘real-life’ contextualisation of the topic of investigation in case studies as a major strength of the approach. Surveys, particularly mail surveys, are somewhat removed from the actual context of the investigation. Scapens (1990) argues the case research provides a holistic perspective on the phenomenon under investigation; no individual part is examined in isolation of its wider context.
- 2) *Different data sources* – the case method facilitates the gathering of data from a number of different sources within the same research site, thus enabling the researcher to analyse corroborating and contradictory evidence as it is presented. Yin (1994) describes the case study as the ‘all-encompassing method’ that relies on ‘multiple sources of evidence’ (p. 13). The two case sources relied upon in this study are documentation and interviews, as explained by Ryan *et al.* (2002) in table 4.6.

Source of evidence	Explanation and examples
Artefacts	Physical evidence including reports, statements, minutes from meetings, memorandums, informal notes
Interviews	Face to face interviews with respondents that may vary from unstructured to structured. Most common source of evidence in case study research

Table 4.6 – Data evidence in case study research

Source: Adapted from Ryan *et al.* (2002, p. 154)

- 3) *Flexibility* – because the researcher is present, typically on the respondent’s premises, there is considerable scope for the researcher to pursue unexpected findings, to prompt elaboration and to seek clarification at the point of enquiry. Further the researcher can provide any clarifications sought by the respondent in regard to the study.

4.6.3 Limitations of the case study approach

The case study approach has been criticised for its apparent lack of scientific rigour, poor implementation, scope for bias, limited scope for generalisation, and for being a time-consuming activity that produces voluminous, illegible documents (Yin, 1994). Scapens (1990) suggests three common problem areas of case research: 1) the challenge of mapping the perimeter of the case in terms of the number of cases or in a longitudinal sense, 2) the potential for bias through the presence of the researcher, and 3) the principles of the researcher, for example confidentiality issues inside and outside the research setting. The researcher was mindful of these limitations and they were addressed in so far as was possible through the research design and by addressing issues of validity, reliability, and generalisability, which are discussed in section 4.7.

4.6.4 Design of interview guides: phase two

Before interview guides were designed for phase two, the data from phase one were carefully analysed (see section 4.9.1), key conclusions from these findings determined (as set out at the end of the next chapter in section 5.5), phase two objectives determined (as set out at the start of the chapter following in section 6.2), and the case study methodology selected as the most appropriate approach through which to acquire the required depth of enquiry for the reduced set of variables being focused

upon in phase two (see section 4.4.2). Thus, this is the process that led to the development of the phase two interview guides.

The methodology applied in previous research using role theory (Kahn *et al.*, 1964; Katz and Kahn, 1978) and specifically with regard to management accounting (Hopper, 1980) informed, in part, the design of the interview guides. The specific research instruments used by these researchers were obtained and examined, and adapted for use in this study. This adaptation included converting a somewhat structured quantitative instrument into a more thematic style guide more appropriate for qualitative interviewing as well as the necessary adaptation for phase two objectives. In line with role theory studies, three interviews were arranged with respect to each MA in each company: firstly an interview with the MA, secondly an interview with an OM that the MA worked closely with, and thirdly, a second interview with the MA. The interview guides for each interview addressed different aspects of phase two of the study as follows:

- 1) *Interview guide for the first interview with MAs* (see appendix C1) – the major themes addressed in this guide were: description of the roles of MAs, major factors influencing the roles, sources of role definition, involvement nature and expectations, role stress, ambiguity and conflict, and role characteristics.
- 2) *Interview guide with OMs about MAs* – (see appendix C2) – the major themes addressed in this guide were: background information on the OM, general role perceptions, interaction, involvement nature and expectations for specific activities, influence of MAs over OMs and vice versa, role conflicts and other issues.
- 3) *Interview guide for the second interview with MAs* - (see appendix C3) – the major themes addressed in this guide were: perceptions of management reports and interaction with OMs, examples of routine reports and associated interaction with OMs, examples of non-routine reports and associated interaction with OMs, procedural documents and the roles of MAs, follow-up questions from phase one interview, involvement influences, characteristics and consequences and other issues.

In a similar manner to phase one, the interview instrument was used as the name suggests, as a guide, to gather rich and in-depth data pertaining to the objectives of phase two of the study.

4.6.5 Analysis of company records

The gathering and analysis of documentation is a common component of qualitative enquiry (Bryman, 1989) and frequently ‘documents are used to provide additional data and to check on the findings derived from other sources of data’ (p. 151). Table 4.7 presents the strengths and weaknesses associated with company documentation, as identified by Yin (1994).

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Stable-can be reviewed repeatedly ▪ Unobtrusive-not created as a result of the case study ▪ Exact-contains exact names, references, and details of an event ▪ Broad coverage-long span of time, many events, and many settings 	<ul style="list-style-type: none"> ▪ Retrievability can be low ▪ Biased selectivity, if collection is incomplete ▪ Reporting bias-reflects (unknown) bias of author ▪ Access-may be deliberately blocked

Table 4.7 – Strengths and weaknesses associated with company documentation

Source: Yin (1994, p. 80)

Forster (1994) identifies many examples of company documentation that may be analysed in a qualitative study and comments that:

These varied documentary records constitute a rich source of insights into different employee and group interpretations of organisational life, because they are one of the principal by-products of the interactions and communication of individuals and groups, at all levels, in organisations (p. 148).

Bechhofer and Paterson (2000) recognise the merits of analysing documents. Although the researcher has not influenced their creation, ‘unlike transcripts of interviews, [they] are not the result of a highly complex and inevitably somewhat artificial process of interaction’ (p. 59).

4.7 Validity, reliability, and generalisability

Validity, reliability and generalisability are concepts that have been of concern to both the natural and social sciences, although there has been much debate about the appropriate application, or application at all, of these to the latter. The following sections explain these concepts, their application to qualitative research, and finally their application to this study.

4.7.1 Validity, reliability, and generalisability: definitions

Robson (2002) explains validity as ‘whether the findings are ‘really’ about what they appear to be about’ (p. 93). Mason (2002) notes that ‘if your research is valid, it means that you are observing, identifying, or ‘measuring’ what you say you are’, while reliability ‘involves the accuracy of your research methods and techniques’ (p. 39). Reliability refers to ‘the ability of an instrument to produce consistent results’ (Sarantakos, 1998, p. 83). Parker (1994) relates the seeking of validity and reliability in research to the scope for its replication: ‘the search for both validity and reliability rests on the assumption that it is possible to replicate good research. A qualitative researcher, however, will never make the mistake of claiming that their work is perfectly replicable’ (p. 11) as it is not possible to do so. Banister *et al.* (1994) note that ecological validity, where the ‘particular meanings of the research setting are explored’ (p. 11) is achieved in qualitative enquiry.

Generalisability relates to if, and how, the findings from a study can be extended, or ‘generalised’, beyond the particular context of investigation to the wider population i.e., Mason (2002) explains it as ‘the extent to which you can make some form of wider claim on the basis of your research and analysis, rather than simply stating that your analysis is entirely idiosyncratic and particular’ (p. 39). Generalisation is closely associated with external validity, a criterion that is applied to the relevance of the findings to other settings.

4.7.2 Validity, reliability, and generalisability in qualitative research

The concepts of validity and reliability have their roots in the positivistic perspective underpinning the natural sciences. Smith (1984) argues that developing a means of evaluating the quality of research taking an interpretive approach could be ‘misguided’ (p. 379). Taylor and Bogdan (1998) note that the validity of qualitative

research is something that researchers do consider as 'it is a piece of systematic research conducted with demanding, though not necessarily standardised, procedures' and it is 'not an impressionistic, off-the-cuff analysis based on a superficial look at a setting or people' (p 9). Yin (1994) provides procedures for enhancing validity and reliability in case research, which includes using more than one source for data, having participants review case material, marrying 'patterns' and constructing explanations, following a case 'protocol', and building a case 'data base'. In considering these criteria, however, Berry and Otley (2004) note that achieving these are difficult:

This is not to say that research design is not important, but rather to recognise that in many accounting studies the constraints are such that many of the above criteria will be violated. In particular, we have found that research access is often opportunistic and precludes proper advance design (p. 237).

In place of the traditional criteria of internal validity, external validity, reliability and objectivity, Guba and Lincoln (1989) suggest substituting *credibility*, *transferability*, *dependability* and *confirmability* respectively. Credibility may be achieved by 'member checking' which involves interviewers presenting findings to interviewees for verification purposes. Transferability may be achieved through capturing the richness in describing the contextual situation or circumstances to 'facilitate transferability judgements on the part of others who may wish to apply the study to their own situation' (p. 242). Feldman (1995) hints at how, in the qualitative analysis of cultural data, 'the goal, it seems to me, is to develop one's own interpretation of how parts of the culture fit together or influence or relate to one another that is intrinsic to the setting one has studied and, at the same time, sheds light on how similar processes may be occurring in other settings' (p. 2). Dependability may be achieved by ensuring that the qualitative process, and the judgements made during it, is amenable to an audit by external reviewers. Confirmability may be achieved through ensuring that 'data... can be tracked to their sources, and that the logic used to assemble the interpretations into structurally coherent and corroborating wholes is both explicit and implicit in the narrative of a case study' (p. 243). Guba and Lincoln (1989) use the analogy of the accounting audit in the need for an 'audit trail' and a rationale for how the 'bottom line' was reached.

In addressing validity and reliability concerns for case study researchers in accounting Ryan *et al.* (2002) highlight the importance of *contextual validity*, *transferability* and *procedural reliability*. Contextual validity (addressing internal validity) relates to the plausibility of the case evidence collected, which can be enhanced through the triangulation of data, method and theories in the study. Transferability (addressing external validity) relates to how relevant the case findings are to other settings with theoretical, as opposed to statistical, generalisation being more appropriate (see also Scapens, 1990). Procedural reliability refers to how reliability has been enhanced through the procedures deployed in the research design e.g., using a detailed research plan, specific interview guides, meticulous data collecting and recording procedures, and complete documentation of data analysis. The following section details how the criteria discussed above apply in this study.

4.7.3 Validity, reliability, and generalisability in this study

While recognising the challenges inherent in enhancing reliability to facilitate replication in qualitative studies (Parker, 1994) a number of measures were incorporated into the study to provide some reliability. These include:

- 1) ensuring those participating in the study clearly understood the purpose of the study and access agreements (McKinnon, 1988);
- 2) a detailed preparation of data collection plans or ‘protocols’ (Yin, 1994);
- 3) the advanced planning and organising of qualitative data in various forms (e.g., transcripts, internal and external company records);
- 4) the consistent overall design of interview guides for each interview conducted and being guided by the methodological literature;
- 5) the recording of the majority of interviews as permitted by interviewees, which amounted to all but nine of the 72 interviews being recorded;

- 6) the application of specific qualitative data analysis strategies adopted in the study (see sections 4.9.1 and 4.9.2);
- 7) the building up of ‘case’ files in both an off-line (e.g., folders) and on-line (e.g., analysis software) format; and
- 8) the keeping of a research journal that chronologically recorded project notes relating to theory, design, data analyses, and any judgements made in these contexts (see appendix E5).

Validity in the research was addressed in the study by note taking, fully transcribing interview data and returning transcripts to all interviewees for confirmation purposes. Validity was also somewhat demonstrated by the interviewee’s willingness in openly sharing extremely sensitive management accounting and control information and reports with the researcher. There was also corroboration between the interview data and the company documentation, which permitted triangulation of the findings and added to the validity of the findings (McKinnon, 1988). Validity in the findings was also provided in providing a transparent record of how the researcher reached the conclusions to the study through the use of various analytical techniques, and in relying on the evidence as being that presented by the interviewees and in the company records that formed part of the data collected (see appendices E, F, and H).

The study does not claim to be representative of MAs beyond those who formed part of this study. The output of the research was a generalisation to theory and not statistical significance (Yin, 1994). Further, in line with inductive and qualitative lines of enquiry the findings are analysed with a view to developing a set of themes that might lead to further research of a quantitative nature, more suited to statistical generalisation analysis.

4.8 Gaining access, interviewee selection, and operational details

According to Bryman (1989) ‘one of the most vexed areas for many researchers is quite simply getting into organisations’ (p. 161). Buchanan *et al.* (1988) observe the increasing access requests that organisations receive for research purposes, and that companies have ‘little time to devote to non-productive academic research activities’

(p. 55). Regarding management accounting research specifically, Ahrens (1994) identifies the nuances around developing the research problem(s) while attempting to gain entry to organisations and describes the process as a ‘long, drawn out’ (p. 306) one. Such nuances include the use of gatekeepers, initial and on-going relationship development, opportunism and communication. Hakel *et al.* (1982) distinguish between ‘doing research’ and ‘doing implementation’ (p. 15) with the latter requiring ‘good timing’ and sometimes ‘luck as well’ (p. 120). Similarly, Buchanan *et al.* (1988) recognise the tension between the ideal and the pragmatic approach in accessing organisations but nevertheless conclude that ‘the claim for research as the art of the possible and the plea for opportunism do not therefore rule out the need for controlled, systematic, morally justifiable methods and scientific rigour’ (p. 67). The following section draws out some of the operational considerations of the study. Mindful of these access challenges and opportunities, the next sections discuss how access was obtained for both phases of the study, together with the relevant operational details.

4.8.1 Phase one: gaining access

In selecting particular companies in which to conduct the initial field research phase of the study, the key criteria were that companies should be of sufficient scale to have separate management accounting and other organisational functions (e.g., production, marketing, distribution, sales) and be in the manufacturing sector. Apart from this, convenience sampling was employed where possible. Ryan *et al.* (2002) note that case selection should be governed by theoretical considerations rather than statistical (wider representation) ones and, in terms of studies incorporating theory development, the case selection is ‘relatively unimportant’ (p. 151).

The individuals that give permission for research to proceed in organisations are often referred to as ‘gatekeepers’; that is ‘those people who have the power to grant or withhold access’ (Burgess, 1984, p. 48). Chua (1996) suggests seeking approval ‘as high up the organisational hierarchy as possible’ (p. 221) to minimise future access restrictions, being mindful that the researcher is not viewed as an undercover detective hired by management.

The personnel targeted in the companies were:

- 1) Senior MAs, financial controllers or directors operating in a managerial capacity with responsibilities for the commercial aspects of the business (therefore excluding accounting responsibilities such as treasury, external financial reporting and audit); and
- 2) Senior OMs within different organisation functions e.g., production, logistics, distribution, sales, marketing and operations.

The selection of these particular respondents was justified as the study's objectives required investigating the antecedents, characteristics, and consequences relating to the roles of MAs. Secondly understanding the nature of management accounting roles, and their effectiveness, necessitated procuring the perceptions of those whom MAs support i.e., functional decision makers. Access for phase one of the study was attained through the following procedure:

- 1) A contact name of the head of finance or senior MA for the organisation was obtained through personal contacts and professional accounting institute member listings (i.e., the *Chartered Institute of Management Accountants (CIMA) Yearbook 2003* and the CIMA South East Committee details on a branch information bulletin) primarily for medium and large manufacturing companies located in the Southeast of Ireland, although one company in Dublin was contacted.
- 2) From the CIMA membership listings and the *Institute of Chartered Accountants in Ireland (ICAI) Handbook 2004*, a database of medium and large companies in the Southeast was compiled. In conjunction with these accounting institute publications an electronic spreadsheet listing of manufacturing companies in the Southeast was procured from IDA Ireland (foreign multinationals) and Enterprise Ireland (Irish companies). These listings were for the southeast region (defined as Counties Carlow, Kilkenny, Tipperary Southern Region, Waterford and Wexford) and classified companies as small (0-50 employees), medium (51-200 employees) and large (over 201 employees), and provided business nature and contact details.

- 3) A phone call was made to the personal contact or the CFO briefly indicating the academic nature of the study and that the commitment only amounted to two meetings lasting approximately one-hour. A request was then made by e-mail with an attached brief document explaining the requirements of the research, assurances on confidentiality, and what was required for participation in the study (see appendix B).
- 4) Follow-up phone calls were then made a few days after the initial letter to discuss a response to the request or the researcher was contacted and informed of the decision by the respondent.
- 5) Where consent was given, arrangements were made over the phone regarding setting up of the interviews.

Nine companies declined involvement in the study primarily due to time pressures, with one private firm expressing concern over confidentiality issues. Personal contacts were used, where they existed, in the targeted manufacturing firms. One company had significantly downscaled operations and was deemed unsuitable.

4.8.2 Phase one: operational details

Initially, the objective was to interview two senior MAs and two senior OMs to provide a broad picture of the roles of MAs in each organisation. However, following a review of the data gathered from the first two manufacturing firms it became apparent that there would be greater merit in expanding the number of organisations by only interviewing one senior MA and one senior OM in each organisation. This decision was based on: the perceived greater merit of having a slightly broader range of companies in this inductive phase of the research, the scope for more variation being detected in the findings, and medium sized firms tended to only have one senior MA or controller.

In total for phase one, 36 interviews were conducted (lasting approximately one hour) with the last interview taking place on October 15th 2004. In total 16 manufacturing

companies were involved (two interviews in 14 companies and four interviews in the first two companies). Six of the 16 companies were medium-sized indigenous Irish firms and the remaining 10 were Irish or foreign-owned multi-national public corporations or large private firms. All but six interviews were recorded. The unrecorded interviews were at the interviewees' request. Extensive field notes were taken and interview summaries were written up immediately following the interview. Table 4.8 summaries some of the interviewee details. The interviewee reference is for reasons of anonymity and the first letter represents the company reference and the second letter, the functional role of the manager (e.g., F = Finance Manager, O = Operating Manager).

Ref.	Job Title	Turnover / Employees	Interview Date (2004)	Interview length	Recorded
AF1	Financial Controller & AIS Manager	>€200m 550	May 5	75 mins	Yes
AF2	Senior Management Accountant: South Region		June 24	60 mins	Yes
AO1	Development Manager		June 24	60 mins	Yes
AO2	Commercial Manager		July 14	40 mins	Yes
BF1	Director of Finance and Automation of IT	Not given 430	May 7	60 mins	No
BF2	Finance Manager		May 7	60 mins	No
BO1	Logistics Director		May 7	70 mins	No
BO2	Director of Manufacturing		May 7	60 mins	No
CF	Management Accountant Team Leader	\$70m+ 160	May 13	70 mins	Yes
CO	Materials Director		May 20	40 mins	Yes
DF	Finance Director	€99m 583	May 14	100 mins	No
DO	Operations Manager		July 30	60 mins	Yes
EF	Financial Controller	\$25m 200	July 26	60 mins	Yes
EO	Site Director		May 17	25 mins	Yes
FF	Financial Controller	€11-12m 130	Oct 15	45 mins	Yes
FO	Executive Chairman		June 21	40 mins	No
GF	Finance Director	€5m 110	June 22 July 27	60 mins 30 mins	Yes Yes
GO	Manufacturing Manager		July 27	45 mins	Yes
HF	Finance Director	\$80-90m 500	June 29	80 mins	Yes

HO	Operations Manager		July 20	60 mins	Yes
IF	Finance Manager	€300m 500	June 30	60 mins	Yes
IO	Factory Manager		June 29	45 mins	Yes
JF	Financial Controller	€95m 280	July 6	50 mins	Yes
JO	Sales and Export Manager		July 6	60 mins	Yes
KF	Financial Controller	€5m-€8m 40+	July 15	80 mins	Yes
KO	Operations Manager		Sep 1	60 mins	Yes
LF	Chief Financial Officer	€50m+ 250	July 16	50 mins	Yes
LO	Export Sales Director		July 16	55 mins	Yes
MF	Company Secretary/ Finance Manager	€7.5m 70	July 19	60 mins	Yes
MO	Factory Manager		Sep 10	60 mins	Yes
NF	Financial Controller	€25m 100	July 19	75 mins	Yes
NO	Managing Director		Oct 14	45 mins	Yes
OF	Financial Director	€22m 165	July 19	55 mins	Yes
OO	Marketing Manager		Aug 26	60 mins	Yes
PF	Finance Manager	€50-100m 540	July 21	60 mins	Yes
PO	Manager Customer Services		July 21	60 mins	Yes

Table 4.8 – Summary details of interviewees in phase one of the research

4.8.3 Phase two: gaining access

Convenience sampling was used in phase two, as continuing in the qualitative mode of enquiry the aim was to understand in a deeper sense, the nature of particular antecedents, characteristics, and consequences that emerged from phase one (see section 6.2). Phase one of the study focused on senior MAs but phase two focused on more junior MAs. A number of factors related to this decision:

- 1) The overall aim of the study, including phases one and two, is to understand the roles of MAs and not senior financial officers. Phase one included some senior financial officers who had duties of a more fiduciary and external nature, and therefore, less of an internal management accounting function. However, in phase one, many FMs would have previously been in more junior management

accounting roles and now had MAs reporting into them.

- 2) In phase one there was some variability (see table 4.8 in section 4.8.2) in the seniority of MAs (i.e., senior MA or financial controller or finance director) and variability in the type of firm (i.e., indigenous or MNE subsidiary). This variability was removed in phase two by targeting MAs in MNE subsidiaries who reported into FMs.
- 3) The analysis of phase one data indicated that some perceptions of the roles of MAs were of a normative nature (see sections 5.5 and 6.2). This was partly related to the extent that management accounting was a part of FMs' roles, as per the variability noted in the previous point. To counteract this, and to address the phase two objectives, it was deemed important to focus on very specific or actual roles of MAs.
- 4) The outcome of the analysis from phase one indicated that a distinction was being made between the FM and the MA as regards the extent of the involvement of MAs in supporting the strategic decision needs of managers (see sections 5.2.2.5, 5.3.2.1, and 5.5). Phase one captured the views of FMs in this regard, but not the views of MAs, and so it was deemed appropriate to focus on these more junior MAs. The focus on more junior MAs also linked to the wider findings from phase one (see sections 5.5 and 6.2) that showed variability in the roles of MAs in supporting OMs.

Thus, phase one generally captured the perspectives of senior MAs, or FMs, and phase two targeted specific MAs in more junior positions. Phase two entailed the employment of the case approach as noted earlier to investigate, through interviews and documents analysis, particular factors relating to these actual roles of MAs. The junior level of MAs targeted also matched the level targeted by Hopper (1980) who defined the MAs in his study as those occupying 'the lowest position within the organisation responsible for producing the management accounts and liaising with other managers regarding their interpretation' (p. 403).

These specific roles of MAs examined in phase two were linked to specific managers that interacted with these MAs, drawing on role theory methodology (Kahn *et al.*, 1964; Katz and Kahn, 1978). The criteria that determined this linkage was the MA, in the first interview (see section 4.6.4), who was asked to identify who in the organisation most influenced their roles. Unlike Hopper (1980), but consistent with role theory methodology, MAs could identify anyone in the organisation who most influenced their roles e.g., FMs could be identified if that was the case. This more inclusive approach permitted the relative ranking of FMs and OMs as influencers. The process generated a list for each MA of ranked members of the organisation who most influenced their roles. On the basis of this list, the highest ranking, or most influential, OM on the roles of the MA, was targeted for the next interview. This list will be referred to in phase two findings (chapter six) and the discussion (chapter seven), and is also presented in appendix G. For 11 of the 12 roles of MAs the most influential OM was interviewed; one exception was in Company E where the most highly ranked OM was a sales manager who declined to be interviewed, notwithstanding a number of efforts at securing it. However, the next ranked OM on the list was selected and interviewed. The third influencer for the MA in Company C was the managing director but the MA observed that this influence was primarily through the financial director and so the next OM influencer was selected. A limitation in this overall process is that only the primary, and not all, role influencers are included, which is noted in the limitations of the study (see section 8.6.2). This inevitably was a question of trading off the number of individual MAs linked to individual managers as ‘cases’ versus less MAs as cases but more role influencers for these MAs.

To initiate the selection of MAs to participate in phase two, the researcher contacted the FMs who had participated in phase one and arranged a meeting with them. On contacting the FMs, the researcher thanked the participants for their contribution to the first phase of the research and asked for an opportunity to discuss some of the summary themes that emerged from the research to date with a view to discussing the opportunity of their company participating further in the study. As in phase one, the purpose of the next phase of the study was outlined and assurances were given regarding confidentiality. In the meetings, it was outlined that phase two of the study required interviewing MAs, and managers that interacted with them, and the analysis of documentation and reports that may relate to that interaction. The meetings

generally lasted about 30 minutes. The phase one companies that were targeted regarding phase two were generally the larger companies as they tended to have a MA, or a team of MAs, reporting into the FM. Thus, contact was not made with companies F, G, J, K, M, and N. Table 4.9 provides a summary of the outcome of these meetings that linked into phase two of the study.

Ref.	Job Title	Date (2006)	Outcome
AF1	Financial Controller & AIS Manager	Feb 2 30 mins	Access granted for phase two.
BF1	Director of Finance and Automation of IT	Feb 2 60 mins	Access denied for phase two. Reason: recruiting an MA at present and a major audit coming up.
CF	Management Accountant Team Leader	Jan 16 30 mins	Suggested that access may be okay but would need to speak to the financial controller.
	Financial Controller [Not in phase one]	Feb 1 20 mins	Access granted for phase two. Confidentiality agreement required and a presentation to MAs at end of study.
DF	Finance Director	Jan 13 45 mins	Access granted for phase two.
HF	Finance Director	Feb 16 30 mins	Suggested contact in following couple of weeks but following two phone calls HF commented that he would contact the researcher. Contact was not made.
LF	Chief Financial Officer	Jan 19 30 mins	Access denied for phase two. Major restructuring in progress and many consultants had been on site and therefore having a researcher on site was not best at that time.
PF	Finance Manager	Jan 11 20 mins Mar 10 20 mins	Requested a subsequent meeting to explore further. Access granted for phase two.

Table 4.9 – Meetings with phase one participants seeking phase two access

Contact was also made by e-mail with OF but the researcher was informed that the MA had an ‘extremely heavy workload at present’. Brief contact was made with IF by phone but IF had to attend a meeting immediately and subsequent phone calls were unsuccessful in securing any response. With regard to company E the FM no longer worked for the same company. As the meetings were progressing and there appeared to be some invitations being accepted and some being declined, the researcher deemed that it would be prudent to consider MAs in other organisations that had not participated in phase one to ensure that there were 12 MAs to participate in the study. The setting of 12 as a target number of MAs for phase two was determined by balancing the need for an in-depth enquiry of each MA against the need for some

meaningful comparative analysis, while also being mindful of the resource constraints. Through a personal contact, the researcher contacted a financial controller of another manufacturing company by phone and e-mail and access was granted for the study to proceed.

4.8.4 Phase two: operational details

Table 4.10 summarises the interviewee details for phase two of the study. As MAs were specifically linked with OMs that they interacted with, the table presents each MA with the matched OM beneath. The linkage was established by MAs identifying who most influenced their roles in the organisation, following role theory methodology as noted in section 4.8.3, and see appendix G for the rankings provided by MAs. The same MA appears twice as each MA was interviewed twice, following the role theory design.

Ref.	Job Title	Interview Date (2006)	Interview length	Recorded
AM1 AO1 AM1	Operations Accountant – Business Unit A, Site A Supply Chain & Maintenance Manager <i>As above</i>	Feb 16 May 4 Aug 11	60 mins 60 mins 60 mins	Yes Yes Yes
AM2 AO2 AM2	Operations Accountant – Business Unit B, Site A Operations Manager <i>As above</i>	Feb 23 May 4 Aug 11	75 mins 60 mins 75 mins	Yes Yes Yes
AM3 AO3 AM3	Financial Accountant – Business Unit C, Site A Business Unit Manager <i>As above</i>	Mar 3 May 17 Aug 10	105 mins 60 mins 75 mins	No Yes Yes
AM4 AO4 AM4	Operations Accountant – Site B Plant Manager – Site B <i>As above</i>	Mar 9 May 16 Aug 11	90 mins 80 mins 75 mins	Yes Yes Yes
BM1 BO1 BM1	Management Accountant – Capital Project Manager <i>As above</i>	Feb 22 Apr 21 Aug 29	75 mins 60 mins 60 mins	Yes Yes Yes
BM2 BO2 BM2	Management Accountant – Inventory Planning / Business Partner <i>As above</i>	Feb 22 Apr 4 Aug 29	50 mins 50 mins 60 mins	Yes Yes Yes
BM3 BO3 BM3	Management Accountant – Planning Production Director <i>As above</i>	Mar 6 Apr 4 Jul 27	60 mins 50 mins 60 mins	No Yes Yes
BM4 BO4 BM4	Management Accountant – Cost Analyst Packaging Production Manager <i>As above</i>	Mar 6 Apr 6 Jul 27	60 mins 50 mins 45 mins	Yes Yes Yes
CM CO CM	Financial Accountant Operations Director <i>As above</i>	Apr 26 Sep 20 Oct 18	80 mins 65 mins 100 mins	Yes Yes Yes
DM1 DO1 DM1	Management Accountant Supply Chain Commercial Manager Supply Chain <i>As above</i>	Jun 23 Jun 29 Sep 14	60 mins 50 mins 85 mins	Yes Yes Yes
DM2 DO2 DM2	Management Accountant – Sales Divisions Commercial Manager <i>As above</i>	Jun 23 Jul 17 Aug 10	60 mins 85 mins 75 mins	No Yes Yes
EM EO EM	Financial Services Manager Production Manager <i>As above</i>	Jul 13 Aug 29 Aug 29	90 mins 75 mins 75 mins	Yes Yes Yes

Table 4.10 - Summary details of interviewees in phase two of the research

Company E in table 4.10 is the only company that did not participate in phase one of the research. Table 4.11 summarises the mapping between the different referencing systems used for the same companies between phase one and two of the research and also indicates if the MAs relate to the FM that was interviewed in that company in phase one of the research.

Co. ref. phase two	MAs	Co. ref. phase one	Manager who was a FM in phase one
A	AM1 to AM3	D	DF
B	BM1 to BM4	C	CF
C	CM	P	PF
D	DM1 and DM2	A	AF1

Table 4.11 – Summary of phase one and two referencing systems and connections

AM4, while a MA in Company A, was located at a nearby site and reported to a financial controller on that site. This company A site was engaged in manufacturing a different product to the site where AM1 to AM3 and AF1 were located. As can be seen from table 4.11, the FM in phase one was in most cases, the manager of the MAs interviewed in phase two, although the design did not require this as the criterion for the selection for phase two was to target more junior MAs than those in phase one. There were two instances where the same individual was interviewed in phase one and phase two of the study. Table 4.12 presents details about these interviewees and provides an explanation of why this occurred.

Phase one reference	Phase two reference	Comment
AF2 [Finance]	DM2 [same interviewee]	<p>Company A was the first company in which the interviews of phase one occurred. At this early stage, the design had commenced by targeting two FMs and two OMs in each company. As noted above, following a review of emerging interview data from Company A and Company B - the only companies in phase one in which four interviews took place - the researcher deemed that the research would have greater merit if the design was altered to focus on one FM and one OM in each manufacturing firm. Thus, only one FM and one OM were interviewed in companies C to P in phase one.</p> <p>The FM was also asked to respond to a different set of questions in phase two as per section 4.5.4 and section 4.6.4 on the interview guide design, which were based on different research objectives as specified in section 4.4.1 (phase one) and section 6.2 (phase two).</p>
DO [Operations]	AO1 [same interviewee]	<p>In phase one DF (a FM) had suggested DO as an OM to interview about the antecedents, characteristics, and consequences regarding the roles of MAs in general. In phase two, AM1 specifically identified AO1 as the OM that most influenced her roles, which following the research design of phase two, necessitated re-interviewing that OM.</p> <p>The OM was also asked to respond to a different set of questions in phase two as per the comment above for AF2 and DM2.</p>

Table 4.12 – Interviewees that participated in phase one and two

4.9 Qualitative data analysis

Miles (1979) poses the ultimate challenge in analysing qualitative data: ‘how can we be sure that an “earthy”, “undeniable”, “serendipitous” finding is not, in fact *wrong*?’ (p. 590). This section sets out how qualitative data analysis was approached in both phases of the research. Burgess (1984) notes that ‘field research involves the simultaneous collection and analysis of data’ (p. 166) which includes a ‘vast range of documentary material’ and ‘interview transcripts’ which relates to the nature of this study. The process of analysis is not linear as Eisenhardt (1989) argues that the process is a ‘strikingly iterative one’ (p. 546).

Miles and Huberman (1994) advocate a tripartite iterative approach that involves the reduction of data, the use of data displays, and drawing and verifying conclusions. Data reduction refers to the ongoing ‘process of selecting, focusing, simplifying, abstracting, and transforming the data that appear in written-up field notes or transcriptions’ (Miles and Huberman, 1994, p. 10). Data reduction is present in the

process of selecting particular research questions and cases, identifying themes, conceptualisations and up to the point of the final write up of the study. Components of data reduction include 'writing summaries, coding, teasing out themes, making clusters, making partitions and writing memos' (Miles and Huberman, 1994, p. 10). Burgess (1984) identifies three separate roles for field notes i.e., substantive, methodological and analytical field notes. Substantive notes record the operational details, methodological notes are 'personal impressions of situations and personal involvement' (p. 192) and analytical notes relate to the researcher's exploration, thematic analysis and analysis of the data. Data displays are used to enhance understanding of the subject in terms of what is occurring. Included here are the use of various data matrices or charts or models which map or organise the data in a way that assists the researcher with analysis. The final component is drawing conclusions which essentially forces the researcher to contemplate what the data actually mean. This is an ongoing process of testing and verifying the plausibility of tentative and emerging conclusions until data collection and analysis is finished.

Drawing on this literature, the following sections articulate the qualitative data analysis strategies pursued in each phase of the research. While the strategies in both phases had many commonalities they also had some unique features e.g., some manual methods occurred in both phases but different software was used in phase one and phase two. The use of specifically designed qualitative data analysis software (NVivo7®) was only at the very early stages of institutional adoption during phase one analysis and a detailed analysis strategy had already been developed and implemented and so timing precluded its use in phase one.

4.9.1 Analysis of data: phase one

A number of parallel processes underpinned the analysis of the qualitative data. Transcripts were typed up, read, and re-read, and a manual coding procedure was adopted in that the researcher made notes in a wide right hand margin of the transcript (Burgess, 1984). The 30 interview tapes were listened to repeatedly on car journeys and the interview field notes and interview summaries were continuously consulted (O'Dwyer, 2002). Qualitative data analysis ran in parallel with data collection and initial ideas or reflections on the meaning of the data were recorded for future reference. Transcripts were returned to interviewees for validation purposes.

Data grids, similar in principle to the notion of data displays or data matrices, as advocated by Miles and Huberman (1994), were then constructed in spreadsheets to get a better feel for the data. Excerpts from the data grids are reproduced in appendix D. The grids were three dimensional in that they were constructed by mapping the respondents (in the rows) against the codes or labels (in the columns) identified in the manual coding procedure, with the third dimension being a categorisation of variables into antecedents, characteristics, and consequence (in separate data sheets).

These grids allowed the researcher to identify the antecedents (see appendix D1), characteristics (see appendix D2), and consequences (see appendix D3) by each respondent (and type of respondent, FM or OM, and firm), the commonality of perceptions (or not) with other respondents, and to produce a bird's eye view of the data in a visual display. The grids were printed off for viewing and analysis purposes and were then carefully examined and reflected upon in light of recurring, isolated, and conflicting themes. A data reduction exercise also occurred (Miles and Huberman, 1994) as some variables that were initially separately identified were subsequently found to be the same. The grids, being in electronic form, facilitated the moving of codes (i.e., variable names or labels) around the grids as for example certain antecedents had links to characteristics and this was straightforward to do. The grids also facilitated the grouping and re-grouping of data e.g., comparing FM perceptions to OM perceptions by company and then as a group of FMs and as a group of OMs (see appendix D4).

The analysis concluded by making a summary list of all the antecedents, characteristics, and consequences identified in the grids with a reference to their precise location. Finding references to a particular antecedent, characteristic, or consequence in an individual transcript was facilitated by transcript file organisation around organisations and the word processor search facility.

4.9.2 Analysis of data: phase two

The approach adopted for the analysis of the data was one that involved a number of sequences and parallel processes. Following each interview an interview summary was immediately written up and the interviews were transcribed and returned to

interviewees for confirmation and clearance purposes. As various management reports were also gathered, these were put together with the relevant interview transcripts and filed separately. Initially, and subsequently, the material was read and re-read in its raw form and notes were made in the margins of the transcripts.

The next step was the importation of the transcripts into NVivo7® for further analysis. The initial codes created, or 'free nodes', were based on the preceding manual analysis (see appendix E1). Keeping the phase two research objectives in mind the free nodes were explored in regard to their relationships to other free nodes and from this analysis emerged a hierarchical structure of nodes or 'tree nodes' (see appendix E2). In conjunction with these functions a number of other NVivo7® functions were used to facilitate the analysis including search tools, querying tools (see appendix E4) that effectively cross-tabulated various nodes and modelling tools (see appendix E3), a form of data display (Miles and Huberman, 1994). The process just outlined was not a smooth one but required numerous iterations, the on-going creation, deletion, merging and splitting of nodes and these analytical decisions were recorded in the research log (see appendix E5). Frequently the researcher had recourse to the transcripts and management reports for further 'off-line' analysis. One particular function of NVivo7® that was continually employed was memos, the analytical tool popularised by grounded theory (Glaser and Strauss, 1967). These were analysis documents that were created for each transcript (see appendix E4) where analytical notes were made. There was also an overall research log created that chronologically recorded notes on analytical strategies, interesting observations, contradictions, design related factors and tentative conclusions (see appendix E5).

The researcher constantly returned to the raw transcripts to re-read and reflect on them and to make further notes and a word processor was used to compile various tables that mapped particular themes against other themes, a sort of non-statistical cross-tabulation. This was very effective for creating an overall picture and for noting co-occurrences and inconsistencies. While the matrix query function of NVivo7® could perform these functions to some extent, the researcher found operating within the word processor environment was more effective. For example, a 53 page analysis document, containing numerous code mapping tables, was produced during the data analysis (see appendix F). A number of analysis checking mechanisms were

employed throughout the analysis to guard against invalid inferences or rash conclusions being made. These included: using a number of analysis approaches (e.g., comparison of manual coding, automatic coding, using alternative analysis strategies), the seeking of further supporting or conflicting evidence, and the continuous recording of analysis comments in a research log.

4.9.3 Qualitative data analysis: an evaluation of approaches

Considering the long history of qualitative research it is worth noting that it was as recent as the 1980s that qualitative data analysis tools became available (Kelle, 1995). There is some debate in the literature on the merits and drawbacks of employing software to assist qualitative data analysis. Hesse-Biber and Leavy (2006) note that these tools offer to radically change how qualitative data analysis is conducted but also present some limitations for researchers.

In engaging with qualitative software Tesch (1990) states that we should be neither ‘mystified’ nor ‘expect to get away with no investment in time or no mental struggle whatsoever’ (p. 175). Fielding and Lee (1998) comment that ‘to be convinced about the ubiquity of new developments and to be excited about their potentiality is not, of course, to endorse those developments uncritically’ (p. 1). Thus, the use of software in the second phase of the research was undertaken having considered the merits and challenges associated with its use. Bazeley (2007) identifies the primary concerns with software use as: 1) disconnecting the researcher from the data, 2) the over use of the ‘code and retrieve’ analytical approach over and above other analytical options, 3) possibly formalising analysis in a way that shifts analysis towards more quantitative models, and 4) the software has a particular methodological bent e.g., grounded theory (Glaser and Strauss, 1967), or manufactures one. To address these concerns Bazeley (2007) notes that: 1) the software permits the researcher to return to the original data at any point in the analysis, 2) there are many other analytical functions within the software besides code and retrieve, 3) coding is a process of analysis and interpretation in the software and not prescribed like more structured, quantitative programmes, and 4) the software facilitates the use of a wide range of methodologies. It is also recognised that qualitative data analysis software removes much of the burden from the traditional manual analysis process (Coffey and Atkinson, 1996; Fielding, 2002) e.g., highlighting (coding) transcripts, copying them, cutting out the

highlighted (coded) segments and arranging them for further analysis in relevant groups. Richards (2002) observes that:

software (skilfully used) supports more rigorously and fluidly the research process we engaged in with manual methods, and provides a range of techniques and tools that were impossible, unknown or too time-consuming before computers entered the field (p. 267).

However, against this benefit must be weighed the drawback of having to learn to use a new piece of software. To address the latter concern the researcher attended three NVivo® training programmes, and consulted the relevant literature (Coffey and Atkinson, 1996; Fielding and Lee, 1998; Richards, 2005; Bazeley, 2007).

While it is important to note that both phases followed recommendations in the methodological literature (e.g., coding, using memos, summaries, analysis tables, re-reading the transcripts) it is worth noting some of the more distinctive features of the qualitative data analysis strategies between phase one and phase two of the data collection. By using alternative analysis strategies, the researcher gained insights into the relative merits and challenges inherent to each strategy. In support of the first phase analysis strategy the merits included using the tools available and familiar to the researcher (e.g., word processor, spreadsheet) and an intimacy with the raw data at hand. This approach was challenged by difficulties which included: quickly accessing particular parts of transcripts, not permitting much sophisticated searching, and perhaps being more labour intensive in managing the volume of paper and array of electronic and paper files and records. In support of the second phase analysis strategy the merits included: efficient coding and retrieval of transcripts or sections there of, the choice from a suite of analytical software functions, and a more integrated or centralised management of relevant data files and records. This approach was challenged by having to spend considerable time becoming proficient on the software, being overwhelmed by the array and sophistication of the analytical tools within the software, and the ease with which coding could be performed resulting in over-coding or undue complexity in the analysis. The conclusion from this study on the two qualitative data analysis strategies used would be to suggest that specifically designed analysis software would have greater merit in the analysis process but only very marginally so, as there is a steep learning curve and a range, and sophistication, of

analytical tools that would seem to be beyond what one would use in one piece of research.

4.10 The methodological journey: personal perspectives

The initial anticipated approach in this study was the ‘QUAN->qual’ approach (Morse, 1991). This is primarily deductive, sequential, facilitates exploring the unexpected, and is based on a large quantitative survey followed by smaller qualitative phase. It is similar to what Creswell (2003) terms the *Sequential Explanatory Strategy* and its purpose is to ‘use qualitative results to assist in explaining and interpreting the findings of a primarily quantitative study’ (p. 215). The researcher notes that this original intention was based more on desired methodological exposures for training purposes at the time rather than the emerging research problem determining the most appropriate design.

However, following a review of the literature on the research topic it became apparent that this approach was untenable; there was an insufficiently strong literature present for the construction of robust hypotheses. Thus, the literature only tentatively suggested variables that might be relevant to the research problem and at best only indicated a loose array of potential factors that may be pertinent. Further, there were very few established or appropriate measures available for these potential factors. Consequently, the commencement of an inductive phase of data gathering was justified:

1. *Validation* - gathering empirical data from the field enabled the researcher to validate the loosely emerging relationships from the literature, while simultaneously being receptive to other variables and relationships that were not present in the literature. Further, it was possible to qualitatively ascertain the perceived strength and direction of relationships.
2. *Risk* – beginning the study with a survey, without a strong literature base and hence a tentative framework, would run the risk of maybe ignoring certain relevant variables or under/over stating their importance or perhaps oversimplifying the relationships. There was a further risk that the field work,

originally planned to precede the survey, would expose serious problems with the theoretical framework due to its weak literature foundations.

Prior to the analysis of the data from phase one of the study, the intention was to follow up in phase two with what Creswell (2003) terms a *sequential exploratory design* which is depicted in Figure 4.4.

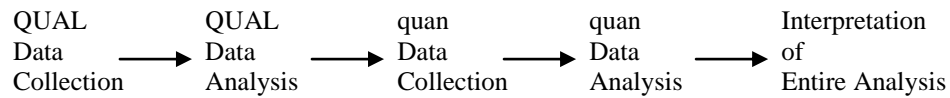


Figure 4.4 – Sequential exploratory design

Source: Creswell (2003, p. 213)

However, following the analysis of the phase one data, this research strategy was carefully reconsidered. While the analysis of the data indicated a reduced set of particular variables that warranted further examination, a decision was made that the most appropriate means of conducting a further investigation was to acquire a greater depth of enquiry using a qualitative approach. The basis of this decision was:

- a) Phase one highlighted particular issues that could not be further explained through a quantitative investigation as the variables and their associated measurement lacked adequate understanding and definition.
- b) Undertaking an in-depth qualitative enquiry would provide a better understanding of the key issues that emerged from phase one of the research.
- c) The nature of the key variables that emerged from phase one could be viewed as sensitive to organisational contexts, multi-faceted and dynamic. Thus, investigating variables such as the role expectations, interaction between MAs and OMs, role conflicts and ambiguities and contingent antecedents and characteristics was deemed to be more suited to a qualitative enquiry than a quantitative one.

The purpose of the presentation of the research journey is to reflect the evolving, iterative nature of the research process from a personal perspective.

4.11 Summary and conclusion

This chapter has presented the research philosophy, problem, objectives and research design for two phases of data collection and has identified the merits and challenges inherent in such designs. The chapter has presented the methodology adopted in the context of the trajectory of previous management accounting methodologies, and has explained how the study accounted for validity, reliability and generalisability. Finally the chapter dealt with the qualitative data analysis strategies adopted in the research, and some reflections on the research journey. The next two chapters respectively present the findings from phase one and phase two of the research process.

Chapter Five

Findings: Phase One

5.1 Introduction

The findings are presented around three major groups of variables to the study: antecedents, characteristics, and consequences associated with the roles of MAs, in line with research objectives of phase one (see section 4.4.1). The findings are based on the data collected from 36 in-depth interviews as outlined in the methodology chapter (see section 4.5). To protect the confidentiality of individuals and organisations a simple lettering system is used to attribute quotations. The first letter refers to the manufacturing firm (e.g., A to P) and the second letter refers to whether the manager is a finance (F) manager or an operating (O) manager. If there is more than one individual in the same firm, a numbering system is used to distinguish them (see section 4.8.2 for all interview details). Thus, PO is an OM (or director) and PF is a FM (or director) in Company P, and BF2 the second FM interviewed in Company B. The general abbreviation of FM and OM is also used. However, in designating OMs for operating managers it must be noted that there was considerable variation in the roles of OMs e.g., ‘Development Manager’, ‘Logistics Director’, ‘Factory Manager’, ‘Manager Customer Services’, and ‘Export Sales Director’ (see table 4.8 in section 4.8.2).

The next section presents the antecedents associated with the roles of MAs grouped into categories of antecedents as relating to external, organisational, and individual. The findings on antecedents are then further classified within each of these major categories according to sub-categories that became apparent in the data analysis. The next major section presents the characteristics associated with the roles of MAs. The characteristics are broken down into those characteristics that relate to: the individual, the activities that that individual is involved in, and management accounting information. The findings on characteristics are then further classified where sub-themes emerged in the data. The final major thematic component is the consequences relating to the roles of MAs. These findings are presented under three major sub-category headings, namely those consequences that relate to influencing performance, information impact, and role interface. As with the findings presented for antecedents and characteristics, these three categories of consequences are further broken down into sub-theme headings.

5.2 Antecedents associated with the roles of MAs

The antecedents associated with the roles of MAs are grouped into those that may be classified as external to the organisation, those that may be classified as organisational level antecedents, and finally those that may be classified as individual level antecedents.

5.2.1 External antecedents

Managers, FMs and OMs, indicated that there were a number of external influences on the roles of MAs. The interview findings on external antecedents are categorised into ownership antecedents, environmental antecedents, and regulatory antecedents.

5.2.1.1 Ownership

Some of the companies participating in the study were large multi-national subsidiaries, while others were smaller indigenous or family-owned firms. As might be anticipated, FMs and OMs in subsidiaries noted a very strong influence on the roles of MAs from corporate head office as AF1 noted that ‘a lot of dictatorship is coming from the group’ or BO2 who commented that the ‘corporate entity has a huge influence on the finance organisation’. Typically this influence was perceived as a demanding, and in some cases expanding reporting regime. Notwithstanding the onerous head office reporting requirement, there appeared to be some autonomy regarding the provision of local management accounting information as LF remarked that ‘all the management information they leave to ourselves’. Indigenous firms did not have this constraint and acknowledged a freedom and a speed to be able to change performance management activities locally as they saw fit.

5.2.1.2 Environment

The majority of FMs and OMs noted that market antecedents, for example economic conditions, industrial and related sector trends, intensive competitive forces, seasonality and foreign exchange exposure, represented an influence on the roles of MAs. EF noted:

The business environment has impacted because when I joined in 2000 the IT sector was booming and cost control was not an issue then whereas now like business in Ireland is like a cost centre, a huge cost centre as such.

Only one manager commented that their particular firm was not exposed to strong competitive pressures as ‘we have a very specialised product that is regarded highly by the end user’ and ‘capacity is ensured’ [PF]. In contrast DO noted that ‘we were on a knife-edge, production was going to move to Asia but we got a stay of execution’. A notable distinction became apparent between larger multinational subsidiaries and smaller indigenous firms as MAs in the former were perceived as only being indirectly influenced i.e., the business environment impacted the company on a corporate level firstly and then this trickled down to the finance function in the subsidiary or the environment impacted OMs more so, as BF2 observed:

...environment influencing head office influencing management accounting.

One manager felt particularly strongly about MAs being remote from the business environment, describing them as ‘almost happy in their ignorance of the market forces’ [LO] but did comment on useful competitive cost analyses that they performed. In smaller, self-managed firms MAs were perceived as being more aware and directly influenced by market forces.

5.2.1.3 Regulation

Most managers recognised the influence of statutory and other regulatory factors on the roles of MAs. The implementation of the SOX legislation was perceived as having a significant impact on US multi-national subsidiaries as HF commented: ‘Sarbanes Oxley has thrown the business into confusion’. EF noted:

Reporting has become a huge part in it but even in the last three years it has grown I mean it seems to be growing more because of the Enron scandal. There are a lot more requirements introduced by the SEC.

Managers in most companies mentioned the influence of compliance requirements relating to legislation and accounting regulation on the roles of MAs.

5.2.2 Organisational antecedents

On an organisational level quite a number of factors were perceived as influencing the roles of MAs. These included the: organisation's size, structure, culture, technology, management, the business's nature and circumstances, location, and the performance management systems.

5.2.2.1 Size

The organisational size was perceived as an influence in terms of determining the size of the accounting function, the awareness MAs have of activities occurring outside the finance function, and the extent to which the roles of MAs are formally structured. PO commented that 'the size of the organisation, that definitely affects their role' and with that particular company facing imminent expansion PO questioned whether larger firms are 'more regimented; are they as flexible because they don't have the ground contact that we have here in a small company?'. FO remarked that the:

...dynamics that occur in indigenous business, some come from a plc background, more institutionalised in bigger companies, boundary they won't venture out of.

In a large IT multinational EO stated that 'the role is defined and then you hire the person to fit the role rather than the person defining the role' and 'there are 35,000 people in Company E so there are very typical standard definitions of roles'. In Company D, during the interview, the finance director printed out and presented a detailed activity list pertaining to every job description in the finance function. Generally speaking, the findings indicated that the smaller the organisation, the wider the remit of responsibilities for the roles of MAs and the easier it was for MAs to be informed of what was going on in the business.

5.2.2.2 Structure

Functional structures dominated in the manufacturing organisations with structures flatter in the smaller organisations. Despite the structural definition there was a recurring perception between FMs and OMs that boundaries were translucent as CF remarked: 'they don't like departments sitting together'. BO2 drew more attention to how MAs interacted across functions as opposed to aligning rigidly to structures:

...depends on individuals involved, stand alone departments...here extent of cross-functionality, stop thinking one function, all processes are cross-functional, team training... really how you use it, don't think in lines.

In the larger MNEs a more hierarchical and rigid structure prevailed and this impacted on reporting structures also.

5.2.2.3 Culture

Culture was perceived as an influence on the roles of MAs across the manufacturing companies. IF remarked that 'the culture really in my experience is a huge influence from one organisation to another'. The most common cultural theme was a 'team', 'open' culture and was sometimes expressed as a customer perspective:

Very much team spirit, very much what we do is destined for the patient - the patient is at the centre of all that we do [CO].

Some cultural influences reflected the nature of the business, its status, its industry or the extent of perceived control. Some cultures were referred to as 'cost' cultures or somewhat negatively due to complacency or the prospects of a company closure. One manager commented how the culture could determine the difficulty that MAs may experience in control:

If the culture is conducive to controls for example and good procedures it makes the work and the job of the financial controller a lot easier. If the culture is the opposite it makes the financial controller's job extremely difficult [AO2].

Culture was generally perceived as a phenomenon that permeated the wider organisation but some cultural values were attributed to finance such as a 'cost' culture, or one that had formerly been referred to as an 'overtime, working weekends' culture [AF1]. In Company L, a family-owned MNE, the OM described 'a low style accounting culture, that is more controlled and sort of, hoarders of information rather than a dispenser of information' and 'a culture that resists change' [LO].

5.2.2.4 Technology

The findings show technology as being influential on the roles of MAs, particularly in the automation of transaction processing, information integration, and reporting cycle

time reduction. EF commented that 'it is nearly a bookless office at this stage' and in Company H, where an ERP system was globally installed, HF commented that:

...we're starting to leverage some of the benefits like we've now got in Strategic Enterprise Management where your ledger now is actually almost downloaded into the US, day two.

DF commented on their electronic set of accounts:

...40 page report once upon a time, P and L, Balance Sheet, now go to boardroom and PC takes numbers directly from the network, to throw up analysis files.

There was also a sense that due to automation of routine accounting activities, the activities of MAs had moved to a higher analytical level as GF commented: 'what you are doing is you are getting rid of lower level work by the computer'. Many of the larger firms had integrated systems such as ERP systems installed but the perceived impact of these systems on the roles of MAs appeared ambiguous as some FMs observed:

Well I'd say it's probably made things easier but has also produced a lot more information. But in terms of making life easier or lessening the workload, never. In terms of the benefit of a lot more information and in a different way, yes [LF].

We as a corporation have invested serious money in SAP [an ERP system]. We had a terrific system prior to SAP, we implemented SAP and it certainly hit us back probably two to three years until we really got back to where we were [HF].

While most managers perceived technology as an influence on the roles of MAs, there was a perceived need to make much greater use of technology. AO1 viewed SAP as 'more a financial accounting system rather than a management accounting system', while CF identified the need to 'get better quality information out of it. So that's, yes, a challenge here for us'. In total, six FMs and three OMs specifically commented on leveraging information systems more.

5.2.2.5 Management

A very strong emphasis was placed on management as an influence on the roles of MAs. The findings indicate there was an expectation for MAs to be involved in supporting managers and that this in turn influenced the roles, as IO remarked:

The demands that we make upon them as factory managers would certainly influence them.

The extent of management influence was perceived as varying according to where the immediate difficulties lay, how amenable the area was to manage, the OM's previous experiences of the roles of MAs in a different company, and the individual manager's style. LO noted that 'I wanted to see the data compared to what I was used to in my previous company so I have come from one sort of model into a slightly different one' [LO]. The influence of management was manifest in a number of different ways in organisations i.e., some managers demanded interaction and others less so:

Management accountants, they are trying to get involved, but commercial managers will only involve them when they see fit, which is not necessarily a good idea, but like I said, things are changing definitely [AO1].

Some [OMs want more involvement with MAs] do and some don't...some have different styles of doing things [AF2].

The managing director was perceived as a significant influence as PF stated 'the managing director is a huge influence' or as OO stated 'the MD, he would be a huge influence over very aspect of the company'. The functional background of the managing director was generally considered an influence as GF stated:

It [the business] would actually be driven more by non-financial indicators and again that is because we have an MD who is from the engineering side and who is not a financial...who doesn't like financial indicators really.

In one firm, in contrast to most, the FM had a strong decision making role in management and one OM suggested that the FM should ensure OMs were involved in all decisions. The head of the finance function or the general perceived approach of

the finance function was perceived as a significant influence on the roles of MAs as OMs noted:

Different management styles have a huge influence like as I said the dictatorial style [of the former financial controller] didn't seem to work with anyone I saw in there. But the innovative style and the openness and go on have a stab at it, that works [AO1].

Director of finance mandates, forces involvement, could box the department, not here. Now working closely, partnership approach [BO2].

DF noted an 'expectation' that the MA 'does not just sit at the desk' but is 'going to meetings, problem solving', while having to 'go through finance director, depends on level'. DF explained that the: 'finance director, 50% away from desk, management accountant, 20%'. Further, there tended to be a matching of the management level of the FMs and the OMs in terms of interaction. In many firms operating directors generally liaised with finance directors, senior OMs generally liaised with financial controllers, while MAs were generally perceived as interacting with OMs. DO remarked that: 'the management accountant is operational and the financial controller is strategic' [DO].

5.2.2.6 Business nature and circumstances

The current status of the business was perceived as influencing the roles of MAs e.g., some of the events occurring in the participating companies during the research included major business expansion, business ownership transfer, a major business start-up phase, and public floatation as GF remarked: 'it all depends on what is going on. At this moment in time we are in the middle of fundraising so at this moment in time...that would take most of my time now'. In Company N, a change of ownership had taken place since the initial interview with the financial controller and the subsequent interview with the OM. The OM, who was the former managing director of the company, had at the time of the interview, just commenced operating in a consulting capacity reporting to the new management team. NO commented how the MA was pivotal in the business circumstances:

...in most cases when I was away, she was in charge. But she had also a very strong influence on the organisation because she was forced to have, purely because we were so cash strapped.

The impact of circumstances relates to on-going variability in activities associated with the roles of MAs (see section 5.3.2) and although some of these circumstances appeared to have a one-off quality, there was a sense that responding to changing circumstances was an on-going influence on the roles of MAs. Some of the smaller firms commented on the positive influence of a non-executive director on the nature of the firm's accounting function. Further, the nature of the business in terms of its complexity (e.g., multiple and different products) and its primary function (e.g., manufacturing, sales) dictated an influence on the roles of MAs.

5.2.2.7 Location

The location of accountants was largely perceived as not of much concern to many OMs due to the existing physical proximity of MAs to OMs, the MAs having an approachable open-door policy, and the ease of technological communication. DO explained:

Location doesn't make much difference to me because they're always accessible, they have an open plan office, so it's straight forward to talk to them [DO].

In contrast, in Company L the finance function was located in a different building and the OM commented that the FM 'may as well be in Dublin [considerable distance from location] in some respects as in a different building, we don't necessarily interact' [LO]. However, this was the exception rather than the rule. One OM commented that, whatever the physical location of MAs, MAs need to interact with OMs out in the business operations:

I think they do need to be seen to be out in the bushes as it were. Certainly, on occasions, on a regular basis, should not be in an oval office type situation. That is important [AO2].

Managers recognised that the existing physical office infrastructure had to be accepted as it was.

5.2.2.8 Performance management systems

The performance management systems which included budgeted organisational targets were perceived as influencing the roles of MAs in determining a focus on key business drivers or indicators. In all companies the annual budget was the primary organisational target, with varying degrees of flexibility in its use i.e., less flexibility in MNE subsidiaries than in independent firms. HF remarked that ‘we have a very aggressive budget set every year, we cannot, we have very little scope in improving’ [HF]. This reflected the extent that MAs were involved in the design, production, and monitoring of such systems, as IO remarked that ‘that shapes their lives’. There was a common theme of coming in on budget and this influenced the interaction between MAs and OMs, and sometimes created a tension between group and local managers’ requirements. Performance management systems were also evident as impacting on the roles of MAs at the individual level through individual goals and objectives that typically linked into annual performance reviews.

5.2.3 Individual antecedents

Managers generally identified individual-level antecedents as the MAs themselves. MAs as antecedents to their own roles related to the extent that MAs had some influence over their own roles. These findings are presented under the categories of the orientation of the MA and the background of the MA.

5.2.3.1 Orientation

Many of the FMs and OMs noted that the type of individual in the role, in terms of attitude, approachability, self-drive, and personality could largely shape the actual role itself in the organisation. Managers referred to ‘how they interpret their role’ [DO], a ‘mentality’ [KF], the role as ‘individual-based’ [LO], or as GF stated: ‘it’s up to them to actually make a role’. One FM regarded the finance function as ‘pretty much self-driven’ [PF]. HO suggested that ‘you have got to be hungry for this kind of stuff’ [HO]. EO suggested that MAs tend to have an orientation towards one of two role types:

...the one thing I would see influencing it is the individual’s strengths in terms of whether or not their tendency is more towards accounting or whether their tendency is more towards the business management, business partnering side of things.

In Company H the finance director remarked that he had a MA and a financial accountant reporting to him and due to ‘personality and focus’ differences, ‘if I flip the roles, both would not survive in the business more than six months. I’d be replacing both of them’ [HF].

5.2.3.2 Background

The general perception was that the educational and career background of MAs had an influence on their current roles. Although previous experience was valued, it was noted that it did not have to be in the same industry, as BF commented that he was ‘not too concerned about business knowledge, bright 22 year old, hire, will know it quickly’. Regarding perceptions of professional qualifications, there was generally a high regard attributed to the CIMA qualification. The FM of Company H commented that he employed three CIMA qualified staff and stated that ‘I’ve come through a totally different route, I’m Chartered. It is totally the wrong route to come into manufacturing’. Also, three of the 18 OMs interviewed were CIMA qualified MAs.

5.2.4 Summary of antecedents

This section has presented a range of antecedents to the roles of MAs which relate to external factors and internal factors including both organisational and individual factors with further antecedents presented within these categories. The antecedents identified by interviewees were not perceived as discrete but more varied and sometimes simultaneously pressing. Further, one FM noted that role influences may be unexpected, as ‘sometimes you could come in and say I’m going to do X, Y and Z now today and that’s the day all hell breaks lose’ [JF]. Interviewees were asked to identify what influenced the roles of MAs the most, and many responded that management and the MA themselves were the strongest influences. Other managers that commented typically suggested that it was a combination of influences as previously discussed and one FM and one OM mentioned SOX. Head office was also noted specifically by one FM. The findings on the antecedents to the roles of MAs are analysed in the discussion chapter in sections 7.2 and 7.3. Having presented the antecedents to the role of MAs, the following section presents the findings regarding characteristics relating to the roles of MAs.

5.3 Characteristics associated with the roles of MAs

The findings on the characteristics of the roles of MAs are categorised as individual characteristics, activity characteristics, and information characteristics. Within each of these categories of characteristics further sub-themes are presented following from the data analysis.

5.3.1 Individual characteristics

A number of individual characteristics were identified by the interviewees and the major characteristics included business knowledge, interpersonal and communication skills, IT skills, flexibility, personal qualities, technical skills, monitoring skills, and organisational influence.

5.3.1.1 Business knowledge

Both FMs and OMs portrayed a very similar view of the desired characteristics of the roles of MAs. A recurring characteristic identified included possessing an in-depth understanding of the business as HO noted: ‘internally in the business, externally in the environment’. DO gave an indication of the knowledge required by suggesting that ‘they should be able to bring down anybody to the shop floor and give them a comprehensive shop floor tour’ and stated that:

I would like them to know a lot, a lot more about the process and to understand it fully and to get involved as opposed to, you know what I mean, to be up in the finance office and you come down on the factory floor once a year.

However, OMs emphasised the need for a broad understanding of the business as opposed to understanding ‘the ins and outs of every nut and bolt’ [KO]. CO prioritised ‘business acumen first, financial management second’ and FMs and OMs gave an indication of the importance attached to business knowledge by describing it as ‘vital’ [JO], ‘absolutely key’ [NO], ‘essential’ [GO], and ‘fundamental’ [LF]. Business knowledge was noted as taking time to acquire and giving MAs a better understanding of, and ability to explain, performance information. There was some evidence that MAs lacked business knowledge as DO and GO observed that MAs ought to know why variances arose.

5.3.1.2 Interpersonal and communication skills

OMs and FMs stressed the criticality of strong interpersonal and communication skills for the roles of MAs. DF noted that accountants ‘don’t like going to meetings, prefer one to one, or informal meetings’ and EO remarked that ‘I think it needs more people skills than sometimes accountants would typically be known for’. BF2 identified that ‘being able to communicate on a number of levels’ as important, be it in oral or written form to ‘get [the] message across, what is driving numbers so management can understand’. DF noted that ‘the look of presentations is as important as the content’. Being a member of a team (e.g., cross-functional, management, project) was a recurring theme in the interviews as GF commented: ‘I’m part of the management decision-making team’. It was also suggested that being a team player was now a characteristic required of individuals across the entire organisation and not just for MAs. LO noted that ‘often there is a perception that accountants are serious, and if they could spend a little bit of time...integrating a bit more with the other functions’.

5.3.1.3 IT skills

Most managers perceived the MAs as playing an important role in developing the IT systems within their respective organisations. ‘Knowledge of IT systems’ as BF1 remarked was perceived as important. GF added that ‘management accountants need to understand the systems, what they can do, what information is in there’. It was apparent that the finance function worked closely with the IT function in most firms, and finance played leading roles in IT projects.

5.3.1.4 Flexibility

Flexibility was identified as an important characteristic by both FMs and OMs. The FM and OM in Company O had opposite perceptions on flexibility, as OF remarked that ‘I am probably viewed as being too flexible’, while OO remarked that ‘they would be flexible to a certain degree not so much maybe as the others but they...they could be a bit more flexible’. OMs had varying views on flexibility regarding accountants in their organisations. DO remarked that ‘how they do them [reports] and how to do it quicker and better, they are flexible to change’, while other OMs observed less flexibility:

I don't think...it is a feature of financial people or financial accountants as much as anything else. There is a style in the individual that makes them want to do different things and be flexible to change [HO].

...you find the finance people might not be very flexible, a few of them [PO].

Similarly, the need for open-mindedness was recognised by FMs and OMs, as OO commented: 'to be open to things that you might not normally consider'. Inflexibility was also perceived by OMs with respect to budgets as PO noted:

The accountants tend to be pretty rigid from what I've had from my experience. They can be. It might be a perception that the money is coming out of their own pocket, which it's not really. They can hold on to stuff. You definitely have to have a certain flexibility.

In regard to strategic decisions, some managers mentioned the need to be flexible with regard to the strict adherence to only financial considerations, as GF commented 'for strategic reasons you will make...you will actually manufacture loss makers'. AO2 similarly supported this by noting that MAs should accommodate other non-accounting factors in decision processes. The findings also indicate that MAs should not be overly bound by previous routines or experiences:

Accountants tend to accept the way it's done rather than questioning because that's the way they learnt how to do it, that would be my greatest criticism [AO1].

The FM of Company H commented that 'anyone who is trying to do as we've always done can be pushed aside relatively quickly within the organisation'.

5.3.1.5 Personal qualities

A number of FMs and OMs commented on the type of person that would suit performing the roles of MAs. One major dimension noted was having the personal qualities that facilitated on-going interaction between MAs and OMs. This included the interpersonal and communication skills, as noted in section 5.3.1.2, 'being accessible, efficient, willing to fight the corner, not being dogmatic about it' [MF], and

to ‘have a good mix of aggression and politeness, to bring things home, just to make sure that they get things done’ [LF]. AO1 repeatedly emphasised:

...it’s a huge people role, it’s a huge people role. If you don’t get on with people, if you can’t drive people, if you’re not forceful enough, it can really affect the role, the role would just die.

One FM relayed a recent experience of a MA who had now left the organisation: ‘people didn’t know who he was or if you said such and such a person is gone, “who is he? Now I don’t remember him”’ [IF].

There was a perception that MAs should use initiative and be proactive in their roles. BF1 noted that the roles had become more ‘technology management’ and ‘proactive’. Proactiveness in the roles of MAs was mentioned by three FMs and six OMs. CF described it as:

...very much proactive, more so than the reactive in financial where you’re always minding your actuals, too late to do anything about it [CF].

CF elaborated:

...to be able to go and tackle issues, proactive you know, don’t rely on, you know, somebody to spot something in the US or your own financial controller [CF].

PF described his own role as ‘very, very proactive here, I wouldn’t quite say in their face but I sometimes get told to push back...this is my area even though I am throwing ideas and things like that at people’. FO stated: ‘must be proactive, really impresses me, shows initiative, demonstrates it’ and HO remarked that MAs in Company H were ‘highly proactive individuals’. LO sought more proactiveness in the roles of MAs as ‘offering support: is there anything you need me to do?’. DF stressed the ‘ability to be able to use your own initiative’ as an important characteristic for MAs.

5.3.1.6 Technical skills

The technical aspects to the accounting role were noted by interviewees as essential but taken as a 'given' or as KO remarked: 'as it says on the tin'. BF noted that the 'devil is in the detail with cost accounting' [BF2]. FMs generally remarked that technical skills were not an issue and such skills while essential played a secondary role to some of the more people oriented skills required in team environments.

5.3.1.7 Monitoring skills

General desirable characteristics of MAs associated with effective control included being 'very organised and systematic' and 'disciplined' [AF2], being 'gatekeepers and advisors in matters of control' [BF1], up-to-date with regulatory requirements, paying 'attention to detail' and having a 'very good technical knowledge of what is going on in industry' [FF]. JF noted that one needed 'a strong personality' with 'your own opinion on things' [JF] and DF warned: 'don't adopt a stand off approach, constant involvement' [DF]. JO recognised the need for MAs to exert control influence as needed but to do so in a reasonable way:

Just firm but fair, if people are out of line as regards the group or the group financial policies, they need to be reined in, but without being dictatorial.

Within certain firms, some FMs perceived themselves as playing a large control role as OF commented 'part of my role is that I am guardian and watchdog to the financial accounts'. Similarly, LF remarked that MAs need:

a clear and consistent view of the business, what's important within the business, whatever metrics that are important for managing the business...so we don't feed people lots of contradictory stimuli.

While the need for independence and objectivity was perceived as important by FMs and OMs, the effectiveness of the control was viewed by some OMs as greater when the controller possessed a sound knowledge of the business:

Understand the process, know the business, know the business. I know there's a common set of [control] principles per se but it's how you apply those principles, and interpret the rules specific to this

organisation or any industry. That's why I go back to business person first, accountant second almost [CO].

AO2 added that 'I think the ability to be able to outline and identify procedures which are workable in the day to day operation and are capable of being implemented'. OMs generally perceived accountants as having strong monitoring skills.

5.3.1.8 Organisational influence

It was apparent from the interviews that the finance function's role in the firm was perceived as being either very influential, of equal standing to other functions or not very influential with other functions taking the lead. Perceptions of the finance function's influence varied from 'disproportionate' [HF], 'dysfunctional' [LO] to being secondary to the sales and marketing functions. OO commented that 'they would have a very big role in the company in that it has often been said that the company is run by accountants so it would be very cost conscious, which is not a bad thing either'. In one firm that had effectively been rescued, the former managing director (NO) noted that NF had exerted a very strong influence on the company which was necessitated by a liquidity crisis. Some interviewees, for example in large pharmaceutical and IT firms, commented on how the profile of the finance function had risen with a strong cost focus in the business due to increased competitiveness and comparatively weaker company performance relative to former years.

In summary the findings on individual characteristics show that FMs and OMs placed strong emphasis on business knowledge, interpersonal skills and communication skills, flexibility, using initiative, and having a strong character complemented by personal qualities for effective interaction. IT and technical skills were perceived as necessary and interviewees did not perceive any difficulties with these characteristics. OMs observed scope for MAs to interact more in business operations and enhance their business knowledge, flexibility, and initiative.

5.3.2 Activity characteristics

The findings present an extensive range of activities in which MAs engage. As some FMs put it: 'doing everything' [AF]; 'basically into everything' [PF]; 'in general, it's very much jack of all trades' [CF]; and 'after month end, three days, no set routine' [DF]. One OM remarked on the roles being 'a fairly broad brush' [KO]. Typical

activities described included: information provision, interpreter, and decision supporter; periodic performance reporting and planning; project assignments, ad hoc analyses; administration; use of techniques; and educating OMs. These are now discussed in turn.

5.3.2.1 Information provider, interpreter, and decision supporter

There was a unanimous perception that information provision and interpretation were quintessential characteristics of the roles of MAs; a ‘reservoir of knowledge’ is how BO1 referred to the MA and CO commented that ‘they are a huge source of information, management information’. Decision making was described as either in the context of being a part of a decision making team and process, or in a supportive, ‘advising’ capacity or rarely, not at all. The views of FMs were generally along the lines of ‘a partner and an influencer probably more so’ [AF1] or ‘not so much a decision maker in the end’ [LF]. One FM stated clearly that OMs ‘don’t view me as a partner...don’t make decisions in their functions’ [DF]. A much stronger role was generally perceived in information provision and interpretation than decision partnering. The views of OMs similarly suggested a less than full decision partnership: ‘support function’ [CO], ‘not so much decision makers, but recommenders’ [AO1], ‘suggest-ors’ [HO] and; ‘part of the management that who took the plant decisions’ [NO]. LO explained:

They should be providing information, they have to do that anyway. They should interpret it in a logical way. Not a decision maker in other functional areas. They interpret it and provide you with good raw data, and then you should be the one to make the decision [LO].

Analogies were used to describe accounting roles which included a ‘linesman’ [NO] with the managing director as referee and sales and production competing or as ‘the referee, he keeps the score’ [LO]. Similarly, OF remarked about finance’s ‘consolatory work’ between sales and production functions.

Further, as EF noted, a MA could be any of the three, or a combination thereof, depending on who the MA is working with; that is ‘you might be information provider for the MD plus an interpreter but you would not be a decision maker’ [EF].

The notion of the management accounting function as a ‘service’ to other functions was raised by a number of managers:

...very much a service, we are there as their partner to help them to do better and at the end of the day it is the one company so us all doing better is better for every one so that is how I see it absolutely [IF].

Some FMs referred to the roles of MAs as an ‘aid’ and ‘guide’ to management in providing expertise to manage performance and assist the achievement of objectives. The position of MAs in the organisational structure typically reflected the magnitude and strategic nature of business involvement; thus, finance directors and financial controllers were perceived as more involved than junior MAs in strategic activities. Senior FMs typically had MAs reporting into them who had responsibilities that included producing the accounts, highlighting issues, and liaising with other managers. One finance director remarked that ‘there are not many life threatening decisions that the management accountant would make in the organisation’ [HF], and another similarly stated that ‘I would be the decision maker and they [MAs] would be the providers’ [FF]. This links to the influence of FMs as a part of management in the antecedents (see section 5.2.2.5). HO however noted that it was not just the FM getting involved at the strategic level, but also, increasingly, the MA:

Primarily on day to day stuff the financial department would be more or less involved in. In terms of our strategic position obviously the FD and of course the...the business analyst is becoming more and more influential in...because we involve him [in] an awful lot more things [HO].

The extent of involvement was perceived by OMs as generally satisfactory regarding MAs in more senior positions. Involvement levels were referred to as ‘good’ [AO2], ‘always available’ [GO] or specific in terms of certain accounting roles (e.g., the FD and business analyst in Company H). However, FMs and OMs sought greater involvement:

They should be more involved I’d say in decisions like I would think that commercial decisions are almost made outside of the realm of the management accountants. They should be involved more in those decisions than they currently are [AO1].

Could be better, they (decisions) get to a level before finance hear about them [BF1].

MAs were generally not perceived as the final decision makers in organisation functions, although they could influence such decisions. A distinction was also made by some interviewees between decisions that were finance-related and those that were more commercial or non-finance related with MAs playing a stronger role in the finance-related decisions.

5.3.2.2 Periodic performance reporting and planning

The periodic preparation of planning and forecast information and regular performance reviews was a constantly recurring activity identified by FMs and OMs. As mentioned earlier (see section 5.2.2.8), most firms were very budget oriented and although planning on a number of time horizons, the focus was generally the current budget year. Furthermore these review activities enabled the MA to gain an organisational perspective on performance, one that was perhaps not apparent elsewhere. OMs commented on the MA having ‘the big picture as a site’ [BO2] and they ‘have the figure on the pulse of site-wide operations’ [CO]. One FM remarked that finance was like the ‘hub’ with information flowing in and then back out again. Emphasis was placed more on the application of the management accounts to the business, than their production as such:

I think the role of the management accountant or business analyst is now to take that data and say what does it really mean to the business, where are we against our targets, where are we against our plans and I think that is the role that the guys are actually pushed into, interpreting the data, and control is critical. But I think his role is certainly interpreting data and looking at opportunities and what from there out. But it is certainly no longer number crunching, those days are gone [HF].

Even in using the term ‘number crunching’ when referring to 60% of the roles of MAs, the FM in Company L explained that ‘with modern computer systems that doesn’t happen anymore’ and the ‘crunching’ as such represented high level analysis with information from different sources i.e., ‘it’s all brainy stuff’ [LF] or as KO remarked, crunching ‘in a business sense’.

5.3.2.3 Project assignments

Half of the FMs interviewed specifically attributed project work to the roles of MAs. IF remarked that ‘I would say that they are pretty much involved certainly in any of the big projects that are going on at the moment they are very much involved in, we are there as an equal person on the team’ [IF]. The types of projects that accountants were associated with included a major IT deployment (e.g., ERP implementation), division closures, BSC development, capital projects, relocation decisions, and waste reduction initiatives. Projects were generally viewed as mechanisms for accountants to ‘get out a little bit more’ [HF]. Some OMs indicated potential difficulties around the participation of MAs in projects:

And there would be a perception that when they [accountants] do say that they want to get involved, then it’s more to be a big brother watching, than actually saying I want to add value to the project because I have particular skills that I can bring to the party [HO].

Thus, projects were activities identified with much cross-functional interaction but they had consequences (see section 5.4.3) depending on the interaction as PO remarked that MAs may be perceived as interfering e.g., ‘by putting the spotlight on production, you’re saying something is wrong’.

5.3.2.4 Ad hoc analyses

FMs made reference to various ad hoc financial analyses, including ‘what-if’ scenarios and ‘cost benefit analyses’ [BO1] that were conducted to support decision making. OMs suggested MAs should play strong roles here, and there was some evidence that this was occurring:

...they have gone off and analysed some of the competitor prices we have gotten for them and shown them to the business here saying, well if competitor A can do product “X” for that much, why is it costing us 20% more [LO]?

...we try to work out their cost model against our cost model so, a lot of that can be good work and it’s very valuable [DO].

CF commented that the MAs were central in providing ‘what-if scenarios’ and perceived it as ‘an aid to your senior management and being able to bring expertise from a financial background but also from an operations background’.

5.3.2.5 Administration

Some FMs and OM s perceived the roles of MAs as comprising administrative activities as BF2 commented: ‘level of administration is significant’ [BF2]. Increased corporate reporting (see section 5.2.1.1) and governance regulation (see section 5.2.1.3) appeared to have increased the administration burden on many firms, particularly US multinational subsidiaries. Even in firms where governance and corporate requirements were not perceived as having much influence on the roles of MAs, there was still a perception of MAs engaging in administrative tasks:

You wouldn’t need the accountant in a controlling role at all, more a management role would be better and that’s the problem, they’re too much involved in day to day, sorting out administration, and getting that up and running and corrected [AO1].

Further, as one OM, who formally worked as a MA in the finance function noted that ‘there is life outside finance’ and recalled when he worked there ‘you didn’t realise you were making a million [products] a month underneath you in the factory floor’ [DO]. Similarly, another OM suggested that MAs had a disposition towards the detail:

I suppose to be frank they don’t offer support and they don’t say I’ve done it that way, do you want me to look at it another way or what do you think of that? What do you think of this? They probably then go off and get too consumed in the detail in say the tactical side of things [LO].

FMs were generally aware of the administrative demands placed on them and were keen to reduce them.

5.3.2.6 Use of techniques

Regarding the use of modern management accounting techniques they were, in the main, not implemented as, for example, only two organisations were planning on implementing a BSC system. Despite many companies having financial and non-financial measures, often as KPIs, these were described as ‘multi-measures, non-

financial indicators used, no balanced scorecard as such' [BF1] and 'we haven't got into the balanced scorecard, mainly kind of performance indicators....non-financial and financial [FF]. One company appeared to have activity-based costing (ABC) in one small department only and another firm had ABC 'in a way' [HO].

Traditional techniques such as budgeting, standard costing, variance analysis, and job costing tended to dominate in most firms. OMs were critical of particular forms of traditional management accounting techniques, particularly budgets. Many weaknesses were identified by FMs and OMs across the different firms. These included: poor follow-up or action following budgetary performance reviews, 'results management' [EF], the budget becoming meaningless in the changing circumstances, being 'haphazard' [KO], no 'contingencies' [LO] being incorporated, and a discouraging budgetary approval process that was as HO remarked 'not worth my while doing'. JO indicated how budgetary information became obsolete:

It's probably one of the most, one of the toughest industries to make a budget for because there are so many variables. The annual budget in a [product] plant will probably disintegrate after six weeks.

Regarding the production budget, the factory manager in Company I commented that: 'I would change our budgeting procedure; that needs radical change' [IO]. Planning systems were heavily criticised in some firms as inaccurate, too simplistic or as IO stated: 'these are of no assistance to production, none'.

5.3.2.7 Educating OMs

Some OMs commented that they were comfortable with much of the performance terminology used in their respective businesses. FMs noted how the 'accounts have been tailored to suit' [MF] and also by aiming to 'neutralise the terminology' [PF] the accounts were more accessible. BO2 did however comment that accounting terms were 'hard to understand'. As managers typically had budgetary ownership, they had become more familiar with the terminology as IO commented: 'most factory managers are fairly tuned into it'. There were some opportunities, however:

...managers don't understand how they are impacting on numbers, how their actions are affecting results [GF].

There would be a constant battle for the financial controller to educate people to use the systems more, rather than work with pen and paper. Solve a great thing [JO].

In Company L, there appeared to be some reluctance about the sharing of management accounting information which was apparent from the comments by the FM and OM:

...maybe...the less they know the better. You don't want too many pseudo-accountants floating around the place but no I think it is important that the management accountant has got some confidence in people they are dealing with [LF].

So there is a little bit of mystique there that finance doesn't really want to let us into because we might start to argue with them about how costs are apportioned [LO].

However, in general a number of OMs commented that they had little difficulty understanding terminology particularly the language used for the key performance criteria of the business.

In summary, many of the MA activities identified were those that necessitated MAs closely interacting with other OMs on business wide issues. These activities included information interpretation and decision support, performance reporting and planning, project assignments, ad hoc analyses, and educating OMs. MAs interacted less with OMs around some reporting, regulatory, and administrative activities. The next section examines the findings regarding management accounting information in respect of the roles of MAs.

5.3.3 Information characteristics

This section in many ways elaborates on the activity characteristics associated with the roles of MAs identified above in the sections relating to information provider, interpreter, and decision supporter (see section 5.3.2.1), periodic performance reporting and planning (see section 5.3.2.2), and by presenting the findings specifically on the information characteristics that form part of these activities. This section presents findings on attributes of information sought by managers, meeting the

information needs of managers, managers' use (non-use) of accounting information, and management accounting information challenges.

5.3.3.1 Attributes of information sought by OMs

Managers described the need for timely, accurate, relevant, understandable and concise information. Generally, most FMs emphasised the need for accuracy and timeliness, while some OMs included the same characteristics, they also mentioned the need for management accounting information to be understandable and concise. The urgency of management accounting information was perceived amongst OMs in their willingness to accept a trade off between the timing of information provision and its absolute nth degree of accuracy:

...and that information [key monthly drivers], to get it as quick as possible is the key. Whether it is 95% right, or 50% right, or 80% right, it is an indication that something has gone right or wrong. So quick information is key from a financial control point of view, for us anyway [FF].

Notwithstanding the urgency attached to information, 'confidence in the figures' [FF] was perceived as very critical as KF remarked that providing incorrect information 'jeopardises the whole [finance] department'.

5.3.3.2 Meeting the information needs of OMs

Sometimes it was apparent that managers may be unsure of what information they are seeking, as GF used the analogy of managers asking for a 'biro' when in fact an erasable 'pencil' was more appropriate and thus 'it is understanding what they are going to use the information for' [GF]. Both sets of managers generally expressed a desire to make more use of management accounting information:

I think we have as much information as we need. In fact we don't use all of the information that we have. And that is the issue, the sales people and other people don't use that information fully, so we don't exploit the amount of information that we have [AO2].

Somewhat contradictory to this, one OM noted how the removal of detailed management accounting information (and the removal of an actual person's

accounting role in furnishing that information) had not been as detrimental as anticipated when critical indicators had been provided instead:

Of course you are worse off without having that information but when we measure ourselves against the key performance indicators in the plant, I am not sure whether that is having a major impact on it all. As a matter of fact I know it is not having a major impact [HO].

The provision of management accounting information in firms was typically characterised as occurring formally in monthly and, to a lesser extent, in weekly cycles with on-going 'ad-hoc' information provision in response to managerial requirements. More frequent reporting was linked to creating the monthly picture:

If you produce a good set of weekly accounts that you are happy enough with, it's the cornerstone of a good set of monthly accounts [JF].

NO also identified how information flows could vary depending on the particular focus at a point in time

5.3.3.3 OMs' use (non-use) of accounting information

FMs were sometimes unsure as to how managers used management accounting information that was provided to them or that they paid more or less attention to it:

It is hard to know what they do with them because, basically all they are interested in is making sure that they have created a profit for the month and if they didn't why not, and turn it around for the following month [MF].

So like the more progressive and the good ones [managers] are continually looking for information in different ways or different cuts or whatever. The other ones probably wouldn't...like...they might leave the accounts that you send them in an envelope until, Oh she's coming now and I'd better have a look at them [AF1].

Sometimes it was observed that OMs were accessing information directly themselves and therefore were aware of what management accounting information was going to be presented in reports later:

I don't have to wait for monthly management reports, I can see it in real time [CO].

I could take numbers, put them into a system, add them up and get a result with relative ease [HO].

I often check that the finance pack reflects what I think I know, so, just to make a sanity check [DO].

These comments clearly indicate some redundancy in management accounting information provision. One FM referred to management accounting information as 'the concrete to the business it is driving, so it becomes boring' [FF] and one OM described it as 'pretty mundane but pretty necessary' [IO]. While it was sometimes used as 'a post mortem' [JO] it was also viewed as being a part of performance review processes that moved from the historical analysis to forward planning. JO explained the process in the context of a board meeting:

...when we have our board meetings where obviously the management accounts would be used. Based on what's there, and based on the prospects, and based on the nose and the feel for the thing at the time. I mean...you can, in all this, you can write a book on what you think is going to happen in six months time and justify everything and present it to the board. At the end of the day, it comes down to maybe three or four guys on the board making a decision, having a hunch, having the 'nose' or whatever it's called. They would have gone through all the financial data, you have to achieve that I suppose. To a degree it is a 'nose' job, as I call it [JO].

Managers' comments indicated a variety of uses of management accounting information:

I suppose the ad hoc information is used for decision making. The more formal information is used as purely historical and then from the historical then used to drive what do we have to do which then becomes more of an ad hoc...then make the decisions going forward [NF].

...it's first of all to get a picture of where we are at a point in time, would be the main one. To get a picture of where we have our major deficiencies and I suppose to come up with actions then to come around that [AF1].

Control in the first instance, device to measure, achieving objectives, control device [FO].

OMs did remark that they tend not to examine much of the contents of the management accounts but focus more on the bottom line and pay most attention to the part most relevant to their respective function as GO commented ‘we probably glaze over it’.

5.3.3.4 Management accounting information challenges

Some information provision and support opportunities were identified particularly by OMs for the roles of MAs. These included a better explanation of accounting information provided and it was also noted that it would be helpful to have MAs providing more future-based cost analysis for example:

...if I wanted to see in advance what it is going to cost me in labour next month, you haven't a hope in hell of it, not a hope in hell. If I could see in advance, what is left, that would be useful [IO].

Many OMs stressed the importance of supporting the ‘user’ in the reporting of management accounting information and that MAs should have this in mind. While many managers observed the use of non-financial measures as well as financial there seemed more scope for MAs to move more towards the former:

There needs to be a lot more focus on non-financial indicators because they all fall through to the financial results [AO2].

OMs also identified information that they were not receiving which might assist them in their roles:

Maybe some external market information [JO].

...maybe some amount of activity-based type costing where you identify value-adding activities or non-adding value and that you can identify those and sometimes in the standard accounting procedure that we have, we cannot see that [AO2].

As noted in section 5.3.2.6, much of the management accounting information provided to managers utilised traditional management accounting techniques and managers were, as noted, critical of these but managers' comments also reflected a need to consider alternative systems. A number of OMs and FMs expressed interest in alternative systems but were generally unaware of the possibilities. IO unknowingly remarked that 'maybe there are friendlier systems out there' and HO stated that 'nobody comes in here and says this is a wonderful package'.

In concluding this section on information characteristics, the findings on information characteristics indicate a range of criteria that are perceived as important in the provision of management accounting information and show that there are some aspects to management accounting information that managers seek to have addressed.

5.3.4 Summary of characteristics

This section on characteristics has presented characteristics relating to the roles of MAs under the headings of individual characteristics, activity characteristics, and information characteristics. The findings indicate both a broad range of individual characteristics and activities associated with the roles of MAs. The findings on information characteristics indicate a range of criteria that are perceived as important in the provision of management accounting information, and show that there are some dimensions to management accounting information that OMs would like addressed. Both FMs and OMs were asked to identify the characteristic(s) most important to the roles of MAs. FMs generally identified having communication, interpersonal, and team skills, having a solid understanding of the business, being involved with managers or these collectively. OMs similarly generally identified these traits but tended to emphasise these more broadly in the context of being integrated into the running of business operations, and also added being flexible and innovative. The findings also show using initiative and strength of character with complementing personal qualities in interacting with OMs as important. The findings on the characteristics associated with the roles of MAs are analysed in the discussion chapter in section 7.4. Having presented the characteristics of the roles of MAs, the following section presents consequences associated with these roles.

5.4 Consequences associated with the roles of MAs

The findings for the consequences of the roles of MAs are presented under the theme headings of influencing performance, information impact, and role interface. Further sub-themes of consequences are presented beneath each of these headings.

5.4.1 Influencing Performance

The findings present a largely positive picture regarding the consequences of the roles of MAs relating to their involvement in supporting business performance. The consequences identified varied among respondents but included the making of better business decisions, improved planning and control, and more business-informed MAs.

5.4.1.1 Decision making and performance

Some FMs commented on how involvement facilitated ‘problem-solving’ [PF]. Some managers linked the interaction to assisting the firm’s growth and improved company performance. GF remarked that ‘managers have more information and make better decisions’. The involvement of MAs was also linked to company expansion:

I suppose it helps the company grow. If they are involved in that they know where, if they are more involved in sales and they know that we’re going for big contracts or something like that, they know that later down the line you’ll have to allocate more resources to...it will affect head count because you’ll have to hire people to make that product, it will affect inventory because you’ll have to keep raw materials [PO].

HF noted ‘how can we improve performance, finance is really a kind of supporter and a partner in that role’. CO recognised different aspects to the roles of MAs but specifically linked interacting with MAs to performance in his function:

...very much as a support function. There’s obviously the fiduciary piece that goes with the function but if you look at the management accounting piece in terms of producing monthly accounts or cost centre spend analysis reports or whatever, very much as a support function to me and my group in terms of helping us do our job. Rather than big brother, big stick type approach, it’s very much a collaborative role.

CO emphasised that interacting with MAs could enhance ‘productivity, and results from a collaborative understanding perspective rather than a control perspective’. IO noted that it was ‘worse if they [accountants] are out in the cold’ and ‘better decisions would be made if they were more involved as I say they would have the benefit of looking at the figures but also of understanding the project, the product or the process’. LO identified the decision making consequences of the business knowledge of MAs when stating that ‘the more you understand the business the better it assists to make the right decisions’. LO noted:

I’m not sure how accountants view themselves, in terms of what they see the role as but, the more you integrate, the more you get involved with each other, and each managerial function, the better it is for the business. People are often guarded about their area.

KO remarked that the accountant ‘would have a way of tackling the situation that maybe I won’t think of’ and MO noted that ‘they have made management more aware of what they should be looking at which...they have...not taking it from day to day but looking further ahead’.

5.4.1.2 Planning and control

Increased dissemination of management information was perceived by CO as resulting in less reason for control.

...if we can be part of a team and the information can be disseminated out then there’s less reason for control provided it’s not abused or anything like that.

The consequence of interaction for the roles of MAs was that control was perceived as easier or more effective as a result i.e., as FF noted: ‘I would say that the more they are involved the more control there is, because the more knowledge he has of the business’. AO2 noted that:

...the implementation of what they set out as controlling, control measures etcetera is how well they interact with the team, depends on how well they interact with the team and their input to decisions then kind of comes with that, part and parcel of being part of that team.

AO2 further noted that 'if there was no financial control input at the table' then 'people might tend to play down or ignore the financial control aspect of the business so I think from that point of view it makes the whole management of it if you like more total or fuller'. PF observed a contrasting practice in the US head office to theirs which PF perceived as leading to less control:

...my attitude towards the whole finance function is totally different to the guys in the States and how they run it they literally have a finance team in a separate building away from the total company itself. They do not interact with the company and I would see that as they are not in control. They have no idea as to what is going on in the business itself.

A further consequence of the roles of MAs was that involvement, and particularly involvement early on in processes, has positive consequences from a control perspective. FMs noted that one consequence of being more involved was the earlier detection of problems as AF1 stated you 'understand more what's happening out at the grass roots level'. Similarly other FMs pointed to benefits of MAs being involved:

But being more involved with the manufacturing people, he is hearing there is problems here, problems there, you know, better idea ok that is the way the accounts should be shaping up, and that is what I should expect and when I see it, if it is not that way, what's happened? [FF]

JF commented that the consequences of the accountant interacting could be seen in business performance:

It is fair to say it has a huge affect on it [performance]. The fact that you're in there, you are in the thick of things, you know exactly what's happening and you're fully briefed and all that on all aspects of the business. Nothing happens or nothing has happened...nothing important has happened without you actually knowing about it [JF].

KF added that 'the level of involvement lets you see whether controls are needed'. AF1 remarked that 'you're actually in a much stronger position, well I know you can, so this, because I've seen X, Y, and Z or do you remember I went through that with you...so in that way it's probably easier'.

5.4.1.3 Business-informed MAs

Some perceived a mutual benefit in terms of the MAs gaining a greater understanding of the business and the OMs gaining from the financial expertise of the MA. Involvement was perceived as providing an understanding of ‘the motivation behind why people want to make certain changes or want to actually implement’ [NF] something. Essentially, the interaction provided an opportunity for MAs to gain a greater understanding and appreciation of the business operations as:

No point in you being kept in the dark about it, mushroom farming as they call it...you know how they grow mushrooms, you keep them in the dark and feed them [excrement] [JF]

KO stated that ‘they need an understanding of what makes it tick but again that comes from being involved’. Similarly LO observed that if MAs ‘spend time’ in ‘understanding how the commercial side of the business operates’ then ‘they would have a greater understanding of what’s involved’ and ‘if you can get that appreciation of other parts of the business then that allows them to do their job in a better way’.

5.4.2 Information impact

The findings indicate that the consequences of the roles of MAs included the quality of management accounting information, an appreciation of non-financial criteria for MAs, and assessing the quality of information.

5.4.2.1 Quality of management accounting information

The quality of the accounting information was related by respondents to the interaction between MAs and managers:

...we are talking to people and we can see what they want and we are actually giving them what they want rather than just giving them a whole page of figures, pick out what you want out of it, that’s giving you all the information...[IF].

...you actually provide better information because you understand what they are looking for or what the decision they are going to make is about. So I think in one sense you actually provide much better information because you are so involved in it [GF].

GF continued that ‘being so involved in the strategy and in the business decisions then you provide better information. I know myself that I have changed the way we would give our management accounts on a monthly basis so as to make it more relevant’. Similarly, NF remarked on the consequences for management accounting information from being more involved:

...it is considered to be more live and relevant than if it was just being produced as month accounts every month and left at that.

OMs noted a positive attitude towards management accounting information as a result of having interaction with the accountant. GO commented that ‘I think you are fairly likely to question it more and to actually ask where it came from’ with more interaction with the MAs. DO noted how having the interaction with the MA fostered a better approach to the information produced by MAs:

If you had your linkage with the accountant and you work with him daily or weekly...perhaps, you as a manager...“right, I’ve known the accountant that prepared this, he’s involved with me now, he’s taking some time to prepare this, I’ll go through it now in detail and see exactly where the areas of concern are”, or you know, I’d spend a bit of time at it. Whereas perhaps if you’re saying “That’s one of the pen pushers or the bean counters”, you might throw it into the waste paper basket, you might be tempted [DO].

If MA interaction was not present, negative consequences regarding information were perceived. JF commented that if the MA is not ‘in-there’ then ‘the horse is well past the post and in the meanwhile there’s more damage done’ [JF]. DO identified the limitations of providing management accounting information without its operational context:

So at times, you know if you’re trying to explain, he [the financial controller] can be asking tough questions without understanding the process fully, expects that...the business can be managed on a spreadsheet. Whereas if you work in operations, there’s many twists and turns that can happen that are far away from a spreadsheet.

AO1 noted that ‘there’s certain figures you might not understand and you might need a basis for’ and PO remarked that ‘it wouldn’t be as meaningful, so you do need the

accountant there to explain'. Thus, involvement was generally perceived as critically impacting on management accounting information by both FMs and OMs.

5.4.2.2 MAs' appreciation of non-financial criteria

The interaction gave MAs a sense of the wider organisational regard for non-financial criteria in decision making. GF noted that to 'realise that financial information is not the only criteria used to make a business decision and I think that would be one of the biggest ones [consequences]...sometimes it is more strategic why you to do something [GF]. AO2 noted:

...not to stop those decisions being made or be an obstacle to those decisions being made just because they do not satisfy pure accounting criteria. There are other criteria which have to attach to strategic type decisions.

There was also a sense that MAs appreciated that their roles were 'actually there to service a lot of the other functions' and 'being involved, I suppose sometimes you do realise why you have to come second place sometimes in the pecking order' [GF].

5.4.2.3 MAs can assess the quality of information

There was a perception that through MAs interacting with OMs, they were likely to be more adept at evaluating information. NF stated that MAs 'have to have an understanding of how the business works to know whether or not the information is good'. IO noted that MAs:

...need to understand what a project or what a product is about to make an informed decision rather than just basing it on how figures tot up.

CO observed the importance of having a mutual understanding and many interviewees recognised the mutual benefits accruing to MAs and OMs through interaction. CO stated that:

By having the finance function very clued in to the day to day operations of the site as much as the monthly reporting of the activities or whatever means they know where we are coming from.

IO noted that if:

...financial people can understand what is happening in the business, you have the benefit of their experience and how financially things will transpire, or should transpire.

FMs remarked how assessing the quality of information depended on the MA interacting in the business:

...figures, you don't get everything from the figures you don't see a true picture from the figures sometimes. You have to be out and about, you talk to people, you listen to peoples' problems and certainly from my point of view I have solved problems [PF].

...if an accountant is sitting in an office not going to general meetings or not going to...not inter-relating with factory people he won't know what to expect at the month...or why the information could be this way or that way or why the figures could be up or down [FF].

Thus, many FMs and OMs connected the MAs ability to assess the quality of information to their interacting in, and understanding of, the business.

5.4.3 Role interface

The relationship between FMs and OMs was perceived in the main as positive in regard to the interfacing that took place between them. The consequences of the roles of MAs included: enhanced relationships, role conflicts, potential to challenge managers, the likelihood of managers to present issues to MAs, and a need to sell the roles of MAs.

5.4.3.1 Enhanced relationships

FMs and OMs generally perceived that the various interactions between MAs and OMs had led to enhanced working relationships. IO remarked that the involvement 'would be positive, in general it is reasonably positive' and:

...they would be more involved in the business and it would make them better people within the company and probably assist us as well.

As a result of MAs interacting more with OMs, AF1 observed that it facilitated better relationships, which fostered more openness and it ‘probably helps the communication piece’. AF2 noted that ‘if you have a good relationship it helps’ as:

...if you build up a relationship with a manager then obviously the flow of the information, the better the relationship the better you can, like if you don’t know someone that well, it is harder to get them to change [AF2].

CO observed that interacting with MAs ‘would foster good working relationships’. Moreover, CO explained that it was ‘how you approach the role will determine how successful you will be at it and if you can adopt a customer relationship perspective’. JO observed that ‘it’s a very positive relationship’ and ‘it’s well respected’.

5.4.3.2 Role conflict: policing and partnering

A recurring theme was the extent to which conflict was a consequence of the existing roles of MAs. In general most managers recognised the potential for some role conflict in the MA being involved in business decision making processes, while also maintaining a required degree of independence as AO2 remarked that ‘being part of a team, a business team, there is a conflict, yes’. The conflict was seen as inevitable but as JO remarked ‘it is just a matter of gauging within your individual company the best fit of marrying them [being independent and being involved] both together’ [IO]. BF2 perceived a conflict but was clear on allegiances:

There are two hats, it is a challenge at times, no matter what we say or do in a decision making process our golden rule is we follow Company B standards [BF2].

NF perceived the potential for conflict but also the necessity for MAs to be involved in business decision making as a means of being more effective at control:

...well I know it is hard, it sounds like a contrary, a contradiction in terms but it is actually easier to be objective when you know what you are being objective about. It is very difficult to be objective about a business when you don’t know enough about it to know whether the information you’ve being given is the truth or not [NF].

Similarly, AO2 observed a link between having both business knowledge and objectiveness in the roles of MAs:

It just needs a full understanding of their own role and a full understanding of what other people around the table are trying to do which at times may be in conflict and you can only resolve that by using objective data and having a total understanding of the business. And it is only by being at the table that you will have a total understanding of the business [AO2].

One manager noted it was not a conflict but a 'balance' that needed to be managed:

...so it's to find the balance between supporters or partners in a process and maintaining some vigilance over the financial reporting of the company as well [CO].

In Company E, the organisational structure was such that potential role conflict was addressed by having separate roles for MA:

Those roles within Company E are separated. So you have the business partners who would be very much along the lines of partnering with the business, you know helping the business make decisions. And then you have the people who run the accounting services centres [EO].

When asked about whether splitting the roles addressed the conflict, EO and EF responded:

I think it does...vice presidents can put a lot of pressure on accountants to do certain things [EO].

At the end of the day the integrity of the figures may not be one hundred percent so probably there is an advantage...risk is too high....I'd imagine having them separated is a good idea [EF].

As noted earlier regarding involvement and personal qualities (see section 5.3.1.5), a certain amount of strength of character was perceived as required, and experience, to fulfil such roles. Although the conflict was recognised as inevitable, many respondents perceived it as manageable, given certain strength of character. OO commented that 'I think if the right personality, well if they can make their decisions

objectively, and keep the overall company objective in mind I don't think it should be a problem'. One FM noted how 'there is respect for saying no' [IF]. Many FMs underscored the need for strength of character in the roles of MAs:

Close to the business, not the manager, not close on a personal level, otherwise compromising your position, close to what's going on [DF].

When an accountant moves into other areas and he is part and parcel of that decision process...he has got to have a strong personality to make sure that the standards and demands of that function are protected and maintained [HF].

I think you have to be very independent minded, very strong minded [PF].

The finance director of Company H relayed a story from an earlier experience of getting too involved:

I think if I had of maintained an independence of that, we would not have been stuck with as much a debt as we would have been because I was completely involved and I was not objective enough. I was in my late 20s at the time and it was a lesson I learned well [HF].

The financial reporting burden, and in particular in US multinational subsidiaries with the SOX impact, seemed to consume a disproportionate part of finance resources and orientate accounting more towards policing than partnering as HF reflected:

I am very pessimistic about that [MA] role today because of what I see as the Sarbanes Oxley environment. It is gone back...it has set back what I call the business like hours, years at this stage, in terms of more and more controls, controls, controls [HF].

BO1 similarly noted that 'compliance role can make partnership role not work but not a problem here, don't police'.

5.4.3.3 Role conflict: MAs' approach to involvement with OMs

Some OMs identified consequences for functional relationships based on the perceived purpose and extent of interactions between MAs and OMs as CO

commented: ‘the style dictates a lot...how the function operates, if it can be collaborative rather than controlling, then it’s probably much more beneficial’ [CO]. A number of OMs made reference to unsolicited or inappropriate involvement. PO commented that ‘there are times you have to say to them to hold on a second you don’t need to get that involved’ and they ‘step on other people’s toes’. One manager mentioned the unnecessary questioning of variances by MAs, as ‘if they were tuned into what’s going on they should be well able to answer those questions’ [DO]. DO elaborated further:

Sometimes it [interaction] can lead to conflicts with financial people not fully understanding how a situation develops on the shop floor resulting in a poor financial or a better financial report than expected. They might ask silly questions, “how did that happen?” if they understood the process, those questions might not be asked or they might understand without having to ask the questions. It can lead then into a lot of “argy bargy”, you get, “you were 10% down here”, you know you’re asked a lot of questions.

Some managers indicated that involvement of MAs might not be always welcomed by OMs:

...a lot of management accountants would like to involve themselves in production management...and they don’t fit there, but they actually don’t fit there because they don’t have the same perspective [IO].

...you do find if someone has respect and command and is seen to be there helping they will be encouraged more to get involved in the issues and difficulties whereas if you’re there as a...I would say a corporate person, kind of watching the errors, watching the slippages, you would be very excluded very quickly from the difficulties and the resolutions [HF].

...whether they should or shouldn’t [be more involved], depends on the individual and what they want to get out of it. If it’s a control thing, no, but if there is something that they want to contribute and offer an opinion on how to help with the decision then why not [LO].

The same manager continued by elaborating further on the purpose of the interaction:

There are project teams and there is interaction but generally speaking people will quite often leave finance out of that loop because they see them as that controlling, almost interfering influence rather than we must get so and so on the team because he is going to add value to the end result [LO].

GF commented that one ‘may have conflict with other managers over information you provide, don’t like results’ [GF]. In Company I, the OM commented that the involvement of MAs ‘can be positive or negative’ with ‘penny pinching’ being perceived as negative and ‘flexibility accounting’ regarding switching project over-spends and under-spends for different projects being perceived as positive. Regarding the roles of MAs in decision making processes, IO stated that ‘they shouldn’t try and make decisions, production decisions themselves’ as they are ‘part of [the process], yes, but not, but not...some of them try to make the whole lot’.

5.4.3.4 Potential to challenge OMs

Some FMs noted that having interaction with OMs made it less difficult to challenge managers. CF noted that:

If you have a good relationship and you are dealing with people on a regular basis, and regular conversations, regular updates, it’s not such a big deal then to challenge...and also to share information both ways.

CO largely confirmed this with a description of the interactive nature of control in Company C:

I suppose watchful overseers as control has a strong connotation to it. Working with us and helping us to maintain the focus on the things we need to do. Control, I prefer not to use the word control, more collaborative. We have SOX for control.

IF explained that:

...control is easier, everyone understands, they know at the end of the day it is all for one and one for all we are not out here on our own trying to knock them all down. We are there to work with them and I suppose that is a growing, it’s a nurture thing over the last few years, look it’s not the bad old accountants there.

FMs noted that with interaction it was possible to ‘build up much better relationships with the managers’ [PF].

5.4.3.5 Likelihood of OMs to present issues to MAs

Some FMs noted that one consequence of being more involved was that managers were more likely to approach MAs if they had concerns. HF observed that OMs would draw MAs into issues in their functions as ‘some of them can command the respect of the other departments’. AF2 noted that:

...they would ask you for the information and they would obviously try to understand...and if they didn’t understand they would ask you about it...

CF noted that:

If you are that bit more remote and hands off, people will be hands off to you, you are not going to be aware of the changing factors, they’re not going to be as upfront if something goes wrong.

KF remarked that ‘I get other departments involved in various aspects then the more they feel they can funnel the information from us’. KF added:

...got them today, production figures, to give me their reports to see what their efficiency levels are like and once they start getting used to this information, then I am asking them, well if you looked at it this way or you looked at it that way.

AF1 observed that MAs interacting with OMs led to OMs being more open with MAs about matters of concern to them:

...if people are out and about you’re, I suppose from a non-accountant role, they...know that you’ve an understanding of what they’re doing. They also know that they can show you things that are causing them issues.

MF commented that ‘if any of them have a query they would come to us and check it out’.

5.4.3.6 Need to sell the roles of MAs

In some companies there appeared to be a need for MAs to convince OMs that interacting with them was in their interest. The following comments by FMs and OMs imply that OMs may be sceptical or apprehensive about involving MAs in their functions:

...we have been trying to work with the guys and saying if we actually worked with you, you might get a better result at the end of the day [IF].

...but the key is for the accountant to get the people in the [business units] to actually buy into it and say yes this is going to benefit you, and it's a very hard sell [AO1].

...they are very involved at times and some people feel that they are being nose-y. It's hard. It is a fine line, I know because, like I say you might get involved in a project in production, but it's to explain that it's for the bigger picture [PO].

One FM recognised the contribution from MAs being involved on project teams may not initially be apparent:

Being on project teams where it wouldn't be obvious to the people first, oh, we should have management accounting here, but once we're on board then you can bring a bit to the table so to speak [CF].

CF further noted the selling dimension to the roles of MAs in a comment about MAs 'developing and being taken seriously'. One OM noted that part of being an effective MA required one 'to be recognised within the organisation as being good at their job' [AO2] indicating a need for MAs to build a reputation around their roles.

5.4.4 Summary of consequences

The findings on consequences of the roles of MAs have been presented in relation to those that can be grouped as having an impact on performance, those that relate to impacting upon information, and those that relate to the interaction between MAs and managers. When FMs were asked to indicate where MAs were most effective at making a contribution, and hence the consequences of their roles, the most common

theme to emerge was acting as a guide or support to senior management decision making, which typically involved provision of financial analyses towards this end. Two FMs mentioned project work while two others emphasised control and two others noted adding value in a general sense. The OMs response tended to be more varied but about one third of OMs emphasised that the greatest contribution lay in the area of cost management. Only one manager noted 'business partnership' [CO] as a contribution, while another suggested strategic positioning but more in the context of the financial director as opposed to the roles of MAs. The findings on the consequences associated with the roles of MAs are analysed in the discussion chapter in section 7.5.

5.5 Summary and conclusion

This chapter has presented the findings from phase one of the study derived from 18 interviews with FMs, and 18 interviews with OMs in medium and large manufacturing firms. The chapter has established a range of antecedents, characteristics, and consequences associated with the roles of MAs with each of these major finding streams being analysed further into sub-categories of findings. The analysis of these findings, following the data analysis process described in section 4.9.1, led to the establishment of the research objectives for phase two of the study. The range of antecedents, characteristics, and consequences associated with the roles of MAs serve as a useful template of factors that would be relevant in any subsequent research on the roles of MAs, or in focusing on some particular role of the MA. The second phase of the research did adopt this template as a starting point in the development of phase two objectives, which is presented at the start of the next chapter (see section 6.2). Table 5.1 presents a summary of the findings which is followed by an explanation of these themes.

ANTECEDENTS	CHARACTERISTICS	CONSEQUENCES	
EXTERNAL Ownership Environment Regulation	INDIVIDUAL Business knowledge Interpersonal and communication skills IT skills Flexibility Personal qualities Technical skills Monitoring skills Organisational influence	INFLUENCING PERFORMANCE	
		<u>With interaction:</u> - Enhanced decisions - Better planning & control - Business-informed MAs	<u>Less interaction:</u> - Weaker control and performance - MAs lack business knowledge
INTERNAL Size Structure Culture Technology Management Business nature and circumstances Location Performance management systems	ACTIVITY Information provider, interpreter, and decision supporter Periodic performance reporting and planning Project assignments Ad hoc analyses Administration Use of techniques Educating OMs	INFORMATION IMPACT	
		<u>With interaction:</u> - Enhanced quality, use, and value of information - MAs appreciate non-financial criteria - MAs can assess quality of information	<u>Less interaction:</u> - Less interest and value attached to information
INDIVIDUAL Orientation Background	INFORMATION Information attributes Meeting information needs Information use (non-use) Information challenges	ROLE INTERFACE	
		<u>With interaction:</u> - Enhanced relationships - Role conflict: policing and partnering - Role conflict: MAs' approach to involvement with OMs - Potential to challenge OMs - Managers more likely to present issues	<u>Less interaction:</u> - Less scope for conflicts - Managers more remote - Need to sell the roles of MAs
SUMMARY THEMES OF PHASE ONE FINDINGS			
ANTECEDENTS	CHARACTERISTICS	CONSEQUENCES	
HO and SOX strong antecedents in US MNE subsidiaries.	Interpersonal skills, business knowledge, flexibility, taking initiative, being innovative and strength of character emphasised.	MAs interacting with OMs can lead to positive outcomes for performance, the OM, and the MA.	
Management (including FMs and OMs) perceived as strong antecedents.	MA as provider, interpreter, and decision supporter but scope for more involvement.	Conflicts and ambiguities associated with the interaction between MAs and OMs.	
MAs themselves perceived as strong antecedents.	FM uncertainty on information use and OM indications of information needs not met.	Most effective contribution as a guide to senior management decision making and control.	
Levels of analysis: external, the firm, and the individual.	Level of analysis: the individual.	Levels of analysis: the firm and the individual.	
Some normative orientation of interviewees' perception of the role of MAs. FMs' distinction of roles of MAs as 'operational'.			

Table 5.1 – Summary of phase one findings

The findings indicate a number of issues that require further, and deeper, investigation. There was a strong consensus in the findings from FMs and OMs on the roles of MAs in providing and interpreting information that supported OMs in their decision making and control processes. However, with respect to performing this function effectively the findings highlight that some MAs: lacked characteristics such as business knowledge, flexibility, using initiative, and were not adequately involved in supporting OMs. Strength of character in conjunction with effective interpersonal skills was also emphasised for the roles of MAs. Some information provided was not always relevant to OMs as some FMs were unsure of how accounting information was used by OMs and OMs indicated scantily reviewed, redundant, or missing information. OMs also displayed a capability to procure information independently of MAs. These findings relied exclusively on interview data and so specific management accounting reports or information were not examined although the findings clearly suggest that including accounting reports and information in follow-up research would be strongly merited based on these findings.

The range of antecedents identified seem to suggest that some could be classified as having a negative impact on the roles of MAs with respect to supporting OMs. The influences of head office and SOX were perceived very strongly in US MNE subsidiaries which could curtail or negatively impact on interaction between MAs and OMs. These two factors would merit further examination in how they influence the roles of MAs, given their perceived prominence in the findings above. It has been noted that management, or OMs, were perceived as a strong influence on the roles of MAs, and within this category, the roles of FMs themselves were perceived by OMs as instrumental in the roles of MAs enacted e.g., regarding ‘openness’ [AO1] and ‘involvement’ [BO2]. The findings presented above capture the perceptions of FMs regarding the roles of MAs but not necessarily how they as FMs may shape these roles, apart from the perceptions of OMs on this. This would indicate a value in capturing the perceptions of MAs themselves on this point.

The consequences, as outcomes of the roles of MAs, suggest that MAs interacting with OMs can lead to positive support for OMs and company performance, and positive impacts for MAs. The variability of involvement of MAs in supporting OMs appears to lead to different consequences e.g., more interaction was associated with

information provision, enhanced decision making, planning and control, better performance, and more business-informed MAs which, without the interaction, may not be the case. This interaction between OMs and MAs however was not found to be straightforward e.g., more interaction was linked to a number of role conflicts for MAs that made providing support to OMs somewhat conditional and uncertain, while less interaction implied that MAs would have to invest in convincing OMs of the merits of their involvement. Furthermore, and linking with the antecedents, it was observed that the expectations of OMs were sometimes unclear, suggesting a need to better and more deeply probe the expectations of OMs. The ambiguity, conditionality and uncertainty around how MAs support OMs from the findings above suggest that further investigation could usefully probe further into the nuances surrounding the interaction between MAs and OMs, especially how MAs can more effectively achieve positive, as opposed to negative, outcomes for managerial support.

It can be seen from the findings that the factors associated with the roles of MAs operate at different levels. There are antecedents that are at the external level (e.g., environment, corporate), organisational level (e.g., size, structure, culture) and individual level (e.g., orientation and background). Two antecedents that were very strongly emphasised by interviewees were the influence of the MA on their own roles and the influence of the manager (as an element of management) on the roles of MAs. There are characteristics that again relate to the individual level and characteristics that relate to the accounting activities that these individuals engage in, and the information that they provide. The consequences relate to performance, at both the organisational level and the individual manager level, and information impact and role interface that relate to the individual level of the MA and the OM. With respect to advancing from this range of antecedents, characteristics, and consequences to further research, the findings overall suggest that focusing on individual level factors would have greater merit than focusing on variables at the organisational or external level. This is because the findings uncovered more variation in individual level factors than for factors operating at the organisational or external level. Thus, MAs at an individual level, seemed to be more or less effective in their roles due more to factors which included their orientation, background, understanding of the business, interpersonal skills and approach to involvement with OMs, than to organisational factors such as size, culture, technology or external factors such as the environment or head

office. That is not to say that organisational and external factors did not influence the roles, they did as noted above, but that these factors were perceived as doing so to a lesser extent and that there was less notable variation between MAs from these influences.

One limitation of these findings is their somewhat normative orientation e.g., the perceived antecedents, characteristics, and consequences were largely expressed as how these factors should operate. There were, for example, normative notions regarding what skills MAs need to possess, what information they ought to provide, and how they should interact with managers or ‘tend to’ [PO, AO1] behave. Also senior FMs (e.g., finance directors, financial controllers) provided their perceptions of the roles of MAs, roles which they may previously have occupied, or were currently performing in some capacities, or were roles reporting into their more senior financial roles in the organisational hierarchy. There was also a perception that MAs were ‘operational’ [DO], ‘providers’ [FF], and mostly at their ‘desk’ [DF], while FMs were ‘strategic’ [DO], ‘the decision maker[s]’ [FF], and ‘50% away from desk’ [DF]. What is somewhat lacking in this analysis therefore, is a deeper understanding of the ‘real’ and ‘live’ individuals enacting the roles of MAs in organisations. Furthermore, the OMs who participated in this phase of the research provided their perceptions of the roles of MAs generally in normative terms and not in the specific context of particular MAs.

The basis for the phase two objectives are presented at the beginning of the next chapter in section 6.2. The collective picture that emerges regarding the roles of MAs is examined in the discussion chapter (see section 7.2), while the individual sub-themes are also discussed in chapter seven under the discussion of antecedents (see section 7.3), characteristics (see section 7.4), and consequences (see section 7.5). The next chapter presents the findings from phase two of the study as per the design outlined in section 4.6.

Chapter Six

Findings: Phase Two

6.1 Introduction

This chapter presents the findings from phase two of the research using the case methodology as discussed in section 4.6 which involved the investigation of the roles of 12 MAs as ‘cases’ through interviewing them and the OMs they worked closely with, and examining management accounting reports around these roles. The first section sets out the analysis of the phase one findings leading to the establishment of phase two objectives, while keeping the underlying literature gaps in mind. The section following presents a brief profile of the 12 MAs in the context of the five manufacturing firms in which they were based before presenting the findings.

6.2 Phase one analysis leading to phase two objectives

The outcome of phase one was an extensive list of antecedents, characteristics, and consequences associated with the roles of MAs, and some key themes and issues relating to these as noted in section 5.5. Phase one provided a template of factors both to assist in the formulation of phase two objectives and to be the reference point in the context of phase two data collection in being what phase one had pre-determined as associated antecedents, characteristics, and consequences for the roles of MAs. As phase one was an inductive piece of research it was not possible to conclude that this template of factors was definitive and so the researcher was prepared to be open to other new factors arising in phase two. Notwithstanding this, the template was used as the relevant basis for further investigating factors pertinent to phase two objectives. The interview guides used in phase two (see further discussion below) contain discussion ‘prompt boxes’ that were based on phase one analysis (see appendix C). Thus, phase two of the research focused in on particular aspects of these factors and the methodological design was also informed from this analysis. The major themes from phase one analysis that framed the setting of phase two objectives were as follows:

- 1) The findings reveal a range of antecedents to the roles of MAs (see section 5.2), with a strong emphasis being placed on the influence of managers on the roles of MAs, and the influence of the MAs on the roles themselves. Some of the antecedents seem to be oriented towards meeting external requirements (e.g., head office, SOX), while others seem to be oriented towards meeting internal requirements (e.g., OMs). The findings on individual antecedents, i.e., the ability

of MAs to influence their own roles, suggest that MAs may have orientations to particular accounting roles. These accounting roles may vary in the extent that they support OMs i.e., the individual could be more oriented towards meeting the needs of OMs or could be more oriented towards external financial reporting (see section 5.2.3.1).

- 2) The findings on individual characteristics reveal a wide skill set (see section 5.3.1) and there seems to be much consensus between FMs and OMs regarding important characteristics (e.g., interpersonal and communication skills, business knowledge, flexibility, and initiative) with some OMs indicating that MAs should be stronger on the latter three in particular. The necessity for strength of character in interacting with OMs was also emphasised. The characteristics noted suggest that the extent that MAs possess these may have repercussions for how effectively MAs discharge their roles.
- 3) The activity characteristics (see section 5.3.2) identified in the findings reveal concurrence between FMs and OMs on the roles of MAs as information providers, interpreters, and influencers of managerial decision processes across a range of activities. The findings show that MAs should be more involved in supporting OMs, that their level of involvement was generally not strategic, and that the way that MAs actually got involved in activities with OMs could be supportive or unsupportive to OMs. A distinction was also made by some FMs that MAs were more involved in information provision, operational issues, and at their desks versus FMs who were more involved in the business, and in decision processes which were of a more strategic nature. Some MAs appeared to be overly consumed in administrative tasks, which could have implications for supporting OMs.
- 4) The information characteristics (see section 5.3.3) noted in the findings reveal some variability in OMs' perceptions of management accounting information with suggestions that there might be redundancy, under-use, manager variability in use, a more financial and historical than non-financial and future orientation, and low levels of adoption of accounting innovations. The findings therefore suggest that MAs have some scope to better provide management accounting

information in supporting OMs.

- 5) The findings on the consequences (see section 5.4) of the roles of MAs indicate there are some positive managerial outcomes regarding information provision, decision making, planning and control, and outcomes for performance associated with the involvement of MAs with OMs. However, some consequences of the roles suggest that the involvement of MAs might not have positive outcomes for supporting OMs, such as a number of role conflicts that were evident in the findings. It was observed in the findings that MAs may have to ‘sell’ aspects of their roles to OMs i.e., demonstrate the potential of their roles to support OMs. The findings on consequences of the roles of MAs thus reveal that MAs providing support to OMs have a number of challenges associated with it. This suggests a need to better understand how MAs can better support OMs in the performance of their roles.
- 6) The list of consequences identified in phase one may be categorised into those that relate to the manager (e.g., involvement in decision making, planning and control, information provision) and those that relate to the MAs in their roles (e.g., being more informed, appreciating non-financial criteria, and easier to challenge). It could be argued that further research on the latter category of consequences, while maybe of interest to MAs, could be challenged as being limited in scope in this regard. By focusing on how MAs can better support OMs in their roles phase two would therefore be selecting a particularly relevant outcome variable that was identified as such by the interviewees.
- 7) Collectively, the findings on antecedents, characteristics, and consequences reveal that the perceptions of important roles for MAs expressed strongly, by FMs and OMs, were in terms of MAs supporting OMs in their decision making and control functions (see sections 5.2.2.5, 5.3.2.1, 5.4.1, and 5.4.2). Furthermore, when perceptions of the greatest contribution of the roles of MAs were sought it was generally stated in relation to supporting OMs (see section 5.4.4).
- 8) Phase one provided the relevant antecedents, characteristics, and consequences associated with the roles of MAs that could be relied upon in the further, more

focused, investigation of the roles of MAs in phase two i.e., reference might be made to some of these in the specific context of addressing the objectives of phase two, outlined below. Thus, it was not necessary to reinvestigate these as this work was done in phase one. This also justifies the conducting of phase one prior to phase two as it would not have been possible to conduct phase two without first having known these associated antecedents, characteristics, and consequences and the issues emerging as noted in section 5.5.

The analysis of the phase one findings presented above formed the basis for the establishment of phase two objectives. A recurring theme is the extent that MAs appear to have an impact on managers performing their roles (e.g., consequences relating to information provision, decision making, control, performance outcomes), given the existence of a range of antecedents and characteristics which demonstrate considerable variation, and associated conditions, in the making of this impact. Figure 6.1 illustrates the movement from phase one to phase two of the study that reflects a sharpening focus.

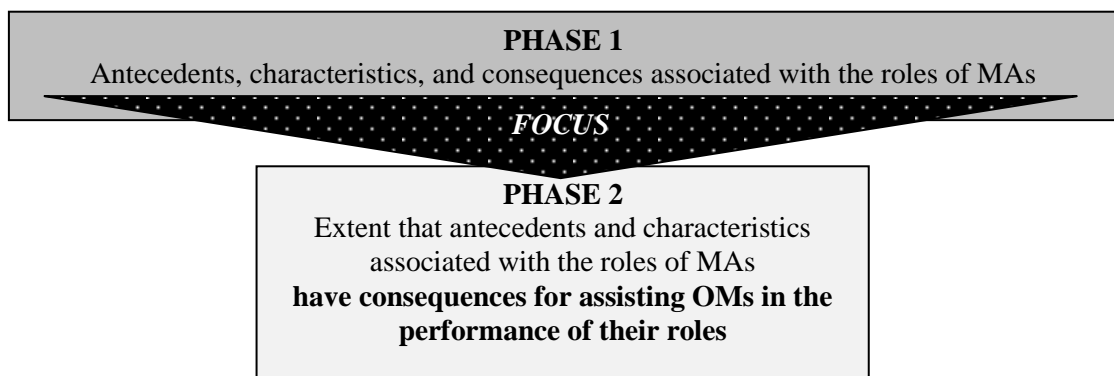


Figure 6.1 – Movement from phase one to phase two

Thus, phase two focuses specifically on the roles of MAs with respect to the consequences for assisting OMs in the performance of their roles. The objectives of phase two are:

- 1) To analyse the extent that antecedents associated with the roles of MAs have consequences for assisting OMs in the performance of their roles.

- 2) To analyse the extent that characteristics associated with the roles of MAs have consequences for assisting OMs in the performance of their roles.

From a research design perspective, the findings from phase one indicated that an in-depth case approach would be the most appropriate design. The design of phase one (see section 4.4.2) captured the views of 18 senior FMs and 18 OMs in 16 manufacturing firms regarding the roles of MAs and, as noted in section 5.5, these views were largely normative as opposed to relating to actual 'real' and 'live' specific individuals in the firms. In phase one there were no pre-defined criteria set with respect to specific working relationships or interactions, and specific individuals in actual roles.

The MAs in phase two were more junior to those in phase one (see section 4.8.3). In phase one senior MAs were often finance directors and controllers providing their perceptions of the roles of MAs, not perceptions of the roles of senior financial officers, and the overall focus of this study is on the roles of MAs. The findings in phase one also showed some distinctions being made between the roles of FMs and MAs, often suggesting that MAs were not as actively involved with OMs as the FMs were (see sections 5.2.2.5 and 5.3.2.1).

For the research design of phase two, role theory (Kahn *et al.*, 1964; Katz and Kahn, 1978) played an important part in the case study data collection (see section 4.6.4) because it predicts that the expectations of managers (i.e., as role senders) has an influence on others in the organisation (i.e., the focal roles, MAs). As noted above, managers were perceived as a strong influence on the roles of MAs (see section 5.2.2.5) but this influence seemed to lead to MAs not meeting these expectations (under points 2, 3, 4 and 5 above). Role theory methodology therefore provided the guiding data collection tools to acquire an in-depth understanding of the expectations of OMs. As noted in section 4.8.3, role theory methodology also enabled a specific MA to be linked to a specific manager with respect to understanding the extent to which MAs meet the expectations of OMs. This brings into sharp focus how MAs are actually assisting OMs in the performance of their roles in the context of specifically paired MA-OM relationships, and not how MAs ought to do so.

The phase one findings identified antecedents, characteristics, and consequences associated with the roles of MAs at different levels of analysis (environmental, organisational, and individual), and the individual level of analysis, as noted in section 5.5, showed greatest variation and perceived strength of impact on the roles of MAs. Thus, the case design (see section 4.6) was based on treating the MA, and not the firm, as the ‘case’ in the case studies. Finally, in linking back to the literature review, the focus on further understanding the effectiveness of the roles of MAs in assisting OMs in the performance of their roles has already been identified as a gap in the existing literature (see sections 3.7 and 3.14).

6.3 Profiles of MAs in manufacturing firms

To protect the confidentiality of individuals and organisations in the presentation of findings, the interviewees are anonymously referred to using a double lettering system (see section 4.8.4 and table 4.10). The first letter indicates which of the five firms the MA or OM is located in (e.g., A, B, C, D or E) and the second letter indicates whether the interviewee is a MA or an OM: M for MA, and O for OM. If there is more than one MA, or related OM, in the firm a numbering system is used e.g., BM3 is the third MA in Company B. MAs identified OMs that most influenced their roles and thus the referencing also reflects a matched pair e.g., AM1 and AO1 is the MA (AM1) and the OM (AO1) that the MA identified as most influencing her role. This section provides a brief profile of each manufacturing firm and the MAs therein.

6.3.1 Company A: four MAs

Company A is a large engineering firm that manufactures components for international markets, is a member of the Fortune 500 US listed companies, and operates in over 90 counties with a workforce in excess of 100,000. The long established subsidiary employs approximately 700 employees. Four MAs and an OM that worked closely with each MA were interviewed as part of the study. There were two separate sites in the same locality, one larger one where three MAs were based and aligned with three particular business units, and one other smaller site where one MA was based. Figure 6.2 provides an organisation chart for the four MAs.

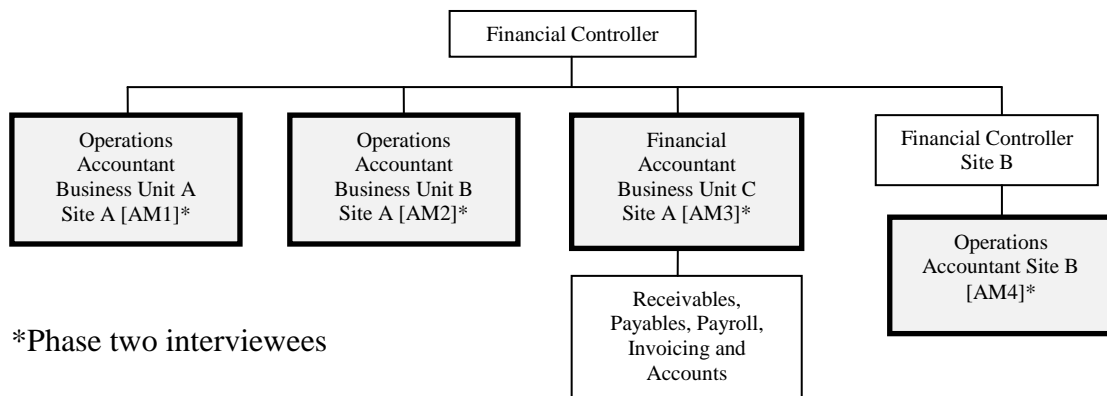
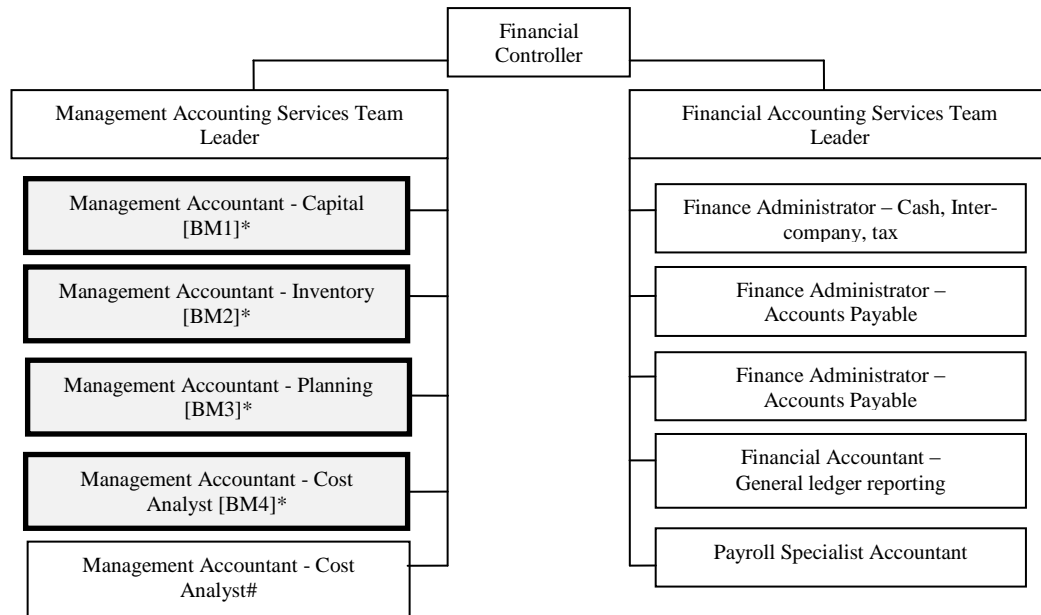


Figure 6.2 – Finance organisation chart for Company A

The subsidiary was a ‘completely metric driven organisation and even though I am the managing director of this facility I have no autonomy to spend money here other than what is in our annual operating plan’¹. The subsidiary was primarily focused on manufacturing and distributing engineered products, as a part of the wider group structure, and did not have any local sales and marketing functions. The company was in an extremely competitive manufacturing environment and there was a very aggressive focus on cost reduction as there was a threat of manufacturing moving to lower cost locations. The company used SAP® (an ERP system) and its support had recently been outsourced to Bangalore in India.

6.3.2 Company B: four MAs

Company B is a subsidiary of a large US listed multinational corporation in the pharmaceutical sector. The subsidiary employs over 400 people. There was a team of four MAs (BM1 to BM4) reporting to a team leader as depicted in figure 6.3.



*Phase two interviewees #New position created during data collection

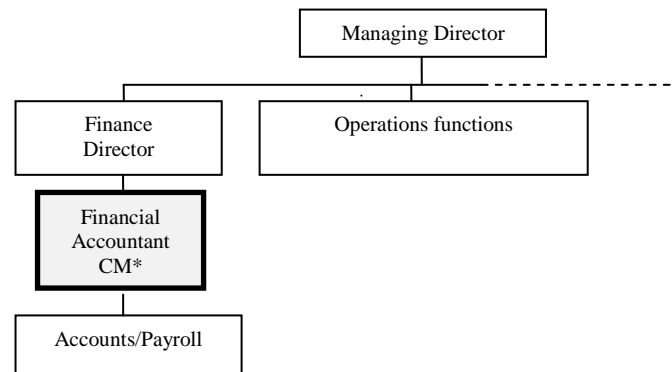
Figure 6.3 – Finance organisation chart for Company B

Company B was primarily a one-product manufacturing firm and was in the early stages of its development with rapid expansion occurring at the time of this study. There was not the same competitive cost focus (as was evident in Company A) but more a focus on operational setup and expansion. Unusually, all non-production staff on site were juggled in that the finance function staff did not sit together e.g., one MA could be sitting amongst staff from the supply chain, production planning, and packaging functions. The open plan office style and relatively short distance between staff made contact with fellow functional members straightforward. The site had a database-based system but it was perceived as sub-standard to other market offerings.

¹ Opportunistic interview with the managing director, March 28th, 2006.

6.3.3 Company C: one MA

Company C is a subsidiary of a large US multinational corporation in the medical devices sector. The organisation is a private family-owned business with 1,400 employees worldwide located in 30 countries. Figure 6.4 illustrates the finance chart.



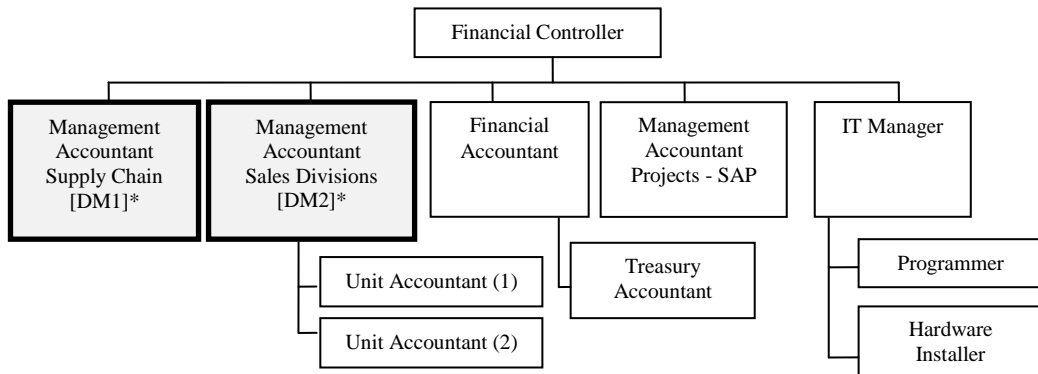
*Phase two interviewee

Figure 6.4 – Finance organisation chart for Company C

With a private firm status, Company C was understandably the most cautious of the participating firms in the discussion and examination of performance and reports. The company had recently undergone a traumatic doubling of scale of operations as ‘managing a 300-person business is totally different to managing a 700-person business’². The IT system was very basic and ‘25 years old’, linked to the owners insistence, and so much use was made of spreadsheets. The product was of a premium standard and in a high-demand niche market. The factory operated a continuous improvement philosophy and was relatively autonomous.

6.3.4 Company D: two MAs

Company D is a major division of a large Irish multinational corporation in the food and beverages sector and approximately 400 people are employed in this division. The company very recently installed SAP® as can be seen from the finance chart below where there was an accountant full-time on the project. The company has a number of regional business units and has sales, marketing, and retail divisions as well as production and distribution in common with the other firms in the study. Figure 6.5 illustrates the finance organisation chart.

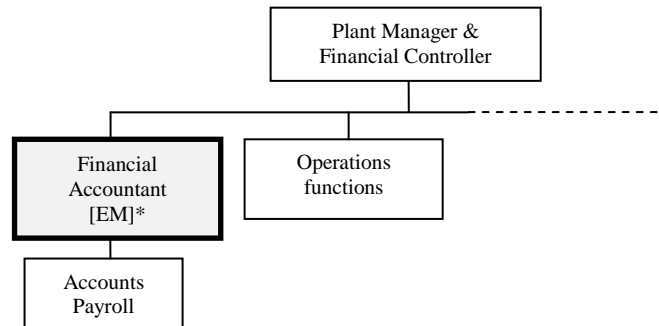


*Phase two interviewees

Figure 6.5 – Finance organisation chart for Company D

6.3.5 Company E: one MA

Company E is a subsidiary of a large French industrial materials multinational firm that operates in over 50 countries and employs in excess of 200,000 people. The long-established subsidiary in Ireland operates in the construction sector and employs over 100 people. Figure 6.6 illustrates the finance organisation chart.



*Phase two interviewee

Figure 6.6 – Finance organisation chart for Company E

The company has two major product divisions and a sales and marketing function. The IT systems were very basic and not integrated and there was a heavy reliance on spreadsheet use. The company was at the very early stages of the introduction of World Class Manufacturing and SAP® at the site. Since the undertaking of this

² Opportunistic interview with the finance director, 26th April 2006.

research a decision was made to end production at the site, with the collapse of the building industry being cited as the major contributing factor³.

6.3.6 Profiles of the roles of MAs

The MAs' professional qualifications and years of service with the company and time in the current job are illustrated in table 6.1.

MA	Qualification	Time in job	Time in company
AM1	CIMA	4 years	9 years
AM2	CIMA	7 months	7 months
AM3	FCCA	5 years	5 years
AM4	CIMA	2 years	7.5 years
BM1	CIMA	1.5 years	1.5 years
BM2	CIMA	10 months	10 months
BM3	CIMA	2-3 years	4 years
BM4	CIMA (PQ)	2 years	2 years
CM	ACA	10 months	10 months
DM1	ACA	2.5 years	9 years
DM2	ACCA	6.5 years	9 years
EM	CIMA/ACCA	2.5 years	3.5 years

Table 6.1– Professional accounting qualifications and service years of MAs

MAs identified those in the organisation who they perceived as most influential on their roles (see appendix G). These influences largely related to the roles of MAs being aligned to support particular functional roles of OMs e.g., MAs in Companies A, B, and D – the largest firms - were aligned to support specific business units or business processes. MAs were involved in some common and some very different activities and Appendix I provides two tables in this regard: one which lists the activities making up the roles for each individual MA and one which lists the activities most associated with interaction between the MA and the OM. Table 6.2 illustrates job titles of the MAs and OMs that they were linked with which provides some indication of the roles of MAs and OMs.

³ Steven Carroll, The Irish Times, August 15th 2008.

OM	Job Titles	MA	Job Titles
AO1	Supply Chain, Maintenance Manager	AM1	Operations Accountant (Unit A)
AO2	Operations Manager	AM2	Operations Accountant (Unit B)
AO3	Business Unit Manager	AM3	Financial Accountant (Unit C)
AO4	Plant Manager	AM4	Financial Accountant
B01	Project Manager	BM1	Project Accountant
B02	Planning / Business Partner	BM2	Management Accountant
B03	Production Director	BM3	Management (Planning) Accountant
B04	Packaging and Production Manager	BM4	Cost Analyst
CO	Operations Director	CM	Company Accountant
DO1	Commercial Manager - Supply Chain	DM1	Supply Chain Management Accountant
DO2	Commercial Manager - Regional	DM2	Management Accountant - Divisions
EO	Production Manager	EM	Financial Services Manager

Table 6.2 – Job titles of paired MAs and OMs

MAs had numerous roles that required them to interact with many OMs. For example, AM1 associated most influence from, and interaction with, AO1 the Supply Chain, Maintenance Manager but also interacted with other OMs (see appendix G). There were multiple interactions between MAs and OMs but the study limited the investigation to the OM that the MA identified as the OM most influencing their roles. EM was the only exception where the Production Manager was interviewed in place of the Sales Director who declined the interview request (see section 4.8.3).

6.3.7 Profiles of management accounting reports

MAs were requested to bring along an example of a routine (R) report and a non-routine (NR) report, to the second interview, which related to the MA interacting with OMs. Details of the 34 routine reports and 17 non-routine reports examined in the study are presented in appendix H which gives a brief description and summary of the report, its reference (e.g., R1 is routine report number one (see appendix H1), NR1 is non-routine report number one (see appendix H2)), and the MA to which the report relates. As can be seen in appendix H, MAs in many instances freely provided more than the one requested example. Additional routine reports were provided by certain participants who worked closely with MAs and details of these are also listed in appendix H1. The findings presented below will continually make reference to these reports.

Some MAs spent more time than other MAs on routine reports versus non-routine reports. In general, the routine reports tended to dominate the roles of MAs, and particularly for AM3, EM, and BM4 who remarked that ‘it is mostly all routine’. In contrast, for AM1 and AM2 this was 60:40 (routine: non-routine) and 70:30 respectively, and for BM3 ‘not much of it is routine’. DO1 commented that ‘DM1 probably spends more time generating routine reports but I would spend more time looking at the non-routine stuff’. In general the time spent on routine and non-routine reports reflected the roles the MAs occupied i.e., AM1, AM2, BM1, BM3, and DM1 occupied roles that linked to OMs involved in projects, while AM3, BM2, BM4, and EM occupied roles that necessitated the routine preparation of financial and management accounts. Other MAs, such as AM4, CM, and DM2, tended to have a mix of both.

6.4 Thematic foundation of findings and presentation structure

The findings are presented around dimensions of the central focus of phase two of the research which is the extent that antecedents and characteristics associated with the roles of MAs have consequences for assisting OMs in the performance of their roles. The consequence of assisting OMs in the performance of their roles as the point of focus in phase two is analysed into three major elements in the presentation of the findings which are impact, information, and interaction (the three ‘i’s). Impact examines to what extent the roles of MAs specifically impact on the OMs’ performance outcomes. Information examines to what extent the roles of MAs in providing information assists OMs in the performance of their roles. Interaction examines to what extent the roles of MAs in interacting with OMs assists OMs in the performance of their roles.

As noted in section 6.2, role theory methodology was used to investigate the expectations of OMs as a means of understanding to what extent MAs were assisting OMs in the performance of their roles. This also adds much more depth to the identification of management as a strong antecedent in phase one (see section 5.2.2.5) of the research now being related specifically to assisting OMs in the performance of their roles. Thus, the findings presented below analyse this antecedent of management into the expectations of OMs and the extent that MAs were meeting these expectations and therefore assisting OMs in the performance of their roles. Within

these expectations, there are findings on the expected characteristics of the MA, expected characteristics regarding the information provided by the MA, and expected interaction with the MA which builds further on these important characteristics as identified in phase one (see section 5.3).

The findings of phase two are presented under a number of themes which are:

- 1) Impact of MAs on OMs' performance outcomes;
- 2) General characteristics of information and assisting OMs;
- 3) Meeting OMs' control information expectations;
- 4) MAs and control information;
- 5) Meeting OMs' control interaction expectations;
- 6) Meeting OMs' decision information expectations;
- 7) MAs and decision information;
- 8) Meeting OMs' decision interaction expectations;
- 9) MAs' perceptions of OMs' expectations; and
- 10) Antecedents challenging the support MAs can provide to OMs.

As expectations form a significant part of the presentation of the findings it is important to explain how the managers, who held these expectations of MAs, actually conveyed them to MAs. OMs communicated their expectations of the roles of MAs to MAs sometimes through formal and informal meetings and sometimes through telephone calls and electronic mail e.g., DO1 commented that DM1 could challenge and push 'each of the managers and that is a thing that I talked to him about'. MAs also became aware of the expectations of OMs in relation to their roles through their line (finance) manager and through documented expectations depicted in annually stated and reviewed goals and objectives and to a much, much lesser extent, job descriptions.

Specific reports will be referred to in presenting findings on general information characteristics assisting OMs, in the control and decision information expectations of OMs, and in the control-related and decision-related reports that MAs provided. While reports were not examined in phase one, phase two adds depth to the important information support role highlighted in phase one (see section 5.3.2.1).

6.5 Impact of MAs on OMs' performance outcomes

There was some variability in the perceptions of OMs regarding the extent that MAs influenced them in the performance of their roles. OMs were asked about satisfaction with the influence of MAs upon them and vice versa. AO1, BO3, BO4 and CO sought the MAs to influence them more, while the remaining OMs were satisfied with the influence of the MA on them. Most OMs were generally satisfied with the extent of their influence on MAs but AO3 described it as 'not much', BO1 desired more 'value add', and DO2 noted his influence as 'bordering too little'. BO4 wished to 'explore' the scope to influence BM4. In summary, four OMs wished MAs had more influence over them and three OMs wished they had more influence over MAs.

OMs explained their extent of dependence on MAs to enable them to achieve their objectives which reveals, sometimes implicitly and sometimes explicitly, to what extent MAs impact on performance outcomes for OMs. AO1 stated:

AM1 would be a big help in terms of delivering information which can aid you obtain your objectives, she wouldn't be involved in the day to day help in terms of AM1 won't do anything in terms of helping me get delivery performance up but if I ask her to help on providing the data, she gladly will...the data can make a difference to help me, it can help me to look in the right direction.

AO2 described AM2 as 'part of the operations team and he is a functional role, cost reduction and I will be looking for more from him on that' and 'he contributes to the operations team'. AO2 noted AM2 'works with me closely, with me on productivity' (see R2) and 'we have visibility on how well we are spending'. AO2 explained the performance consequences of the roles of AM2 as 'labour productivity, productivity would be a big one, I suppose the cost reduction' and 'he would have an impact on decision making'. AO3 did not perceive much dependence on AM3 to achieve his objectives:

...in some ways he doesn't, I won't say he doesn't but he delivers the results, this is what you achieved...information that you are able to work with and then because we have the weekly meeting we review [AO3].

AO3 stated that ‘AM3 will come to me if we seem to be going over budget’ and ‘from the interaction we are using the information more, we use the information more to see what our costs are, like we know what our high spend costs are which up to now we wouldn’t have looked at’ and AO3 was ‘most pleased’, as ‘the information is readily available’. AO4 noted that AM4 ‘assists primarily on the conversion cost productivity objectives through the activities on the cost reduction teams’ (see R13), while ‘some of it is purely monthly, the need to deliver monthly financial accounts’. AO4 added:

My objective as plant leader would be more pure on cost, quality, and delivery so yes he also supports the delivery of objectives within the finance department that are unique to the finance group but outside of that in terms of the plant manager’s objectives he feeds into, positively into activities to reduce, primarily to reduce costs.

AO4 related specific performance results to AM4’s analysis of overtime issues (see R14) and ‘out of that came a whole series of meetings and out of that we agreed some overtime rates’ and ‘we saved ourselves well over a €100,000 year to date’ and R14 ‘forces people to, it is an active document, it is a live document’ [AO4]. AO4 also noted that AM4 had been instrumental in highlighting escalating cost issues and ‘relative to prior, he would look at patterns of usage’. BO1 depended on BM1 to manage ‘capital spend, it is where it is at, so it is control capital spend, forecasting capital spend’. BO1 noted:

He is again capital control, without that, without those systems and without those systems being up to date and maintained and constantly evolving we just simply wouldn’t have the control in there.

BO1 explained that regarding BM1 ‘the key consequence is the word control, we have control of capital’. BO2 noted that BM2 ‘makes sure everything is set up, all the costs are there’ including ‘different signature requirements before it can be approved on the system’. BO2 stated that:

He is setting up a standard cost for purchased items, he would set up a standard cost for that so if he doesn’t prioritise and sign off within his three days that could delay something being purchased or it could delay something going on the line.

BO2 noted: 'decision making in my job, am, he wouldn't really, not because of him but it wouldn't really come into it'. BO3 explained his dependence on BM3 as:

...he gives me guidance in terms of actually, directional guidance in terms of actually the financial impacts of the decisions that we make and the direction and goals of the site...he certainly gives feedback to me...also gives me some suggestions in terms of what else could we do to try and get some results, we would have less financial impact if BM3 was not there.

BO3 explained performance consequences as 'we get very professional output in the areas of new product introduction costing, that is one area, so high calibre in that space. We get a very good discipline and quality of cost centre review discussions like budget review discussions'. BO4 simply stated that he 'doesn't really' depend on BM4 to achieve his objectives. Although BO4 did 'not know enough, what BM4 does' but BM4 'keeps us all in line as well, you know there are boundaries there that are budgeted to'. BO4 observed:

It is the control compliance from the financial side it is critical from BM4's, that we have at the end of, on a weekly and a monthly, that we are keeping all the work orders and the costs in line with our objectives and that anything that I can do to support it is very important.

CO stated his dependence on CM with a specific example relating to his own plant wide objectives on managing scrap:

It is an important role [CM] I mean again this thing here again one of objectives would be scrap, at least, every department, these are all my departments [referring to the scrap report, R24] in the area of scrap, 3% here and 5% there, coating maybe 8%, the point is if I didn't look at this report from January to January and at the end of the year scrap was 20% across the plant well I wouldn't be here in January if it was.

CO perceived performance consequences regarding CM as 'quality of original information that has to be a key point' for example 'project costings or when we are in price negotiations'. DO1 related DM1 to his objective on the 'supply chain management team and looking for him to be more proactive in raising the issues and

driving us all to achieve them rather than just reporting where we are'. DO1 stated that:

[DM1] would state where we are, the facts as they are, where we are versus our targets [see R34a-c] and he would leave it at that so I would have to take it from there to make, go through actions and decisions [DO1].

Both DO1 and DO2 perceived the consequences of the roles of DM1 and DM2 to be firstly the 'accounts' [DO1, DO2], secondly to push the performance of managers towards 'the achievement of targets' [DO1], and 'identifying the issues at an early stage and then those issues being addressed proactively' [DO2]. DO2 stated that DM2 would assist him achieving his objectives through the 'monthly set of accounts, identifying the issues and addressing them speedily' for example:

Well if there are issues in a [division] be it a margin issue or at least I can step in and work on it straight away so that can have a positive impact then if it is worked upon.

EO stated regarding EM assisting him achieving his objectives that 'he wouldn't in terms of, not really'. EO noted that EM was 'doing his job' as 'there is nothing coming back, there is nothing major coming down the line' from head office:

EM is giving them the information that they are looking for. All they want is information, nothing but, just give them information so he is obviously doing that or else you would have people living here.

EO explained 'if he [EM] wasn't there I would carry on anyway [*laughs*] but at the same time...he gets all the figures, the production figures, he plots those in against the budget'.

6.6 General characteristics of information and assisting OMs

The characteristics of the information provided by MAs and linked to assisting OMs in the performance of their roles are presented under the headings of timeliness and accuracy, dependability, accessibility and visibility, functional requirements, determining needs, user orientation, and aggregation and disaggregation, building upon phase one (see section 5.3.3).

6.6.1 Timeliness and accuracy

AO1 attributed 'accurate and timely information' and 'putting all the pieces together' to AM1 and noted that AM1 had made his 'job that bit easier because if I can rely on good accurate data'. AO1 commented that he was 'very, very happy with the service' he got from AM1 and that work was done in a 'good timely fashion'. AO2 explained that 'believe it or not it is a lot better than it used to be' as 'before that we had the financial controller doing it purely from a PC so he was making all the assumptions, not necessarily correct' but it was now 'a lot more localised so you have a discussion you're looking at problems and you're saying well it is not quite right to measure it that way the labour productivity is actually really...so it is more accurate, it is more precise'. AO2 was referring to a recent decision in the company to align specific MAs to support specific business units (see section 6.3.1). Confirming this AM2's reports on productivity (see R2), output per employee (see R3) and operating supplies (see R4a-b) were specifically at the sub-firm level (see Business Unit B in figure 6.2). AO4 was pleased with the timeliness of information coming from AM4 in stating that 'I think the main delay is getting the information to AM4, as soon as he gets his hands on it, he turns it around very quickly'. BO1 stressed the importance of timely project reporting [see R16] by BM1:

It is timely reporting on a weekly basis, it is very important because if we look at a project and it is not live and the costs are not live on it we could potentially make decisions that are essentially flawed.

BO2 stated that 'what works best is the timeliness of the item set up and the cost rolling'. BO3 noted the time pressure in forecasting processes as 'we say ok that doesn't look directionally right, so lots of rework, re-churning of that type of dynamic which would have to be done in a very short timeline in order to actually get to an end point fairly quickly'. CO noted that 'one of my objectives would be scrap' and 'the only way that I know if scrap is high or low is what CM gives me [see R24a-b]...so I need accurate information so the more CM can give me the focus points to focus on, timely information, and the analysis'. CO stated that 'I think timing is everything'. One of the factors that pleased DO1 most about management accounting information was that 'it is timely, it is accurate' (see R25 and R34). DO1 stressed firstly regarding DM1, the 'accounts correct and accurate' as 'we put a high focus on financials and

measurement. We would have the view that what doesn't get measured doesn't happen'. DM2 perceived OMs' expectations as being 'to do the accounts properly. DO2 attached much importance to 'identifying the issues at an early stage' in the context of the 'monthly accounts' (see R26) and 'by having those issues addressed as early as possible, it has a positive impact on the business then'. EO referred to the management accounts as 'historical' which could be understood from EM's remark that 'we have so much to do and we are very short of staff' and 'we report to head office ok within four or five working days' but the management accounts 'could be another two weeks' or 'three weeks after the month end' (see R28 and R30).

6.6.2 Accessibility and visibility

Some OMs raised issues around getting access to information and to getting that access earlier in the process. AO1 expressed a preference for receiving information prior to meetings so 'we could get some of the work done prior to the meeting'. CO noted 'sometimes a report is printed and people see a big figure on the bottom line and it could maybe create maybe a kind of excitement' and for example sometimes 'it is not actually true scrap but people didn't record the correct usage'. DO2 also noted that he would like to see the monthly accounts prior to the review meetings as 'the first time I see the accounts I am presented with a pack and I have no background to it'. Some MAs and OMs noted how there was not much awareness of management accounting information that was available. AM3 noted that 'they didn't realise that the report was there [see R6a-b, operating supplies], they could use it for various different things'. CO noted that 'their knowledge of the condition of the plant...it is very valuable and that just needs to be shared'. CO commented that it was a case of 'not being asked for it in the past' and 'it was an accident a few months back that I came across the scrap report (see R18) and I said who does that and he said I do'. CO and DO2 perceived access to this information as critical:

...he gives me access to inventory reports which are very important and we are not carrying too much inventory, gives me access to overtime reports, scrap reports and what we call KPIs, key performance indicators that kinds of tell you if you are being effective. You can be very efficient and produce a lot of material but it might not be effective in making a profit [CO].

...if DM2 wasn't there you would be working in a vacuum at that stage, not knowing what is really happening, okay you have a hunch

but the whole process, you don't really have a set of figures there that are quite convincing in their own right and I think that one can be satisfied that there is accuracy in terms of the figures [DO2].

DO2 noted that 'we go through the accounts' as 'there is no point in looking at the strategic issues if you don't have the set of accounts for a start'. AM2 attributed 'increased visibility of the OPE, the output per employee' (see R3) to his interaction with AO2 as 'I am giving him information on costs, labour costs and the productivity per person, per employee so he can obviously make judgements or calls on that'. AM4 noted that 'to get them interested they have to be measured on it' e.g., AM4's report on overtime (see R14) had highlighted overtime issues and AM4 noted that 'they keep on saying to me now the overtime, sit down with them...see what we can do in terms of, reduce it' [AM4]. BO1 remarked about interacting a lot with BM1 and 'it is live' (see R16). BO1 was 'very keen on transparency reporting' and 'reporting of projects, the transparency of where costs are' [BO1].

6.6.3 Functional requirements

MAs made distinctions between information for OMs in different organisational functions or levels. AM1 interacted with many OMs (see appendix G) and noted:

The Maintenance and the Operations Director, they are not as involved in the pure production. Like the Production Manager, really all he is interested in is getting good parts out, while the Operations Director, he'd be involved in strategic planning, in all these different operational...cost savings plan things so he would look for finance more. Same with Maintenance, because, and he is also the Scheduling Manager, he would need information on the whole inventory side of things, like inventory control. There is a lot of information that they would need from us to do their jobs [AM1].

AM1 added that the 'Operations Director, who would be involved in capital projects (see R1, report on capital projects), they'll come to us a lot more looking for information and asking us to sit in on different meetings so they would have higher expectations of finance than the actual pure production people'. CM remarked that 'if it is a production manager he is looking at production, if it is a maintenance manager he is looking at maintenance' and that 'a lot of it is non-financial' for example OMs focused on scrap 'units' (see R24a) before scrap value (see R24b). DM1 remarked that 'certain managers do, certain managers don't' require more 'ad hoc' reporting

e.g., one 'manager would be involved a lot in projects...he is on the development side of things so he is obviously going to be using ad hoc reports more than monthly reports'. EM linked specific information types to functional managers, distinguishing between production and sales managers. For the production manager EM stated 'what I would work with EO would be production statistics, probably would not be monetary figures' and for sales people, 'sales in turns, by product, average sales prices, for different product lines, compare contractors, sales, this year versus last year, versus budget and also for sales we do margins on bought in products' (NR17 was a debtors analysis for sales managers, while elements of R28 and R29 were for production managers). Further distinctions were made by EM for OMs in different product business units in that a lot more information was required for the one that was more 'customer specific' than the one that was 'variations of a standard product' as the former was much more difficult to sell if left in stock (this distinction was visible in R28 and R29 in the different analysis by product division).

6.6.4 Determining needs

AM2 noted that 'sitting down with him [AO2] and saying what do you need, what do you want or I have also given him stuff, I think this is what would be useful, we sit down together and go through that'. BM1 remarked that 'you have to tailor it to the people' and 'it is easier then for you to see what the person is trying to use the information for, that you are not just providing figures'. BM1 noted that 'it comes back to the notion of the internal customer' and 'there would be a kind of an agreed service level that to a certain extent that I will provide them with a lot of help'. BM1 noted that with OMs you 'deal with them as they wish to be dealt with' which meant providing information in person with a quick explanation so 'they don't have to look through a spreadsheet, what I am looking for here?' or by e-mail where they can 'study' it, and 'when it suits them'. CM revealed some uncertainty around the needs of OMs as 'it is hard to say, you do what you do and it is the old question that if you were to stop reporting on certain things tomorrow would anyone notice, I don't know'. DM1 noted how the recent appointment of a new divisional head had impacted on his role. The former head was described as more 'presidential', 'a PR man', while the current head was more 'hands-on' or 'pernickety' and 'it influences what you are doing on your day to day job because when that person is under pressure they are relying on you'. The implication of this for DM1 was 'you have got to adapt

to that and you've got to know how that person, what makes them tick if you want to fit into their ideas'.

6.6.5 User orientation

With report R1, AM1 interacted with relevant OMs by e-mailing it out and 'especially the ones where there is a lot of spend, the unspent ones, I will go and talk to them, ring them, go down and talk individually to each person, the manager or themselves about it'. AM1 noted that OMs had requested changes to R1. BM1 noted that for a capital projects report R16, 'I would have sat with the lads, particularly the Projects Manager [BO1] and said what information do you want' and 'how he wants a summary report'. BM1 remarked that 'they [OMs] added in a couple of lines and made a couple of amendments to it'. BM1 noted that the summary report, R16, was 'what he kind of focuses on', 'then he would maybe dig deeper into specific projects behind them' and also 'at the close out' resolving project 'issues'.

AM2 gave examples of using 'pivot tables and trends and statistics and percentages' to 'try and make it better, easier for them' e.g., AM2's report on output per employee (see R3) was graphical and reports on operating supplies (see R4a-b) ranked top usages by value and by volume, and in a graph. Both reports were on one page. AO3 commented upon the information from AM3 as easy to use and then because 'we have the weekly meeting, we review'. AM3 noted that 'it [R6a-b] just used to go out this way before (*AM3 presents the old detailed format*) so AO3 has asked for them graphically' and 'this year we have changed it to put the top 25' in. AO3 remarked that 'he [AM3] is well able to explain you know because a lot of the stuff that accountants talk about, they have their jargon there, but he is well able to explain around that, you know I think he is good'. Confirming AM4's user orientation, AO4 stated that 'he will actually, typically, ok show me what you want and go out on the floor, back in, and go through the cost accounts' and 'the quality of the information sort of from the cost reduction teams, he is key to that right and now it is in a manner that is usable and clear and I think he has delivered that' (see R10 and R11 on electricity and gas usage respectively).

CO observed a change made to one of CM's reports (see section 6.8.2). CO stated that 'the balance is positively towards pictorials' in Company C and 'it is mostly trend

data so we are able to see are there improvements’ and ‘if we have a bad spike we can actually know if there is a bad week or month, it is out of context, and we probably can find out quickly why so’. DO1 had a ‘preference for non-financial in terms of management information’ (as was visible from the performance indicators on R25), and commented that ‘the whole CRM and customer focus really needs to be reflected’ more. DO2 perceived DM2 as ‘very good’ at ‘pulling together financial information and presenting it’ in that ‘he has access to the information, put it together, and put it together with a degree of simplicity so a non-accountant or a non-financial person can interpret the results fairly speedily’. EO commented that EM could ‘use more user-friendly jargon, some of the stuff’.

One indicator of user orientation was when many OMs made reference to adopting reports from MAs in their own functions. AM2 had conducted a one-off comprehensive inventory analysis (see NR2) that AM2 noted OMs had requested from him in various forms to facilitate them performing further analysis. AM3 observed the extension of a usage report (see R6a-b, operating supplies) by OMs to other materials than those the report was originally designed for. BO1 commented that ‘I think the quality of the information is very important you know and we do make a lot of use of that, accounting information that he does produce (see R16) and we do flex it. CO remarked ‘so I take that report and I look at it myself obviously and I see any issues and also distribute it to all my direct reports so now they can see in their departments where there is high scrap’ (see R24a-b) and ‘it is also very easy to share’ given its graphical form of presentation. CO elaborated that ‘they are being shared and it means and I share them with my own direct reports and every month departmental managers, every week in fact with overtime, every week for inventory’. CO noted that now ‘rather than waiting to be asked where is my scrap they [his direct reports] actually tell you in advance’.

6.6.6 Aggregation and disaggregation

AM4 perceived OMs as most pleased about ‘timely’ but ‘not too detailed, just enough’ information and AM4’s reports were very simple and brief in presentation. AO4 added that AM4 ‘will send out the data but on the front of that e-mail he will have the main points, here is the data, I would like to bring your attention to the main points. Bum! There it is’. BO1 placed great importance on weekly project reporting

and monthly forecasting and reporting from BM1 as the ‘fourteen project engineers’ all ‘live and die by that cost sheet, it is a one pager’ [BO1]. BM1 associated involvement with providing OMs with a ‘summary’ (see R16) to ‘get a feel for where the problems are and then that is where they want to take a dive down to see what the issues are’ and that the director was more into summaries and the manager into the detail. BM3 commented that ‘managers sort of want high level’ and they are ‘concerned with the sum total’. CM commented that ‘you get managers who never ask you questions, they might ask the odd question, while other managers tend to look at the detail, while others just look at the overview’. DM2 commented that ‘some people take a much bigger interest in their accounts, others they are just into sales and they have a limited interest so it varies’ and ‘some people go through it with very fine detail, while others may have a quick look over the main points, the summary points’.

DM1 associated ‘high level information’ with involvement with OMs as ‘managers don’t have time’ and OMs were ‘assuming that everything is ok at the bottom’ but DM1 did note that ‘there are times when they want to go into detail’. DO1 remarked that ‘it can be as detailed as you want it to be as there is loads of stuff behind it’. DO2 remarked that he required ‘summary sheets for a start, keep it simple’. These sheets captured sales and cost performance information and the overall results (see R26). DO2 noted the value of ‘taking some of the summary sheets and being able to come to a fairly quick conclusion to where a [business unit] is at a point in time’. DO2 stated that:

I go through them in detail, go through the set of accounts in detail and when I am finished the accounting review then with my own lads, get rid of them and hold on [to] the summary pages, hold on [to] the summary piece.

EO perceived that EM had an impact on decision making ‘because he is showing a bigger picture of the company, where it is, its profitability and where it can improve’, the ‘bottom line’ and EM ‘has all these ratios’. EM, supporting this, also noted the value of ‘bringing all the activities together, stating it in monetary terms otherwise everybody would be working as a separate entity, sales would have their own, we will just sell as much as we can, production will just produce as much as we can and there might not be a market there for it’.

6.7 Meeting OMs' control information expectations

OMs expected MAs to provide information in the development and submission of plans on different time horizons (building on phase one, see sections 5.2.2.8, 5.3.2.2) and to track actual performance against these plans. The greatest focus for OMs in general was the current year's annual budget targets.

AO1 was 'very happy, I mean I would be very happy' with AM1 but noted 'if we had time to dig further into our variances against plan' but 'you don't get time here to dig deep' and to examine all variances as 'if you are red there is a huge steward's enquiry, so for green I would like to have the same'. AO1 also expected AM1 to provide information on the 'financial benefit' for cost reduction projects (see AM1's NR1, a cost saving analysis). AO2 remarked that 'cost is a big impact, is a big factor for us so there is quite a lot of information sought on a daily if not a weekly basis on costs' (see AM2's reports on productivity R2 and R3, and operating supplies R4), and commented how AM2 was currently working on 'using SAP' to 'improve' the 'visibility on how we are spending it'. AO3 commented that 'the monthly reports...there are certain conversion costs to be achieved, how we amend the conversion costs, what has happened to spends, how we are doing against any parts that we have, so that will make sure that we are not overspending' (see AM3's R7, cost centre report). AO4 stated:

I would expect him [AO4] to gather data, very usable, in a very user-friendly format. What is the cost of this activity to date? Within that cost, are there any one or two or three elements that are significantly more than another?

AO4 commented that AM4 'has definitely raised the bar in terms of control of costs' which 'I can link directly to him as a person and his activities'. AM4 provided a range of routine reports on operational cost analyses (e.g., R9, R10, and R14).

Regarding BO1's expectations of BM1 as the 'projects accountant', BO1 noted that 'the major ones' relate to 'individual project reporting' (see BM1's R16, a project summary report) and 'most importantly control':

...the reporting of projects, the transparency of where costs are, the forecasting of costs corporately and internally, it is extremely important [BO1].

BO1 added that 'it comes back to real time capital information' and confirmed the importance of the BM1's project reports in stating that 'the reports he produces are absolutely our bibles by which we live and die by on a weekly basis'. BO2's expectations of BM2 related to control of inventory e.g., 'to make sure that when the guys are issuing to work orders and receipting stock that they do it right' and 'advising us you know if we want to write something off'. BO3 viewed BM3 as 'meeting my expectations', one of which included to 'provide information on where we are versus budget and forecast on a monthly basis (see R19) and bring that information to the various cost centre reviews that I would have with him and then you know to actually follow up on any discrepancies that are raised during that review'. BO3 commented on missing information on 'material usage variance, labour variance analysis you know and that is probably because I have not been setting such high expectations or level of information on that'. Although BO4 stated that he did not really have expectations of BM4, BO4 did note that 'I see it is more BM4 is very much the financial side...keeping in line the costs of the business'. BM4 presented variance reports (see R20 and R21) that BM4 regularly asked BO4 to explain.

CO stressed that CM played a 'critical role' as accounting 'tells you [CO] we are not making money, or not making enough money'. CO remarked that he would like CM to: 'say these [results] are the ones that I think we should be focusing on'. CO expected CM to deliver timely and accurate KPIs, 'some analysis...and a little bit of initiative'. CO noted that 'they were not sharing it [information] in the past' but it was 'constantly improving'. CM remarked about the detailed information OMs requested of him to assist them in the building of subsequent budgets (see NR13). CO remarked that he would like CM to be 'picking out your positive variances and you know last week was a great week' and 'it is not a question to always to have to well if it is over budget that is bad and if it is under budget that is good or within budget...you have actually done something more efficiently as well, why was that?'

DO1 expected DM1 to have 'key targets for the year in terms of changing each business and we would have time frames set', and 'whether it would be growing a

business or cutting costs and to see where they are versus those implementation plans'. DO1 noted that DM1 could be 'more aggressive in looking for change, savings and all that'. These 'key targets' were presented on the performance report, R25. DO1 noted that 'we have variance versus targets and analysis of those and then proposed actions, not just realms of reports of what is ok and looking for stuff in the middle of it'. Regarding the business plan and DM2, DO2 expected DM2 'to provide a wealth of information in so far as, what was last year's business plan, where are we going this year, and matching up this year and last year, and what the environment is, and I would say DM2 is quite good at that, very good at that in actual fact'. DM2 provided profit analyses across business units with last year and budgeted benchmarks (see R26 and R27). EO stated that 'I don't have any [expectations], he has expectations of me. He looks for all these figures from me' and 'well I have this already but I have to comment on major adverse variances'. EM provided many accounting reports which included variances (see reports R28, R29, and R30).

6.8 MAs and control information and reports

The routine reports examined in phase two had a strong control role, and the findings on the extent that these reports related to assisting OMs in the performance of their roles are presented below. Some of these reports, in their use, were observed as being the prerequisites to decision making with respect to addressing the consequences of these reports. The findings are presented around a number of routine report themes.

6.8.1 Periodic positioning

Many of the reports provided in the study played a strong role in regard to giving OMs a periodic positioning of the performance of the business, or sub-units, against predetermined performance targets and key indicators e.g., R31 for Company A reported 18 critical site indicators against plan and R33 for Company B reported 32 site-wide KPIs against targets using a traffic light system. The vast majority of the routine reports provided in the research contained some budget benchmark information. OMs perceived routine reports as very useful for assessing targeted performance and for a position on wider departmental and organisational performance:

...if am looking at a budget report for a department I go down to the bottom right hand corner, over or under budget is the first thing I look at because if it is over budget it needs more attention, under budget still have to look at it but I suppose it kind of gives me a kind of relevant analysis [CO].

In this context, CM provided an example of a department cost report (see R23). DO1 noted for detailed periodic reports (see R34a-c):

At this stage I only focus on a few key issues each month. We are trying to look forward more than looking back so unless there is problems I don't go through the accounts in any detail and I can flick through them in a couple of seconds and see whether they are ok or not [DO1].

DO1 commented further about the management accounts as 'an accurate reflection of the state of play'. DO1 remarked that 'DM1 has written explanations of the variances, I would look at those variances. I don't look back through the detailed financials at all' (e.g., R34a-c had a lot of detail behind the front summaries). DM1 noted that routine reports were used for reviewing 'continuous performance'. DO2 linked the routine accounts (see R26, periodic margin reports) to the 'overall the strategic piece, where the business is at any one point in time' with respect to planning the remaining period to the end of the financial year. Many OMs also attached a value to comparative information in routine reports:

Sales value, sales volume, the cost associated with it and then the bottom line and to be able to make the comparison between this year versus budget versus last year [DO2].

EO observed getting the aggregated perspective from the accounts (R28 and R30):

...showing a bigger picture of the company, where it is, its profitability and where it can improve. He is highlighting all these areas where you can...the bottom line is...potential to improve, where you can. [EM] has ratios on cost of manpower from tonne of product and all this, he has all these ratios.

Regarding EM, EO remarked that 'it is a supportive role but it is sort of historical really. He will tell you how badly you have done or how well you have done' i.e., 'an information flow'. EO stated that 'month end is a big one' (see R30 monthly

accounts) for interacting with EM and ‘later on in the month he would produce variances and I don’t know...he will actually do a lot of work on the variances’. EO did not perceive these reports as having much value (see section 6.8.6) and noted that ‘you don’t have to have an accountant to see where improvements have to be made but at the same time they can tell you exactly what you need to do and what a little percentage here, and what effect it will have on the bottom line’.

6.8.2 Focus

AO2 required focus in terms of needing ‘AM2 to identify the key drivers that are influencing that [cost per unit] and what parts, what of those can we influence, can we affect and can we drive down, so labour productivity is a big part’. AM2 provided brief and graphical productivity reports for AO2 (see R2 and R3). AO4 noted that ‘his [AM4] activities have contributed to ‘improved decision making’ in regard to ‘identifying areas where there are problems, providing useful data, encouraging us to look at these things’ e.g., ‘he did bring to the fore the fact that certain costs and consumables have gone through the roof’ (see AM4’s reports on electricity, R9, gas, R10, and tooling, R15) and ‘definitely on the cost reduction teams they would be somewhat rudderless in that they would not know what the priorities are, they would not know what the costs are...what to focus on’. AO4 noted that OMs sought reports that quickly drew attention to the key issues, and most of the reports provided by AM4 (see R9 through to R15) were simple in design, one-page reports, and timely in AO4’s view.

BO2 stated that ‘BM2 does also prioritise the urgent issues for us’ from an inventory management perspective. CO’s mandate for CM was to ‘do the content and come up with certain areas to focus on’. In the interview CO demonstrated changes he requested to a scrap report [see R24a-b] that CM had e-mailed to him: ‘change I made is, the comment boxes are new’ i.e., pop-up comments visible only on viewing particular figures in the spreadsheet to ‘point out the areas’ and ‘I will then get supervisors to come back direct to him [CO]. CO attributed the focusing dimension to CM as ‘certainly anytime that we focus on an area we improve it, so a consequence of the cost accountant is telling us where to focus’. CM corroborated this by observing that OMs desired ‘information when they want it and it is accurate information, it highlights stuff’, and ‘in a form that they understand’ that it is ‘not a book’. DO1

expressed a preference for ‘focused information’ not ‘realms of information, just the key issues’ and DM1 produced a brief one-page report on performance indicators (see R25). DO2 further commented that he was most pleased with DM2 regarding the ‘quick identification of issues’ from the accounts (see R26). Thus, there were two kinds of focus, one in the brevity of reports and two where MAs highlighted particular points in the reports.

6.8.3 Budgetary reports

Some cost centre or departmental reports did not seem to get much attention from OMs. For the cost centre report R7, AM3 noted that ‘it would be about a two minute session, there is the report, any comments, no, and we move on to operating supplies’. AM3 described R7 as ‘quite awkward’ as ‘it is an American chart of accounts’ with ‘American terminologies’ and ‘there is a lack of understanding from a non-financial person what is in all of these [line items]’. For R7, AM3 commented that the questions that typically arose were: ‘What is there? What is in that? What is that doing? Why is that there?’ AM3 perceived that the cost centre reports like R7 had less impact because the emphasis in Company A was ‘get the product out the door, everything else can be bedded down later’. There was more use of R7 ‘coming to the back end of the year’ and ‘when we are preparing our budget’. Corroborating this, AO3 noted ‘when the cycle comes and if demand drops well then certainly the focus is going to be on the cost’. AO3 elaborated that there were more control concerns at different times in the operating year in that ‘it was in the latter six months of the year that attention was paid to costs’ i.e., ‘at the moment forget the cost, get what the customer wants, get it out the door and it is a kind of cyclical event’. CM noted that ‘with the expansion, 18 months say, there was no, they were not sending out, the budgets were put to the side’ and BM3 observed that budgeting information ‘always takes a back seat...because we are going through a start up phase it is like literally you put out one fire and another one has started’.

AM4 noted that ‘useful’ routine reports are ‘reviewed quicker’ and used to see ‘how the trends are going’. For a cost centre report R8, AM4 noted that ‘I would e-mail him’ and ‘obviously if there was a big issue I would go and see him’. For R18, a transfer sales price report, BM2 had interaction ‘on a monthly basis’ with lower level OMs ‘to verify transfer prices’. BM3 noted that interaction around the routine reports

(see R19, analysis of spend against forecast) had consequences e.g., ‘BO3 may ask me why is it so high? What is driving it? What are the key drivers?’ BM3 noted that sometimes OMs ‘might want to see a bit more detail’ or ‘they might want to see all the months leading up to that’.

CO commented that ‘I like variance reports’ and ‘at the end of the day you have to be in charge of your costs and you have to know that your margins are being preserved and you could actually do a very hard and good determined weeks work but if we are not at the end of it making money then you have to know that’. CM’s reports (see R22a-b, R23, and R24a-b) all provided budgetary comparisons and variances. For the cost centre report, R23, CM noted that he would ‘hand them around’ and ‘they come back to me and I ask them do they want anything analysed, does anything look strange to them because I would not necessarily know’. CM noted that for an inventory report, R22a, ‘if there is an exception on the report that is when it will trigger a response...if you are running within budget obviously you don’t need to worry about it’. DO2 perceived that DM2 had quite an impact on control in that ‘within the monthly management accounts package, he [DM2] has what is called ‘Operational Excellence’ and control weaknesses ‘are quickly identified’ [DO2]. EO commented that ‘I like getting the variances because you need to have a measure of where you are at the end of every month’. These budgetary reports by design played a strong role in periodic positioning as outlined earlier (see section 6.8.1).

6.8.4 Non-financial indicators

Some reports addressed non-financial aspects of performance and these seemed to receive quite a bit of attention from OMs. As noted under periodic positioning (see section 6.8.1), many management summary reports contained critical NFIs (see R31, R33). For AM2, involvement was linked to reporting on ‘productivity’ as ‘they [OMs] are managed or they monitor [it] themselves, they are their own bosses on output per employee per hour that is a key one’ [AM2] and added that he had had ‘good feedback’ from OMs on the productivity report R2. AO2 also produced a closely associated graphical report on output per employee versus budget (see R3). AM3 noted that the operating supplies volume and cost reports (see R6a-b) were ‘the main reason I go down to him [AO3]’ and they ‘would cause us to maybe come back after a meeting to see if there is a mistake or some errors here, what exactly is driving it and

then we might go back down to see the people using it'. AM4 noted that for R9 (electricity usage) and R10 (gas usage) that 'there is a cost reduction team so it is actually been dealt with in that' thereby linking his team involvement with these reports. AM2 produced similar usage reports for a different business unit (see R4a-b). AM4 remarked about how R14 (overtime report) was 'a live document which we did not have and it is now actually used at night and every Wednesday to say you know to hammer the lads and this is what it is all about, what gets measured gets done' [AM4].

CO explained the company practice of putting brief and simple graphical performance reports, which were largely non-financial, on notice boards around the factory (which the researcher observed). CO explained that: 'I might be able to understand a financial report written in columns and tables but it is not to say that a supervisor coming up through the ranks would' and 'with a tabular with a kind of monthly report like people just don't read it'. One example of a NFI report was scrap (see R24a-b) that was produced by CM and highly valued by CO. CM noted that in terms of most interaction with OMs 'it would be the inventory [see R22], it would be the scrap [see R24] because obviously as I keep saying they are focusing on scrap'. For R25 (performance indicators), DM1 noted that 'they appreciated having all of this down on, they had it themselves on an informal sort of basis and then when I started doing it they said yes that is a good page, everything is there'. The report contained key measures using various non-financial measures on different costs and usages per unit.

6.8.5 Reports of little or no value to OMs

Some reports did not actually go to OMs or were discontinued or were a basis for MAs gathering information from OMs. Some reports, while requiring interaction with OMs, did not particularly assist OMs in the performance of their roles. AM2 had input to a site-wide report for senior management and head office on manufacturing cost (see R5) but 'the only interaction [with OMs] I would have is if I needed more information and if there was a big variance'. On a weekly inventory value report (see R11), AM4 commented that 'it is up to the OMs to come back to me, in terms of the detail'. For R12, a head office report AM4 prepared on delivery performance, OMs would 'input the current issues and actions and outlook' and 'I don't hear any more about it to be honest with you'. In regard to a conversion cost report R13, AM4 remarked that 'no it wouldn't [go to OMs] because they wouldn't be able to

understand it, it is really only for myself, the financial controller and the general manager'. AM4 added 'I suppose a lot of these reports that we send out, we don't get a whole lot of feedback' and 'I presume there are reports being produced here and people think they are being used'.

BM2 remarked that R17, an inventory value report similar to AM4's, was complex, time consuming and 'any questions I ever got came from our own department'. BM2 noted that R17 was now discontinued as 'they effectively said this one was not adding any value' and 'I had been reporting it to them for three years' [BM2]. Regarding R20 (variances), BM4 stated that 'we used to have meetings every month with the individual managers like but at the moment, we have just kind of cut down on that because there was no need like'. Similarly, EM remarked that 'we have had a couple of variance meetings where we all sit down around the table and discuss it like but they are few and far between'. For R20, BM4 noted that she needed to interact with OMs to understand the variances and 'to try and find out exactly what happened in those particular batches'. BM4 commented that 'if there are big variances within those that is, my role is involved' and 'I would have spoken to either Manufacturing or Packing depending if there is a problem, or they are on it'. For R20, BM4 noted that 'there is a lot of detail on it' but 'we do a summarised version [of R20] for say the director'. For R21, a purchase price variance report, BM4 commented that she would be 'dealing with the Purchasing Manager basically on that maybe once every month' and 'that is a designated meeting every month, and usually he has two or three of his people that are there'.

EM noted that he interacted most with OMs around the flash report (see R29) for head office as 'it involves them all'. This report was effectively OMs' predictions, on the 20th of each month, of where the period end results would be and was not of any benefit to the local subsidiary OMs. For EO's part of R28, a detailed quarterly management report, EM remarked that 'EO will then explain some of the negative variances' to include in the commentary for the quarterly report. Supporting this EO commented that 'I have to comment on the major ones', 'I have to comment on negative not on positive' and 'before that [see R28] is actually printed now EM and myself sit down and we have to thrash through the variances'. Regarding R28 and R30, the monthly and more detailed quarterly management accounts, EO remarked

that: 'he just gives factual information; it is I who has to give the answers'. EO concluded: 'oh I just file it away' and 'every month we used to sit down and read these things...waste of time, a complete'.

6.8.6 Monthly management accounts

Many MAs played a part in the production of monthly site performance summaries and more detailed management accounts (e.g., AM1 and R31, AM2 and R5, BM2 and R32, BM3 and R33, DM1 and R34, DM2 and R26). Some of the monthly management accounts appeared to be somewhat underutilised. BM1 noted that OMs 'don't want to see the detail really, they want to get the quick glance' linking to the earlier theme of focus (see section 6.8.2). BM1 remarked that 'the routine ones, they get the whole time, I kind of know what they want so I know what to provide to them' and there were 'generally less queries from the routine reports; it is more the ongoing bit of how things are progressing and specific analysis as such'. These non-routine reports are presented in section 6.11.

BM2 perceived that the routine was 'looked over' and 'they don't actually concentrate much time on [it] because they are seeing it so regularly, they know what they are looking for'. BM3 described R19, an analysis of spend against forecast, as one that went into the 'month end report' (see R32) and remarked that 'I think senior management can understand it very well' but less senior personnel 'probably see it as mumbo-jumbo load of numbers, not meaning anything'. BM3 suggested that 'maybe comments down the bottom saying some of the non-financial piece, is more sort of technical comments' from 'non-financial people' [BM3]. BM3 perceived that the management accounts (see R32) had 'too many numbers in it' and 'it doesn't tell you anything, how it relates to them [OMs]' and remarked that 'I would love to just put in a load of dummy information' and 'see if anybody came back'. BM3 noted that 'the finance director actually went to them and said are you happy with it and they are fine with it'. BM3 added that 'I would love to see graphs in there, at least you would see trends' but 'they are happy, I just, anyway, bizarre'. BM3 stated that:

I've pushed that here locally to try and say can we produce something that is meaningful to people. Managers are happy with it. I don't know how they get any information out of it because even by looking at it myself I don't really understand it [BM3].

On inspection of R32, BM3's comments regarding the lack of commentary and graphs in R32 were corroborated and R32 did have a lot of financial detail. CM remarked that 'the routine go out, you might get questions back'. DM1 explained that 'there is a financial pack that is prepared and this [see R25] is a part of the financial pack and that goes up to, that goes up as high as divisional CEO' but the report was used differently as the 'divisional CEO is less looking at the nitty-gritty'. For R25, DM1 noted 'if something stands out here it is something that I would focus on' and 'you would be saying that we need some action on this straight away' or 'if it is quite good you have just got to say well done lads'. DO1 noted that D34a-c, management accounts for three business units, 'drives a lot of decisions and actions'. As DO1 flicked through R34a in the interview he commented that 'we would have changed [it] to be more kind of, less finance based and more management based say would be, [flicking through R34] we were trying to get to key performance indicators on all the main issues' and 'that kind of page [see R25] I would see as very useful, that kind of a page [next page] I have no interest at all [detailed financial data]. DO1 noted how the management accounts, R34a-c, were used 'for a line in the sand for where we are each month exactly' linking to periodic performance (see section 6.8.1) and sought more focus on 'forward looking' and less of 'looking at performance versus last year'.

DM2 referred to the use of routine reports as 'gospel' as 'they are the ones that everyone looks at' and noted that R26 (business unit gross margin reports) prompted interaction as 'managers come back with questions' and 'they look for greater analysis and more information on it'. DO2 noted that 'it [R26] is good for giving information at a point in time' and 'come the following month you can see has this guy made progress or not made progress so it is good to raise issues' but as noted in section 6.6.6, DO2 did not retain the detailed parts of the accounts. DO2 also noted that 'people that aren't maybe, that don't have any basic level of training, accountancy training they might be a little bit intimidated' by R26. For R26, DM2 would 'e-mail it out to them and then you would meet them maybe a couple of days later or a week later'. DM2 commented that if 'there are big problems it (see R27, adjusted profit by business unit) forces them to act on it'. With R27, DM2 stated that 'you would focus in on the [business units] that are most off budget'. DO2 noted that a decision around a routine report (see R27) 'would be more of a localised decision

whereas the other ones [non-routine] would address strategic issues at a higher level'. EM had not received any comments back from OMs in regard to their section of R28 (quarterly management report):

You get very little feedback on it so I suppose most of the questions are asked before it is sent out you know what I mean from the local managers so the local managers probably know what is inside of it before it is distributed [EM].

EO stated that 'the whole pack [see R28] is a pile of information, too much' and seemed to confirm these comments as he flicked through R28 and commented: 'that is just cost account, that is not great, that is not giving you...[*flicking through the report*]...this is putting costs, that is for the sales people that is putting the cost against each of the product so that is really not of any interest to me it is more for the sales people. Mind you I don't think they pay any notice either' [EO].

6.8.7 Routine-non-routine

AM4 commented how a tooling cost report R15 'is a routine one in that now it is a routine but before it was not being measured at all' indicating how the report had developed into a routine report having begun as a non-routine one. Conversely, AM1 noted that a routine report could lead to non-routine report e.g., 'like the inventory report for example this month there was a huge right off of [X], one of our raw materials, so immediately different people picked up on it and there is a project going ahead'. Thus, while the findings make a distinction between routine reports and non-routine reports, one can be the genesis of the other.

6.9 Meeting OMs' control interaction expectations

OMs generally expected MAs to interact with them in reporting and addressing control issues in their functions. OMs not only expected MAs to provide control information but also to interpret and apply it in an interactive context. AO1 observed that 'after our first initial meetings [on the maintenance budget] AM1 could pick up from the actual spending for a week, that is not a maintenance item, that is someone else, so that is, straight away there is an initial level of control'. AM1 corroborated this by noting 'if we weren't so involved a lot of the costs would go crazy, people would just spend crazy' and noted she attended a weekly:

...operations meeting, I will go through the financials, productivity, savings on safety supplies because that is an area that has gone out of control so it is one of the things that I have been asked to look at and report on every week.

AO1 commented that 'one of the things that we work on then closely [with AM1] would be the forecasting element of it within the month or for the remainder of the year to ensure...that they are hitting the future targets'.

AO2 commented that AM2 'could improve the controls a lot like around budgets and things like that, we are not there yet and I would expect, and I expect that he becomes a lot more involved'. AO2 expected that AM2 'would drive the cost reduction initiatives, he identifies from a financial aspect the big cost drivers and he brings them to the meeting and he works with the different people in terms of analysis', and to do so with 'more assertiveness'. AO3 expected AM3 to be 'constantly looking at the costs within the business unit and driving action against that' as 'in some ways it is only done as an afterthought'. AO3 suggested:

...spend some time on the floor just to understand the process and you never know they might see more things...where savings...their background, something could twig, gee you know what we could do this, could be cost accounting, there could be different ways of costing and management more so than the labour costs and that so I would think more time on the production floor like.

AO3 commented about being 'just driven by costs, costs, costs' and 'you have reached your budget so tough' when 'there are certain times well the [units] have to be delivered to the customer regardless of the costs' and desired a greater awareness of this when MAs were interacting with OMs i.e., 'a lot of other criteria that might overrule the cost element'. AO3 would have liked AM3 to be 'a bit more involved, but I don't think there is that much more they can do' as 'at the moment it is more of an operations area' e.g., 'quality' and 'health and safety'. AM4 noted that 'I think to have a meeting, you do, you really do, need to know the process. You can't really question a manager until you know it, obviously the operations very well'.

BM1 commented that ‘I am certainly sure that there would be project overruns’ without his involvement with BO1. BO1 corroborated this by stating that if BM1 was ‘not working closely with us, or us not working with him’ then ‘we lose that control, and then with that we are losing all the transparency of where our costs are going and all our ability to diagnose or analyse where are our costs are going wrong’ (see R16). BO1 stated that ‘we work very closely with BM1 to give us that sort of financial flexibility in reporting, and the flexibility is there but it has to be worked on and we obviously have a big influence on that, and we work very closely with BM1’. BO2’s expectations for BM2 related to stock control e.g., ‘if something was done wrong’, ‘advising us you know if we want to write something off’ and to maintain the standard costing system. Similar to AO3’s remarks above, BM2 noted that ‘the focus in Company B at the moment is to get the product to the [customer]’ and ‘so from the big scale picture the financial implications don’t impact’. BM2 stressed that it was really only when ‘something has gone wrong’ that OMs ‘look for cost implications’.

In relation to planning and forecasting, BO3 commented that BM3 ‘provides necessary templates’, ‘gives me direction in terms of guidelines and in terms of timeline’ and ‘provides some element of sanity checking in terms of direction, is this the right thing to do?’ BO3 stated that ‘even though it is important to manage financially it may not always be to the budget situation’ and ‘the key thing is that we do what is right for the business and in some cases managing down to the last Euro or Dollar may not always be the right thing for the business’. BO3 explained how MAs in Company B had a flexible approach and were not ‘overly hung up on money all the time or the financial aspects of it’ and ‘for it not to be obvious that he is the financial guy’. BO3 stated how the MAs in Company B approached this:

They realise that the first thing to make sure that the problem, put boundaries on it as opposed to coming in looking for the cost of it day one. So they would have a lot more understanding in that space, you know, compared to other organisations I have worked in.

Agreeing with BM2, BM3 noted that ‘the sort of financial aspect of it even though it is very important for the site’ tended to be given less priority which was attributed to the challenging start up phase that the company had been going through. BO3 stated that BM3 was a ‘very open individual, good working relationship, huge level of trust,

so that is the consequence of where his relationship really is, very, very high levels of trust'. BO3 noted that BM3's interpersonal approach had implications for implementing controls:

...his style would facilitate a bit more our acceptability of some of these controls because he is able to influence people to actually make sure people buy into these controls...very positive influence on people as a result of that so the quality of the introduction of the controls would be positively impacted by BM3's interpersonal style, being able to bring people along with him.

Regarding cost centre reviews with BM3, BO3 was 'very happy with that, yes, yes'. BO4 had few expectations of BM4 as 'if there was a cost variance, so to give more detail to BM4 if there were any issues, positive or negative variances, it is usually for me. BM4 would have none of the details' although 'her manner, that with which she approaches you, I think supports you to go and help her'. Aware of this, BM4 noted OM's displeasure 'if you are coming after them with quite a lot' with remarks like: "BM4, do you know what you are? You are a pain in the tooth" because you could be always on to them to get stuff sorted'. BM4 noted the need to 'understand the processes most importantly' as you 'just won't get on like'. BO4 observed that BM4 could interact earlier with BO4 with her queries i.e., 'rather than just querying work orders, cost related things at the end point maybe at the start point'.

CM noted that the weekly reporting of scrap and inventory prompted interaction with OMs and querying of results 'and managers hate Mondays because I come chasing them'. CO noted a benefit in meeting CM before reports were issued, as did other OMs (see section 6.6.2). DO1 explained his interactions with DM1 on the budgeting process in that 'he is fine, very good, to be honest' and 'he knows how the game goes as well so he doesn't waste time, load of bull like'. The 'game' was explained as preparing the budget with a 'blank piece of paper' but all along having the end point pre-determined as 'we are starting off with the final figure and we are working backwards'. DO1 credited DM1 with much 'cop-on'. DO1 observed:

...one to one is fine, supply chain [management meeting], he could give us a kick more, each of the managers...I was saying to him could you not be a bit more proactive in that but it is not a huge

issue. The accounts meetings are fine, perfect, he cuts straight to the chase.

DO2 noted regarding DM2 that an ‘expectation that he would sit down and have a meaningful discussion then as well and how that might fit in with the overall business plan for the division totality you know building from the ground up’. Regarding doing the accounts reviews with DM2, DO2 noted ‘I would say good delivery’.

OMs expected MAs to interact with them with the purpose of assisting OMs in the achievement of their budgetary targets. Confirming this, MAs frequently noted that most interaction with OMs occurred when ‘they need to improve things’ or ‘when things go wrong’ [AM1], ‘if you report a bad month or a bad quarter’ [AM2], knowing ‘how much they are going to be able to recover their spend’, ‘spending variances related to the standard costing’, and ‘determining our standard costs initially’ [BM2]. BM3 stated ‘if the actuals are not aligned with the forecasts it can create a lot of extra work for myself and just really a lot of interaction with managers to try and understand why these things have happened’. DM2 noted that interaction with DO2 ‘depends on how good or bad the accounts are’. EO did not expect much from his interactions with EM:

...it is one-way traffic as far as I am, I mean anything I get back is historical, then I have to justify it or explain why or whatever. It is....then I have to look and why the hell am I adverse.

OMs did not desire MAs to be interacting with them for the purposes of seeking variance explanations, as BO4 and EO observed BM4 and EM doing, which underscored a weakness in the MAs understanding of the business. Similar to BO4, EO remarked that EM ‘has a good approach. He is relaxed, he has a good way with people when he looks for something, he is, it is just about right, he doesn’t get your back up even though he could be hassling the...out of you’.

6.10 Meeting OMs’ decision information expectations

OMs expected MAs to provide information that they could use to make decisions in regard to the performance of their roles. AO1 anticipated ‘poor decisions’ if he did not have AM1 ‘to actually generate the financial data that we actually require for some decision making’ as ‘you need good data to make good decisions’ e.g., the

‘financial impact of these [capital] projects’ (see AM1’s capital report, R1) and ‘we have to obviously prioritise them [cost reduction initiatives] and they are prioritised on the basis of financial benefit’. AM1 identified decisions related to assisting OMs in the performance of their roles such as ‘outsourcing’ and ‘different production decisions’ where OMs sought decision information. AO2 associated AM2 with decision making in his role regarding ‘labour productivity’ (see R2, R3) and ‘cost reduction’ and AO4 associated AM4 with decision making in his role on ‘new product introduction’ and ‘cost reduction’ (see R9, R10).

BO1 commented that ‘we would like to utilise the management accounting resource on projects a bit more beyond the control and reporting function into more analysis and cost reporting’ and have ‘more value added I think giving greater analysis to costs, to invoices’. BO1 observed that ‘a lot of what we do on projects that are not approved from a business case perspective would be putting the costs together is something that I would do, putting cash flows together, things like that it would be very useful’. BO1 identified that the ‘control’, ‘transparency’ and ‘reporting mechanism’, that BM1 provided ‘allows a good bit of effective decision making’ and ‘importantly it encourages greater development of the site’. BO3 expected BM3 to provide information on decisions around ‘new product introductions for the site’ and ‘opportunities to bring new business to the site’. BO4 stated that ‘there are six or seven different projects there, [BM4’s] role could be helping me within that either costing them or querying say the measures’.

CO drew on CM ‘if I need a costing done for some project, so project costing, so we might change a [component], we might change material and you might want to do a few what-ifs, so what-ifs, project costings’. CM commented on how ‘accounting information’ impacted decisions on ‘downscaling’ or expansion e.g., ‘capital investment’ but stated ‘decision making, to be honest, you would have to talk to the managers on that. Again you send them the information, whether they use it, they may just look at it and say discard it’ [CM]. DO1 stated expectations as ‘accurate accounts first and secondly drive the management performance’. DM1 noted that for R25, he would ‘sit down with them [OMs] once a month and we go through that page’ and ‘you are hoping to see improvements in performance from one year to the next’. DO2 explained his expectations of DM2 around projects, specifically closures:

...what costs can you eliminate, what costs would be there anyway so it is really pulling together financial information and presenting it in a fashion that I can present to somebody else. Is DM2 good at that? Very good.

DM2 perceived that OMs' expectations were for him 'to assist in other work that comes up like project work'. EO did not have decision information expectations of EM but EM perceived a decision impact of 'accounting information' as 'one division of the company is doing quite poorly at the moment so there are decisions to be made on downscaling the operation' and 'the other plant which is expanding we are looking at what if you are having a capital investment of, a project' [EM].

6.11 MAs and decision information and reports

Many of the non-routine reports had a strong orientation towards decision making and these reports are summarised in appendix H2. This is also supported in phase one where non-routine information was perceived as being used for decision making (see section 5.3.3.3). A number of major themes of non-routine reports emerged from reviewing these reports and from interview discussions around them with respect to the extent that they assisted OMs in the performance of their roles.

6.11.1 OM interest

OMs appeared to be very interested in non-routine reports. AM1 stated that 'they have asked for [them] specifically' e.g., NR1 on breakages savings, while 'a lot of the routine stuff I am sure if it is sent out every month some months they probably don't even look at it depending on how busy they are' [AM1]. AM2 noted how different OMs wanted a special inventory analysis NR2 in different forms e.g., 'hard copy or e-mail, if they don't want it all, sometimes they want a SAP copy so they can do their own analysis'. AM3 noted that the routine was 'to see a trend whereas the non-routine reports people would be more interested in what happened here and what happened there'. AM4 noted that for non-routine reports, 'they need it' and 'they are obviously interested'. For NR8 (order analysis), BM1 noted that BO1 'went away and made his decisions, he has amended the PO [purchase order]' and 'he [BO1] said it was grand, it was what he was looking for'. BM2 noted about NR10 (new product costing) that it 'was all grand, that was theoretical, they had not actually started production but since

they started production a lot more questions and queries have come in about how we have determined the cost'. BM3 noted that he got queries around the overhead allocation methodology of NR11 in terms of 'the break down of that, what is in it' and 'what is causing the increases or the decreases?' BM3 noted that NR11 left him 'between a rock and a hard place' as 'the business units do not want to take the costs, corporate operations don't want a big pot of unallocated because it hits the P and L'. BM3 related the use of non-routine reporting to 'depending on how the business is performing' because 'when performance is going poor they actually look at the non-routine stuff because then they can see what they can do for the future, see where they can cut costs'. BM3 also noted that 'at times they can do a lot of it themselves' as 'I know [BO3] could do a lot of it himself and at other times he will want to get down to a little more detail'.

CO commented that a recycling project report NR14 from CM 'was spot on' as 'it is [a] big saving for the company plus it is, our environment...less trees being knocked to give us corrugated boxes'. DO1 commented that 'they [ad hoc reports] drive a lot of our decision making' e.g., 'last year we spent an awful lot of time ad hoc reporting on what we call the project line' and 'DM1 would have spent more than 50% of his time last year working on [an acquisition]'. DO1 added that 'now we would have other projects all the time, smaller ones, on different issues, capital investment or redundancies, we are always looking at expanding or cost cutting' [DO1]. DO1 commented that ad hoc reports like NR16, a special customer order analysis, were suited to 'day to day issues that arise so all types of change and opportunities to put a financial view on our gut feeling, to put the finance behind the commercial feel' [DO1]. Regarding NR16, DO1 remarked that 'when he sends me that now I would ring him and talk through it with him and say obviously where are we at on this or explain this to me whereas the other stuff is just monthly stuff, and I am blue in the face with that'. DO1 continued: 'very happy with them, and lots of stuff that DM1 would do on projections would have borne out to be true'. In regard to non-routine reports on 'specific projects that hinge around operational issues be it cost savings, cost saving issues, development issues', DO2 noted that he 'would interact a lot in so far as we would say look these are the type[s] of information that we would pull together we would draw it from sources x, y, and z and...there is a lot of interaction and discussion on those'.

6.11.2 Specificity

Many non-routine reports related to very specific operating activities. AM1 noted that as a consequence of the interaction around NR1, a cost savings proposal report, was that ‘they were surprised how much the savings were and what we were actually losing with this scrap’. AM2 explained specific non-routine reports on absenteeism (see NR3) as ‘they monitor quite a bit on absenteeism’ and safety equipment usage (see NR4) following the introduction of new procedures for accessing expensive equipment on the floor. AM3 observed that non-routine reports were ‘of a specific nature so we get an awful lot more feedback from them’. BM2 remarked about NR10 that ‘at the time of determining the cost for the first product over like I probably would have sat down two or three times a week with senior managers just to discuss this is how we got to it’. CM stated that with ‘the non-routine ones they have a specific purpose in mind so it could be leading into a either a focus group or maybe a couple of people focusing on it’. CM provided more detailed analysis for OMs to facilitate budget compilation such as an analysis of last year’s spend: ‘this budget stuff now [see NR13], it is purely just analysing out accounts but it has to be done, again it is non-routine but it is not the type of reports I enjoy doing’. DO1 remarked that ‘the non-routine are as the result of issues or tasks that we have or say we would be looking at the benefits of doing a project, doing x, y, or z’. DM2 simply commented that the non-routine ‘can be anything’. EM remarked that for NR17, an analysis of debtors’ balances, he had got a ‘good reaction, they were happy enough with the report’ as ‘they get a bigger picture’ that was not available in the system.

6.11.3 Non-routine reports of little or no value to OMs

Some non-routine reports appeared to be more driven by MAs than by the OMs. AM4 noted that NR5 (overhead absorption rates) and NR6 (standard cost analysis) were ‘only for ourselves’. BM1 remarked that NR7 was ‘allowing me to justify [forecast depreciation] to the Finance Director’ and ‘he realises that no he can’t make any cuts to it’. For NR9, a stock revaluation report, BM2 noted that the report ‘wouldn’t have gone any further than our own financial team’. BM3 commented that OMs ‘wouldn’t really actual get this [see NR11]. They would be aware of how we do it. If they were to get something it would be a synopsis version’ as ‘there is a lot of gobbled-gook in the middle that we have to do, just purely from an allocation perspective’. For

NR12, a report on stock adjustments, CM remarked that ‘if I see something I go to [an OM], generally I go to him’ but ‘if there is nothing showing up on it, I don’t send it to anyone’.

6.11.4 Presentation

OMs did not seem to be overly concerned with the presentation and formatting of non-routine reports. AM1 noted that for NR1 ‘all they wanted was the bottom line, the final figures; they don’t care really how I lay things out’. However, OMs appeared to have scope to change non-routine reports as DO2 remarked that ‘I most certainly would have a big input into the design of that [non-routine reports] but added that ‘I have little input into the design of that [see R26]...I had little input into the design of the monthly package’. The format and design of NR16 didn’t concern DO1 much as he stated ‘I just ask DM1 to come up with a view on it and he puts the numbers where he wants to in a spreadsheet’ and ‘that is fine’. DO1 explained that NR16 was ‘clear and logical and even without ringing him you could follow [it]’ and ‘he states assumptions and that, very clearly and conclusions’. In contrast to the non-routine reports, DO1 remarked about the routine reports ‘I couldn’t change obviously the finance reports or what comes off SAP I just change the management analysis’. EO, commenting on the management accounts in R28, noted that it was designed by ‘some accountant years ago...maybe ten years ago’ and although it was ‘familiar’ to everyone and products and materials had remained stable, any change to the report if it had been needed ‘would have happened and it would be accounting driven rather than by me’.

An examination of the non-routine reports revealed that many of the reports used both financial and non-financial information e.g., NR1 analysed broken parts, NR2 material usage, NR3 absenteeism, NR4 equipment usage, NR8 purchase orders, NR10 new product costing, NR14 recycling, NR15 storage, and NR16 a customer’s order. Some non-routine reports were more financial in nature including those noted above as non-routine reports of little or no value to OMs.

6.11.5 Strategic orientation

Some non-routine reports appeared to have a strong strategic and future orientation. AM1 and BM1 both assisted OMs in the performance of their roles with respect to

capital projects and BM3 commented upon his involvement with BO3 regarding the introduction of new products or programmes and scoping out opportunities for the manufacturing site. DM1 considered non-routine reports ‘strategic’ and being used more by ‘higher level managers’. DO2 perceived routine and non-routine as playing ‘a very different function’ as ‘80% is hard factual information, where we are at a point in time, the other 20 is very much driven by the, what are the implications of doing x, y, and z and what impact they might have on the overall business’. EM commented that ‘the routine I suppose by the time it is fed back to managers it is probably looking at past information’ (confirming EO’s observations, see sections 6.6.1 and 6.8.5), while ‘the non-routine then is something going forward’.

6.11.6 Interaction levels

Non-routine reports were generally associated with more interaction with OMs than the routine reports. AM1 noted that there was more involvement with non-routine reports than routine reports ‘because all of our information has to come from the different managers so there would be a lot of interaction with managers’. AM3 remarked that ‘there is much more interaction around these’ [non-routine reports]. For example, AM3 noted that reports that he had developed to monitor usage of supplies had been extended to ‘develop a usage of oil’ report and ‘it got me more involved with the business unit manager which I would not have been hitherto fore’. For the non-routine reports, BM3 stated that ‘with the ad hoc reports and stuff that is new they will go down and take some serious time to go through it with you like so they will bring me into a meeting, get me to bring them through it so they understand it’. DM1 noted high OM interest and OM interaction for an alternative storage proposal report NR15 which was ‘one where you got some support from all high level managers, to ring anyone you want, and ask any sort of question’. Both DO1 and DO2 noted that ‘there is a lot of interaction and discussion on those [non-routine reports]’ [DO2].

6.12 Meeting OMs’ decision interaction expectations

AO1 remarked about AM1, ‘a good relationship there, she will critique, ask why you are doing that, would you not be better off doing option b, or option c, and I think she has developed herself over the period of time, has a better understanding of the overall business’ one ‘which AM1 has generated over a period of time’. AO1 noted:

...she wants to develop her role, she wants to get a better understanding of the business, she wants to come away from the financial sort of the stereotype of just number crunching and bean-counter as opposed to getting involved in the day to day activities of the business and to help the business managers make decisions.

AO1 commented that 'I have brought AM1 along to a lot of meetings which perhaps in the past she may not have been' and 'so she has developed and I've probably been helped from that development from getting good information and getting good timely data from AM1 as required'. AO1 remarked that 'the only issue I would say there is perhaps AM1 or that role to instigate a little bit more as opposed to me instigate it'. AO1 remarked that 'AM1 is probably the benchmark in terms of interaction with other support functions: the other financial personnel may learn from that'. AM1 was perceived by AO1 as 'part of the team', 'always open' and 'trustworthy'. AO1 stated that 'you don't have to query the figures and she [AO1] has got a good understanding of the business as well and the numbers mean something as opposed to just figures on a spreadsheet' but qualified that AM1 'wouldn't be involved enough or exposed to the operations side to be putting in some good commentary' which 'she could if she was exposed more to the shop floor'.

AO2 stated that 'my first expectation is that he becomes a team member and he builds up a practical understanding of the workings of the business unit' and 'just to understand some of the issues that we are having. After that what I would like is him to contribute to the meeting' e.g., 'from a financial point of view so we often make decisions at those meetings and I would expect him to say hold on no that is going to affect you etcetera'. AO2 linked understanding the business and decision making:

I expect him to understand what is going on in the business unit, not just from a corporate point of view from an overall business unit point of view, he needs to understand, to me, if he is going to be a good support to the business unit there is no point in him looking at SAP or spreadsheets, he needs to understand the practicalities of it.

AO2 explained that AM2 'is coming from a background where he hasn't had exposure to the running of the business units. He is there [at operations meetings] every week, he is listening to what is happening, he is able to comment if he wants

and he is hearing what is going on and building up a broader understanding'. AO2 was pleased with AM2's 'willingness to be involved'. AM2 noted that for NR2, a detailed analysis of inventory, there 'would be interaction with that especially when it came out first there was more interaction, now they understand it'.

Similar to AM1 and AM2, AO3 noted that 'we have the weekly operations meetings which AM3 comes to and that is where we discuss the financial impact, our conversion costs' and 'output per employee' as 'everybody has an impact on the performance' and 'that is why we have weekly operating meetings in the business unit'. AO3 however did not perceive strong decision assistance from AM3 in noting that AM3 'hasn't actually made any recommendations to me' and perceived business understanding as critical e.g., 'we make product but they don't know how we make it so you know you could be talking about, you could be talking about a different process completely than what we have and the because they don't have a familiarity to it'. AO3 noted the opportunity to bring 'fresh eyes' [AO3] to operational issues. AO3 and AO4 both emphasised the value of involving MAs in cross-functional groups i.e., a 'part of the business rather than a function within a business' [AO4]. AO4 commented that AM4 'developed a template off his own back [see R14, overtime analysis]...because he saw a problem with overtime just from looking at the numbers'.

AO4 stated that 'I would expect him [AM4] to have some understanding of the operation which he has done and gone beyond what I would regard as my expectation' e.g., 'ring up an engineer and say look when you get a minute will you bring me out to look at this' or when AM4 joined the company 'one work centre a week, he sort of okay, I am going to learn about that and he would go out there'. AO4 was 'definitely inquisitive'. Paradoxically AM4 commented that 'you get a sense that you don't spend enough time on the floor and that you don't know what you're talking about or you make assumptions that are not correct so they obviously know the operation very well so if you need to have influence over them, question them, you need to understand the environment they are working in.' AO4 also noted that 'our finance group do a very good job we will call it the classical financial function, getting out the monthly accounts' and 'they do that quite well so it is more getting them involved in driving change in the business'. AO4 advocated a shift from

reporting to a 'cross-functional approach to business problems' but cautioned that 'you need to think it through; you don't want them [MAs] meddling so to speak, where it makes sense'.

BO1 stated that 'management accounting is about providing information, quality of the information to allow decisions to be made, part of the business process and to do that you have to be outgoing, you have to be interactive'. BO1 stressed that 'it is essential that they are brought into forums and that we leverage off their resources and their capabilities'. BO1 identified the level of business knowledge required in stating that 'it would be very useful to get somebody involved in that area [project analyses] but you have to have quite an intimate understanding of what we are doing on the projects or the things we might do to be able to do that but it would be nice to get someone involved in those kind of areas'. BO1 suggested that BM1 could 'be an actual part of my function rather than in finance and then I would be able to use him for some of those other value added and various areas' and sought more influence on BM1. BO1 described BM1's interfacing with others as 'reasonable, could do more, but I think again we could both do more of it'.

BO3 was 'most pleased, is that his sense of personal responsibility on the job, he is not just a guy presenting the numbers'. BO3 expressed concern at 'not being able to actually distil the key messages from a technically complex situation' but rated BM3 as a 'four' on 'on a scale of one to five' (i.e., BO3's scale). BO3 noted of BM3:

Good listener, good ability to pick up a message that may be technically based so what I mean by that is some of the key reasons, the rationales, the discussions can be technically focused so he needs to have his antenna up to be able to actually pick the key financial messages out of that technical discussion so in other words linking the financial impacts to the technical aspects of it.

BO3 noted that he 'would have a major influence on his [BM3's] role as well by the nature of my requests to BM3'. BO3 related 'directional guidance', 'scenario building for new product introductions, looking at costings associated with that...business opportunities' to interacting with BM3. BO3 stated that 'I use him as a sounding board then, in order to say like, are we going the right direction here or not and I would trust his judgement significantly in that space' and BO3 had 'such a high

respect for' BM3 that 'I can't get enough of it'. Confirming this BM3 noted that 'probably some of my involvement in the newer programmes...it grows [the location] as a site if we do sort of deep dives on some of these new products or programmes and detailed costings of it'.

BO4 did not have decision support expectations of BM4 but observed that 'I suppose BM4 is there [at cross-functional operations meetings] in that capacity if there is something that I need to have looked at or has come up, she is there to support'. BO4 remarked that 'it would be good for the lads to understand the processes more because when we are discussing items whether they are works orders or costs, or whatever, they could probably be oh yes that is that, that is that so they could associate it'.

CO remarked that 'one thing CM could do is he could get down on the floor a bit more' to get a better 'appreciation of the operations'. CO noted that continuous improvement initiatives had led to the set up of project teams and 'CM has been involved in those as well so it is multi-functional, cross-functional'. CO remarked in the context of information on scrap furnished by CM that 'we now have a project charter in place and there is a team of supervisors with the engineering support for that part of the initiative for that and an operator'. DO1 noted that:

...one of DM1's targets would be to push the whole team to try and change and be proactive and get things done and where [he] thinks there is an issue that he should be saying it at both the accounts meeting but also at our monthly management meeting and DM1 is on the management team of the Supply Chain so he has equal talk at that, equal voice at that.

DM1 stated that 'if there is any potential for expansion or alternative businesses that you would be prepared to drive that forward' but DO1 did not perceive DM1 as contributing enough 'drive' for DO1 in the management team:

I would like to see us, him [DM1], looking forward and pushing strong to make things change and to really kick up stink if they haven't. And that hasn't really been the case, the accountant would be more factual reporting than aggressive pushing.

DM1 had noted that he was ‘not as pushy as I should be, I should be more, it is probably my greatest weakness and I acknowledge that’ as ‘it is hard to be extremely pushy with someone when you are working along side them all the time’. DO1 however had remarked that:

I talked to him about, good cop, bad cop. I end up doing all the kicking but I have to have a relationship with all of my reportees and it is easier for him to be a bit more distant and independent as the accountant for the management team so I was saying to him could you not be a bit more proactive in that.

DO1 stated that ‘I would like to see the accountant based in the business, working in the roles in the business, to have that understanding’. DO2 noted that:

DM2 and myself definitely will look at the business more from an overall strategic point of view and makes suggestions in terms of what can be done in terms of the cost base, what issues we may have in terms of some [operations] in terms of revenue and sales.

DO2 remarked that ‘it is more than just presenting a set of figures and hightailing it until a month down the road. I mean there would be constant contact with DM2’. DO2 expected DM2 ‘to be able to identify issues quickly and then having identified the issues who will take responsibility for following up on those issues’ as opposed to ‘saying to a...manager out there you have a problem here, do you want to solve it’ or ‘going through a set of a accounts and I will see you in a month’s time, that adds no value’. DO2 commented that ‘the more involvement one has with DM2 the more those issues have been hammered home’ and ‘by having those issues addressed as early as possible, it has a positive impact on the business’. DO2 noted that ‘DM2 will raise the issue yes but in terms of resolving it, is it a stock issue, is it an accounting issue, or is it a sales issue, is it a margin issue, then I think he probably could get more involved in’ and ‘maybe his approach to resolving the issue could be better’. DO2 noted:

I suppose his approach to resolving issues in so far as if there is an issue in a [business unit] DM2 will probably assume that it is up to the [unit] managers to sort out the issue themselves whereas DM2 should have a more proactive approach there.

DO2 noted that DM2 was reporting up the hierarchy to group finance through the financial controller and commented that ‘they [MAs] probably have little opportunity to be very proactive they are working with such tight timeframes that it doesn’t allow them to be very proactive’ (see section 6.15.1). DO2 emphasised the importance for DM2 to get ‘seriously behind some of the figures’.

EO commented ‘I suppose if he understood a bit more the technicalities of the business but I don’t expect it from him...if you are in that area, in accountancy’. EO explained that:

...can be frustrating because, and that applies to EM I know, no matter how many times you explain what a certain area or what a certain function of a piece of equipment is, they don’t grasp it and that is fair enough like I said early on I don’t know what the hell they are talking about when they are hitting me with accountancy jargon.

EO observed that ‘if you do find an accountant who is good technically, he would be the biggest pain in...ever’ and noted accountants as ‘frowning for information’ and concerned with their ‘own development’.

6.13 Summary of findings on impact, information, and interaction

The initial section of the findings addressed to what extent MAs are impacting upon the performance of OMs in their roles from the perspective of mutual influence, OM dependence on MAs to achieve their objectives, and perceptions of performance consequences of the roles of MAs. For mutual influence it was apparent that for only about one third of the 12 MAs and OMs was there a balance between the influence of the MA on the OM or vice versa. The dependence on MAs for OMs to achieve their objectives and the perceived performance consequences included tangible results (e.g., AM4 and overtime savings), ‘control’ of projects [BO1], information linked to specific decision making areas (e.g., AM2 and productivity, CM and scrap), giving ‘direction’ on decisions [AO1 and BO3], and producing the ‘accounts’ and highlighting ‘issues’ [DO1, DO2]. AO3, BO4, and EO did not perceive AM3, BM4, and EM as having much of an influence on the performance of their roles.

The next section of the findings examined information provided by MAs and identified a range of information characteristics that OMs attribute as important to the

performance of their roles. The majority of OMs noted MAs produced very timely information – with EM the only exception – and accurate information, with the latter perceived as having improved by AO2 with the alignment of AM2 to his specific business unit. OMs perceived MAs as providing essential access to key information. Many OMs observed how MAs were instrumental in providing relevant, appropriately presented and user-oriented information that supported them in the achievement of their own objectives, with notable exceptions on the latter being AM3, BM4, and EM. OMs were found to have differing information needs determined by OM function and managerial style. These are examined further in the discussion chapter section and 7.3.2.1.

The next section of phase two findings presented themes relating to OMs' control information expectations and the extent to which MAs were meeting these expectations. These findings build upon the overwhelming emphasis placed in phase one on the roles of MAs as providing information to support OMs (see sections 5.3.2.1 and 5.4.2.1). Most OMs expected MAs to provide control information to them, especially budget variances, and to interpret and apply these in interactive contexts e.g., in review meetings with OMs. There were many examples of such reports provided. The findings show that many reports provide a useful periodic positioning of performance for OMs with OMs placing importance on 'key drivers', 'focus' and non-financial measurement. There was considerable variation in the value OMs attached to particular types of reports (e.g., head office reports, expense reports versus non-financial performance summaries). Some OMs noted scope to enhance control information for example by including more comprehensive variance analyses. Regarding control interaction expectations, some MAs appeared to interact very 'closely' [e.g., AM1, BM1, and BM3] with OMs and this interaction was deemed as essential for effective control, which builds on phase one (see sections 5.3.1.7 and 5.4.1.2). Understanding the business, and having good interpersonal skills appeared to facilitate better support for OMs and the introduction of controls. Some OMs appeared to have few control expectations of MAs [e.g., BO4 and EO] and these MAs expected OMs to explain variances which was not well received and reflected poor business knowledge. These are examined further in the discussion chapter sections 7.3.2.4 and 7.3.2.5.

For decision making information expectations, many OMs expected, and received, information of relevance for decision making in support of their roles on areas such as: cost reduction (AO1, AO2, and AO4), capital projects (BO1), new product introductions (BO3), on projects (CO, DO2), and addressing performance (DO1). There was some scope noted for more project analysis and decision support by BO1 and BO4. Some of the non-routine reports had high levels of interest from OMs given their focus on very specific issues relating to the OMs' roles, OM input into their design and outcomes, their mix of financial and non-financial measures, and their strategic and future orientation. MAs also associated non-routine reports with more interaction with OMs, more than occurred with routine reports. A minority of non-routine reports were not of relevance to OMs and were more for finance personnel themselves. Some MAs had little or no involvement in non-routine reports (e.g., AM3, BM4, and EM). Regarding decision interaction expectations, interpersonal skills and understanding of the business emerged as two strongly emphasised characteristics in supporting OMs in their decision processes, with all MAs perceived as strong on the former but some were weak on the latter, and this builds on these same characteristics emphasised in phase one (see section 5.3.1.1 business knowledge and 5.3.1.2, interpersonal and communication skills). Some OMs seemed very pleased with the decision support they received from their MAs (e.g., AO1 and BO3), while others noted opportunities for MAs to understand the business more (e.g., AO2, BO4 and CO), to more actively and assertively drive performance in an interactive, cross-functional context (AO2, AO3, AO4, DO1, and DO2), and to be physically located more closely within the OMs' functions (BO1 and DO1). BO4 and EO had little decision interaction expectations of BM4 and EM. These are examined further in the discussion chapter section 7.3.2.6 and section 7.3.2.7.

6.14 MAs' perceptions of OMs' expectations

AM1 noted that 'everything starts there [production] and it all comes back to different cost initiatives, cost reduction initiatives that are going on'. AM1 remarked that AO1 had 'high expectations' as 'he came from finance' but in regard to the other OMs because 'there are so many problems in production' that it was 'when there is an issue' and 'really finance is only an incidental thing to a lot of the operations people, leave us get on with our jobs'. AM2 placed the most emphasis on the financial controller and 'on the operations side, we are not under too much pressure' but

expectations were 'growing because, a, they know the information is there and we can provide it to them and also, b, they are coming under more pressure internally and externally, again this whole cost reduction'. AM2 also related more 'expectations' to 'performance' in that 'if you report a bad month or a bad quarter to [head office], then yes expectations, then e-mails are flying around but if you have a good month...they are happy enough'. AM3 noted more influence in regard to the annual budget process and expense queries and commented that the OMs would 'like us to be more involved, want us at their side, more clear and easier information'. AM3 stated that he 'would prefer to do more out and about'. AM4 stated 'their expectations are that you produce timely and accurate information and information that is not too complicated and comes to the key point quite quickly'. AM4 noted that there had been a change in plant manager and cross-functional cost reduction teams which had been set up as 'the push is always on to reduce costs'.

BM1 remarked that 'their expectations would be that you would provide to them the information that they require' and 'there is a kind of implicit agreement between what levels of service they require and what information they need' but 'the Engineering Projects Manager, he kind of thinks well I should just deal with him...but my job is...'. BM1 noted that he needed to work a lot with OMs on capital forecasts as 'there are may be eight forecasts during the year, you have a long range plan, a four year plan and then you have a budget for next year'. BM2 perceived different expectations in that 'the team leaders are down to earth, they understand that say if time is not there' and 'deadlines might not be realistic', while 'at senior management level, they just want everything now and they don't care'. BM3 noted that 'their [OMs] expectations at times too high' and 'can be sort of unrealistic' as in 'not understanding the amount of work that you might have to do to produce a bit of information'. BM3 added that the 'senior management team here, they would give me a lot of stuff to do, just purely from a, just understanding sort of spend, but understanding any new project plans or any new stuff'. BO3 corroborated this by stating that BM3 'needs to challenge back a small bit to make sure it is not too much' as 'sometimes he [BM3] may over flex to the detriment of his routine activity'. BM4 generally perceived herself as more of an influence on OMs in terms of 'sitting down and going through yield' and 'work orders' and 'getting their support to find out exactly why things have happened'. BM4 noted that 'they would expect me to be more involved like but I

suppose it is hard when you are under time constraints, you have a lot of other things to do’.

CM commented that ‘they would expect that if they ask you a question that you would answer them’ and ‘it all depends on what they are looking at in the month’. The influence ‘could be a manager on the line, it could be the financial controller, it could be [the managing director], it could be myself if I decide to look at something’. DM1 commented that ‘I wonder at times do they think I am just there to do numbers at the end of the month and that is about it’. DM2 attributed the influence of management mainly in regard to the provision and analysis of sales, cost, and benchmarking information. DM2 perceived OMs’ expectations as being ‘to do the accounts properly...to assist in other work that comes up like project work’. EM perceived the expectations of OMs as ‘looking for guidance’ on areas such as ‘costing’ and sales. EM noted that OMs ‘will let you know about capital projects and what is happening in production and that would reflect how you present your management accounts and your variances’. EM noted an influence from the general manager and the sales director and his team (more so than the operations staff as they had less access to information).

6.15 Antecedents challenging the support MAs can provide to OMs

The findings on antecedents associated with challenging the support MAs give to OMs in the performance of their roles are presented under the headings of reporting responsibilities, regulatory influences, finance manager, and OMs’ awareness and understanding of the roles of MAs.

6.15.1 Reporting responsibilities

There was a general perception among OMs and MAs, particularly in Companies A, B, and E, that MAs were overly involved in the preparation of reports, building on initial observations in phase one (see section 5.2.1.1). A number of OMs specifically commented upon the lack of support from MAs due to head office, the financial controller or period end requirements:

...with the financial calendar and the month end you wouldn’t get near AM1...the best value for money, if they were ever looking, in terms of, helping make some key decisions on the shop floor [AO1].

...he wouldn't always be readily available for me because the push would come from head office, these reports must come out' [AO2].

...he [AM3] is driven by head office and driven by the financial controller so it is only when we go look for the information that AM3 will give it to us [AO3].

I think people in finance, month end seems to be every week [BO1].

...the only thing that I would like to change, when I know he won't be able to, is when finance have their month end, they don't look at anything [BO2].

...corporate requirements, I suppose would have a major influence on his role [BO3].

...a lot of directives that come...[EM] looks for all this information on the first day of the month [EO].

MAs were very aware of these pressures and AM1 expressed a common view:

...it is like as if we are being torn in two because [head office] think they are head office, they are the most important so if they look for something we have to drop whatever we are doing to get it back to them and on the other side we have production, people like the Plant Manager, the Cost Reduction Manager giving out because they are not getting enough support from Finance.

Many MAs corroborated the comments of OMs about the colossal reporting burden and the sacrifice of decision support e.g., 'the projects would slip altogether' [AM2], 'if they left the local, the plant controllers and plant financial accountants get involved more in their plants they would probably see more cost savings' [AM4], 'you are only a reporting tool effectively' [BM2], and '[OMs] might not be able to come to us' [BM3]. EM noted head office was 'always looking for more information' and 'half the time I know it doesn't make much sense' and similarly BM3 stated that 'I can't take anything meaningful from it' [BM3].

Although less onerous, MAs in Companies C and D were involved in a lot of report preparations. DO1 observed DM1's orientation to reporting information rather than

actively addressing issues on the management team (see sections 6.5 and 6.12). DO2 stated:

It is a time constraint as much as anything, you know talk to DM2 the first two weeks of the month it is all about getting the accounts done and understanding, there's no time for anything else. It is very much an operational issue as distinct from a strategic issue.

DO2 added 'I would support that they become more involved but it is always a case of how much time they [have] to be involved'. DM2 supported this when he stated that 'we are just the messengers' and 'it is only a job at the end of the day, you only report the figures, you are only the messenger really'. EM noted that when OMs were presented with variances and 'they don't like what they are seeing, sometimes they might be shooting the messenger'.

6.15.2 Regulatory influences

In Companies A and B, SOX was perceived as a very strong influence as was detected in phase one (see section 5.2.1.3). AM1 commented that 'Sarbanes Oxley would influence what we do; we have standard reconciliation templates that we have to follow' and 'you have to check to make sure that everything is done and documented and done in a certain way'. AO3 commented that 'corporate audit has driven a lot of changes to our processes' and 'procedures and that so it is certainly it is am, it is up there, it is one of the high ones. Two or three of our main objectives for this year are all based on corporate audit requirements'. AM3 noted that he was 'still selling internal controls, have to do it, more than likely not making their jobs easier, adding a stage to it'. AM3 noted that 'SOX focused people's minds on how they are doing things', having gone down like a 'lead balloon' with OMs. AM3 noted that 'they detest to see me coming when I mention Sarbanes Oxley' because documenting their roles for SOX resulted in having to 'to go back and say well that needs to be changed' and 'we should be there to help people but that is the way that people perceive us because of this'.

BM1 remarked that 'compliance again that means that certain things that they want to do just can't be done' and 'it doesn't go well at all' e.g., 'we've to do this for SOX and they say is it not a bit like the tail wagging the dog'. BM1 noted OMs don't

realise it is black or white, completely black or white and how very small it is to be white and how very small it is to be black, that there is nothing in between at all’.

BO1 corroborated:

SOX has a huge influence on how we do things and the paper trails that we are having to put into place for SOX can seem at times a bit OTT [over the top] but we continuously have to do it [BO1].

BO1 expressed displeasure regarding the lack of ‘financial flexibility’ and noted ‘we have an even greater interface with BM1 than we would normally have’. BO1 added that ‘we have audits eight months out of every twelve’. BO1 observed that ‘finance is very much seen as the governing body in terms of the stick, in terms of brow beating all the time’ but ‘read any definition of management accounting; that is not what it is, it is about making strategic decisions, it is about decision making. BO1 stated that ‘BM1’s role is essentially mainly compliance’. BM2 perceived SOX as generating additional work e.g., ‘everyone’s signature’, need a ‘test model’, need to have ‘proven it repeatedly in different scenarios’, meeting ‘SOX deadlines’, and ‘we are enforcing our regulations on them at the month end time, as I say, they have no option’. BM3 expressed some SOX frustrations:

The deadlines, the deadlines, the preciseness, the accuracy, everything has to be, I know you have to have it in accounting but it just...you think Sarbanes Oxley and all this lovely stuff getting down to, you know, the basic, even the cent in a multi-million dollar company to be doing this sort of stuff I think it is non-value add.

BM4 stated that: ‘SOX yes is a big part of my role’, ‘you are constantly chasing them [OMs] for signatures for SOX’ and ‘they just see you coming...they just don’t want you there at all’. The increased regulatory tasks associated with the roles of MAs in Companies A and B appeared to have been absorbed in the roles of MAs as no reference was made to any additional resources for SOX.

6.15.3 Finance manager

The FM was identified as influential to the roles of MAs in phase one (see section 5.2.2.5). AO1 commented that the financial controller ‘will get priority obviously on her [AM1] time and priorities’ and ‘in reality then it is what each functional leader asks’. AO1 noted:

I think the business unit managers of the three operations would have to try and convince the financial controller to the extent that you would be better off getting AM1 or any other of the accountants [i.e., AM2 and AM3] more involved on the operations side of the house.

MAs were asked to identify who most influenced their roles (see appendix G). The first and second most influential members were identified as either FMs or head office FMs; the exceptions being for BM1 (Project Manager, BO1) and DM1 (Commercial Manager, DO1) as first influencers, and AM1 (Supply Chain and Maintenance Manager, AO1) and AM2 (Operations Manager, AO2) as second influencers. Thus, OMs for the other MAs were perceived as third influencers with the exception of CM and EM where the OMs were perceived as fourth influencers.

AM1 linked less involvement with OMs to 'the financial controller...probably because of head office' and noted that he could 'put more trust in us' and AM1 sought 'more responsibility as regards making an impact on other departments'. AM1 stated:

It would also be nice to get a bit more of where the three of us accountants [AM1, AM2, and AM3] to have a bit more responsibility than we have but we don't; the responsibility tends to stay with the financial controller. It would be nice if he delegated more to give us a chance to develop.

However, with respect to the tension in hierarchical reporting and providing support to local OMs (a conflict noted in phase one, see section 5.4.3.2) AM1 remarked that 'we need to be a bit stronger in getting on to the managers about their costs. We tend to just provide the information. I suppose the finance director would be more involved that way'. AM1 noted 'he [financial controller] gets a lot of the flack that we wouldn't get' so there was an element of MAs being shielded from this tension. Other MAs commented similarly e.g., 'haven't really come across any examples I can give you now', [AM2], 'not really' [AM3], 'not really, no' [AM4], 'not that particularly' [BM2], 'not so far yet anyway' [BM4], and 'not really' [CM]. Some tension was perceived around presenting the results e.g., 'there can be a tension at times...when you are putting together numbers and they are bad and it is not nice' [DM2]. EM noted that 'yes sometimes the variances you can explain to them why such a variance is there, they are finding it difficult'. Both DM2 and EM however perceived

themselves as just ‘messengers’, as noted in section 6.15.1. DO1 desired DM1 to be more confrontational and had communicated that to DM1. DM1 acknowledged this but noted it was difficult to do so (see section 6.12).

BM1 perceived tensions around SOX (see section 6.15.2). BM3 observed that ‘if it doesn’t look right, I’ll say it, I’ll challenge them on it’ as did other MAs. If there was a tension MAs did not seem to perceive it as a problem:

I don’t think it creates a tension at all actually. I think it is good to have the...I think it is a valued conversation, people challenge one another, it is worth it [BM3].

...if they disagreed with us, we just sat down, talked it out, it is not conflict [CM].

AO2 commented that ‘he [AM2] does a lot of work for the financial controller’ and AM2 noted that ‘you are trying to provide the information and assist the operations manager whereas then you are also with the finance director trying to justify stuff and things and so there can be conflict there alright, have not experienced too much, what the finance director says goes at the end of the day’. AM2 noted that ‘he [the financial controller] is the first point of contact’. AM3 noted ‘things decided at a management meeting come down second hand from our boss [the financial controller], interpretation can be different’ and similar observations were made by AM1 and AM2 about instructions from the financial controller. AO3 stated that ‘the major influences...come from his manager and that direction; they are not entirely driven by the operations side at all’ i.e., ‘the financial department kind of runs separate to the business unit’. BO2 noted:

...the guys are very driven by what the financial controller thinks even if it is not right and even if sometimes they know it is not right or if he is overreacting, he puts a lot of pressure, he has a lot of hold, he has a very strong hold over the lads which is tough [BO2].

BO2 stated that the financial controller ‘needs to let them [MAs] go on their own’. BM2 remarked that the financial controller expected ‘way more from you than anybody else’ and ‘you don’t get an inch’. CO noted that ‘the finance director would be a major influence on him’ but ‘major projects would go through the finance

director' and 'so I wouldn't necessarily be aware that the finance director would have CM do it'. EO noted that 'EM does all the number crunching, [the general manager/financial controller] then has the actual overseeing'.

Continuing from the finding in phase one that the influence of the MA on their own roles was a major antecedent (see section 5.2.3.1), in phase two, MAs in Companies C and D supported these findings. CM in a family-owned firm perceived that 'I feel I have brought my own thing to it' and 'you run things yourself and you need to be able to' without 'running to the finance director every time'. Similarly in Company D, an Irish-based MNE, both MAs noted freedom to define their own roles. DM1 noted that 'I would have a huge licence obviously within certain parameters' and DM2 commented that 'we have a lot of freedom so we can dictate it ourselves'. In contrast, MAs in Companies A, B, and E generally noted that they had limited scope to define their own roles. Comments by MAs included: 'not to a great extent' [AM1], 'very limited I would say' [AM2], 'quite structured, things don't change' [AM4], 'no there is not a huge amount really to change the role' [BM1], 'you are kind of framed in management accountant' [BM2], 'told what to do and how to do it' [BM3], 'if I want to change it to a certain extent but not a hell of a lot [BM4], and 'it is defined from the outset at the moment' [EM].

6.15.4 OMs' awareness and understanding of the roles of MAs

Building on phase one's findings on ambiguities and challenges around MAs interactions with OMs (see sections 5.2.2.5, 5.3.2.3, 5.4.3.3, and 5.4.3.6) phase two examined MAs and OMs perceptions on these. AM2 noted that 'the operations team see the importance' of his involvement with them but noted a perception of the 'accountant coming again...rarely just calls down to say hello' and 'always looking for something' e.g., 'a few engineers would think oh here is the accountant with his costs again, they just want to get a project done' and 'you are going well what is that going to cost?'. AO3 confessed that 'for me it is very vague because I don't know what exactly but he is busy and what he does in his office is set from the financial controller's requirements'. AM3 perceived that AO3 'wouldn't see finance as being of benefit to him' as 'you are monitoring him all the time and you are saying that you have that many [units] produced and you have that many people and you should have produced more'. AM3 observed that OMs 'see accountants dishing out numbers,

never good news, could do better, like school reports'. AM3 noted that AO3 was 'willing to see the bigger picture, can see that finance are there to help, while others would see finance as an encumbrance and a nuisance' [AM3]. AM4 noted that 'maybe they [OMs] have not dealt with finance before: they don't know the benefits' as 'some managers sometimes don't realise what finance can do for them' or 'a lot of departments wonder what finance do like, what's their role, what are they doing?' AM4 noted that 'you get the slagging...bean-counters'.

BM2 commented that 'they [OMs] don't see just the value in discussing topics with us in the first place that say effectively we are only causing them more trouble than we are worth'. BM2 added that OMs 'feel that we don't add value for them when we talk to them' and 'they don't see just the value in discussing topics with us'. Regarding having more involvement with BM4, BO4 commented that 'if it had benefit for me, and I am not really sure of what benefit it is'. BO4 indicated that 'a big thing for me would be understanding what BM4's...more what BM4's role...and what support that you can give me'. BO4 stated: 'to be honest I don't know enough, only through the queries that I am getting from BM4...what do you do all day BM4?' CO similarly noted: 'I don't know what they do enough and they probably don't know that I could use information. There is a little bit of ignorance of maybe what I would like to have and what they can give me' [CO]. CO remarked that 'there is probably a lot more there that they could share and we could benefit from except I don't know what they do enough to ask them'. DM1 also observed that a senior manager who was an accountant and formerly 'a colleague of mine' now pulls him 'aside for projects that he is involved in'. DO1 noted:

Some people probably have a fear of measurement and been told that they need stuff to be reported involves them in being forced into actions and all that if they are of a conservative nature. And that is what the accounts function is, it is used for, to some extent. While as other people want to change the world and want the accountant to get involved with doing that with them [DO1].

The findings also indicated there seemed to be greater involvement associated with OMs who possessed some financial expertise as AM1 remarked that 'he [AO1] actually used to do my job; he came from finance so he would use us a lot, me in particular'. AM1 noted that AO1 'would come to me for a lot more information than

say the business unit manager will because AO1 knows how to do it or knows that I will have it, while [with the] business unit manager it is only if there is an issue with something costing too much'. AM2 mentioned that 'some of the managers are ex-finance people' and 'would have a closer understanding of what goes on' and BM3 noted that BO3 'is very financially aware of doing things and he would challenge me as well, me challenge him, so it is like a two-way process' and 'the people who are quite astute financially would have higher expectations definitely' compared to 'people who are not sort of...that wouldn't have much of a sort of a finance...background'. Confirming this, BO3 noted that if BM3 'isn't available to do that for whatever reason I would go ahead and deliver it independent of BM3' as BO3 was 'confident in my own judgement' but 'more comfortable doing it with his input'. BM3 added that involvement was more difficult where OMs were 'focused on their area in isolation and their area of expertise is only either operational, that they don't really have a bit of financial background'. BM1 remarked that OMs that were more financially astute 'might dig further' but do 'see things earlier', while with the less financially astute 'you may have to step in and start pinpointing' and 'you might have to take it on a lot more'. BM2 attributed more financial awareness to the operations manager level but perceived that this was not shared with his direct reports who had less but needed it to process transactions appropriately.

6.16 Summary of antecedents not assisting OMs in their roles

The findings reveal that MAs, particularly in Company A and B, were under considerable pressure to meet the reporting and regulatory requirements dictated by head office, sometimes to the detriment of assisting OMs locally. MAs in the other companies were also commented upon by OMs as spending a disproportionate amount of time on formal periodic reporting. The findings locate the MAs' managers, the financial director or controller, as instrumental in how the roles of MAs were deployed with consequences therefore for how MAs could assist OMs in the performance of their roles. These particular antecedents are discussed further in section 7.3.2.1. The findings indicate that the OMs' financial acumen and their awareness and understanding of the roles of MAs impact on the extent that MAs assist OMs in the performance of their roles. These findings are discussed further in section 7.3.2.1 and 7.5.3.

6.17 Summary and conclusion

This chapter has presented the findings from phase two of the research with respect to those antecedents and characteristics associated with the roles of MAs that relate to the extent that MAs assist OMs in the performance of their roles. Table 6.3 summarises key themes for the three ‘i’s, impact, information, and interaction, as noted in the presentation section 6.4, showing the extent that MAs are perceived by OMs as influencing their performance. The table also identifies opportunities which summarise areas where the MA could have more influence on OMs in the performance of their roles.

OM/ MA	Impact	Information	Interaction
AO1/ AM1	Information for decisions and 'direction' on them <u>Opportunities</u> Influence OM more	'Accurate and timely' Bring 'pieces together' Project 'financial benefits' <u>Opportunities</u> Information in advance 'Dig further' on variances	Budget meeting leading to more control Forecasting assistance 'Good relationship...will critique' 'Brought AM1 to meetings' 'Benchmark...part of the team...open...trustworthy' 'good understanding' of business <u>Opportunities</u> 'Instigate a little bit more'
AO2/ AM2	'Productivity' 'Cost reduction' 'Contributes' to team <u>Opportunities</u> 'Looking for more' contribution	Information on 'productivity' and 'cost reduction' 'Visibility' on 'spending' 'More localised' information from business unit alignment 'Identify the key drivers'	'Part of the operations team' <u>Opportunities</u> 'Improve the controls...budgets' 'More involved' 'More assertiveness' 'Drive the cost reduction' 'Builds up a practical understanding'
AO3/ AM3	'Not much' influence on MA or dependence for objectives <u>Opportunities</u> 'Hasn't actually made any recommendations'	'Delivers the results... information that you are able to work with' 'Information is readily available' 'Graphical', 'top 25' Information on 'conversion costs' and 'spends' <u>Opportunities</u> 'Only when we go look for the information'	'Weekly meeting we review' If 'going over budget' 'Able to explain...jargon' <u>Opportunities</u> Awareness of when focus is on cost, other OM priorities 'Driving action' on 'costs' not as an 'afterthought' 'Time on the floor' – 'fresh eyes' Awareness of 'other criteria' 'Very vague...what he does'
AO4/ AM4	'Conversion cost productivity' 'Cost reduction' e.g., overtime savings 'Raised the bar in terms of control of costs' – 'link directly' 'New product introduction' <u>Opportunities</u> 'Driving change in the business'	'Patterns of usage' Information 'very quickly' 'Usable and clear' Highlights the 'main points' 'Identifying areas'	'Did bring to the fore' cost issues Will 'go out on the floor, back in' 'Cost reduction teams they would be somewhat rudderless' 'Gone beyond' expectation of business knowledge 'Don't want them meddling so to speak, where it makes sense'
BO1/ BM1	'We have control of capital' 'Forecasting capital spend' <u>Opportunities</u> More 'value add' 'Beyond the control and reporting function into more analysis'	'Systems being up to date and maintained' 'Timely reporting', 'live' – if not, 'decisions... flawed' 'Real time' and 'do flex it' 'Cost sheet, it is a one pager' <u>Opportunities</u> 'Flexibility in reporting...to be worked on'	'Work very closely with BM1' <u>Opportunities</u> 'Useful to get somebody involved' but 'intimate understanding' needed 'Could do more' interacting Be 'part of my function'

BO2/ BM2	Standard costs: 'set up' and 'maintain' 'Signature requirements' Inventory control	'Timeliness of the item set up and the cost rolling'	'If something was done wrong' 'Advising' on 'write...offs'
BO3/ BM3	'Directional guidance' 'Suggestions in terms of what else' 'Templates...sanity checking' 'Scenario building' <u>Opportunities</u> Influence OM more	'Very professional output, new product introductions' 'Where we are versus budget and forecast' <u>Opportunities</u> Missing information on some variances	'Quality of cost centre review discussions' 'Good ...relationship...trust' 'His style... acceptability of some of these controls' 'Personal responsibility on the job' 'I can't get enough of it'
BO4/ BM4	'Doesn't really' depend on BM4 for objectives <u>Opportunities</u> Influence OM more and 'explore' influence on MA 'Six or seven different projects there' BM4 'could be helping'	'Don't know enough, only through the queries that I am getting from BM4'	'BM4 is very much the financial side' 'Give more detail to BM4' 'Is there' at operations meetings 'If it had benefit for me, and I am not really sure of what benefit it is' <u>Opportunities</u> Interact with queries 'at the start point' 'Understand the processes more'
CO/ CM	'My objectives ...would be scrap... what CM gives me' 'Critical...making money, or not making enough money' 'Recycling' report, a 'big saving' <u>Opportunities</u> Influence OM more	'Quality of original information' 'Project costings or when we are in price negotiations' 'Access to inventory reports...KPIs' 'Very easy to share' (graph) <u>Opportunities</u> 'Needs to be shared' 'Analysis' and 'initiative'	'Change I made is the comment boxes' Meeting OM before issuing report avoids 'excitement' <u>Opportunities</u> 'Get down on the floor a bit more'
DO1/ DM1	'Management team ...equal voice' 'Projects...investment ...redundancies... finance behind the commercial feel...' DM1 'projections would have borne out to be true' 'Accounts' first <u>Opportunities</u> Influence OM more	'It is timely, it is accurate' MA 'generating' reports, OM 'looking at' non-routine 'Non-financial' preference 'As detailed as you want' 'Key targets...see where we are...implementation plans' 'Focused information' 'Where we are each month' 'Clear and logical...states assumptions'	'Management team' Budgeting... 'very good....knows how the game goes' 'Lot of interaction and discussion around non-routine reports' <u>Opportunities</u> Could 'give us a kick more' 'More proactive in raising the issues and driving us all to achieve them' 'More aggressive in looking for change, savings and all that' 'Looking forward' 'Based in the business...have that understanding'

DO2/ DM2	'Accounts' first 'Identifying the issues and addressing them speedily' 'Makes suggestions in terms of what can be done' Control weaknesses 'are quickly identified' <u>Opportunities</u> Influence on MA 'bordering too little'	'Identifying the issues at an early stage' 'Information at a point in time' Otherwise a 'vacuum' 'There is accuracy' 'Very good...presenting it...degree of simplicity' 'Summary sheets' 'Wealth of information' for planning purposes <u>Opportunities</u> See accounts before issuing	'We go through the accounts' 'Good delivery' on 'accounts reviews' 'Would interact a lot' on non-routine reports 'Big input to design' of non-routine but 'little input' on routine 'Constant contact' 'More involvement' leads to 'issues been hammered home' and 'positive impact on business' <u>Opportunities</u> 'Could get more involved...his approach to resolving the issue could be better'
EO/ EM	'Not really' assisting achieving objectives 'Bigger picture' 'EM does all the number crunching' ...controller 'has the actual overseeing'	'Plots...against budget' 'Measure of where you are' 'Historical' 'I have this already' 'Highlighting...areas...potential to improve' 'An information flow' 'Pile of information, too much' <u>Opportunities</u> 'Use more user-friendly jargon'	'Month end is a big one' 'Have to comment on the major ones [variances]' 'We used to sit down and read these things...waste of time' 'It is one-way traffic' 'Good way with people when he looks for something' <u>Opportunities</u> 'Understood a bit more the technicalities of the business'

Table 6.3 – MAs and assisting OMs in the performance of their roles

The findings in a holistic sense in table 6.3 identify that there are a number of dimensions of MAs influencing OMs in the performance of their roles across the themes of impact, information, and interaction and that there is considerable variation in these across MAs. This variation which will be discussed in the next chapter where MAs are grouped according to the extent that they meet OMs' expectations (see section 7.3.2.2), that they have expected characteristics (see section 7.4.1.5) and in evaluating the roles of MAs based on models in the literature (see section 7.9).

The use of reports in the case design has led to a number of findings pertaining to the extent that MAs assist OMs in the performance of their roles. These include general characteristics of reports which are useful (or not) and the extent that information and reports (routine and non-routine) assist OMs in the performance of their roles in control and in decision making functions. These are discussed in the next chapter in

section 7.3.2.3 through to section 7.3.2.7 regarding OMs' expectations of MAs and the extent that MAs meet them. Finally there are antecedent constraints that the findings suggest have implications for the support that MAs can provide to MAs and these are discussed in section 7.3.1.

Chapter seven

Discussion of findings

7.1 Introduction

This chapter presents a discussion of the findings from phases one and two of the study. The findings are examined in the context of the literature reviewed on the roles of MAs (chapter three) and the theoretical lenses of control, contingency, and role theory (chapter two). The study set out to address specific gaps in the literature regarding the contemporary roles of MAs, using qualitative research methods. The findings have helped address apparent contradictions in the literature and provide a more comprehensive picture of the roles of MAs. They also provide a basis for gaining further insights using the three theoretical perspectives of management control, contingency, and role theory. The discussion is structured around the antecedents, characteristics, and consequences associated with the roles of MAs in general, for phase one, and more specifically in the context of association with the consequence of assisting OMs in the performance of their roles, for phase two. This chapter compares the results with prior empirical findings and draws upon the theoretical perspectives to develop a deeper understanding of the antecedents, characteristics, and consequences associated with the roles of MAs.

7.2 Comprehensive perspective on the roles of MAs

The phase one findings provide evidence of an extensive combination of variables associated with the roles of MAs. Figure 7.1 presents a summary of the antecedents, characteristics, and consequences, presented in line with the categories that emerged from the data analysis.

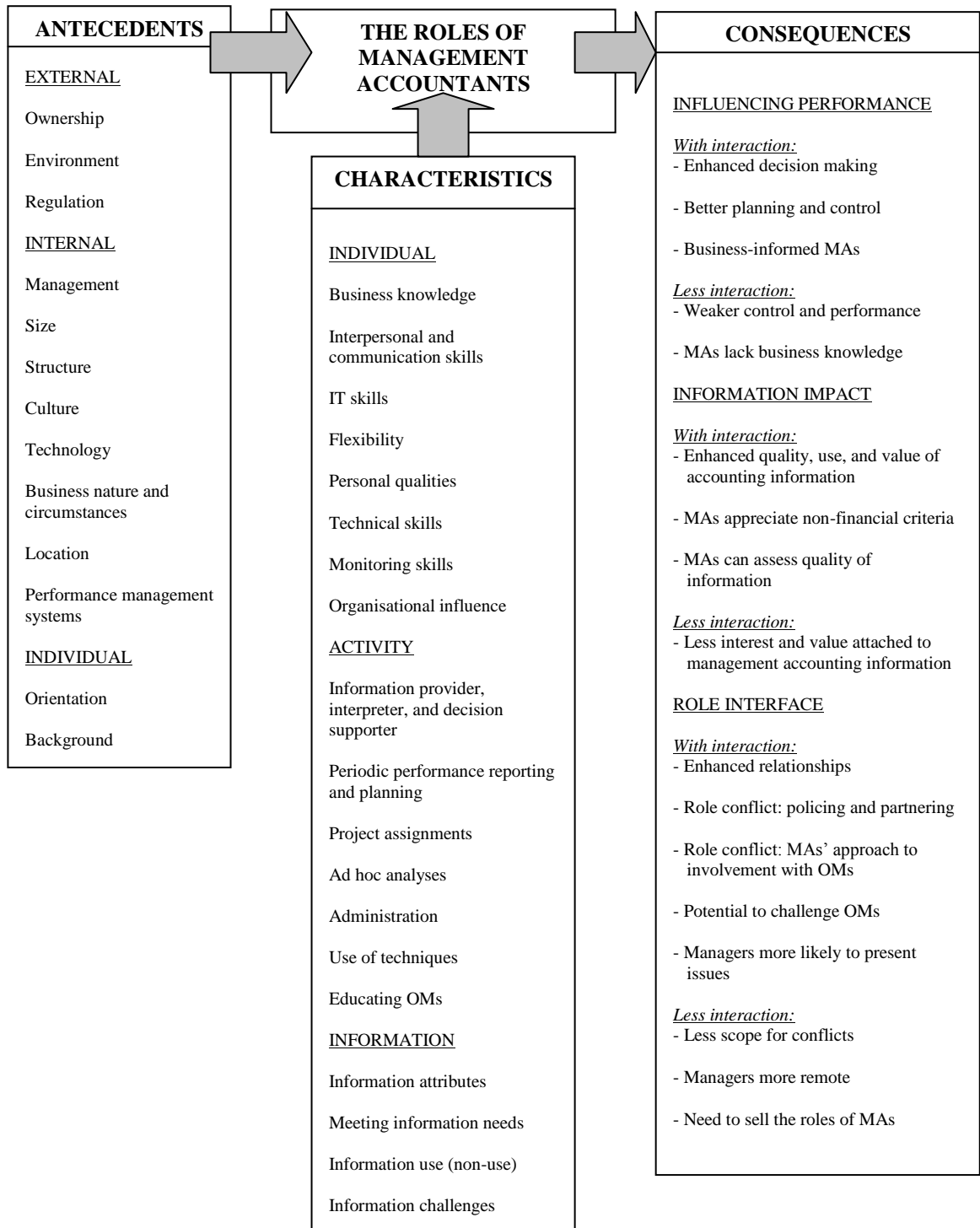


Figure 7.1: Antecedents, characteristics, and consequences associated with the roles of MAs

Phase two of the research focused on antecedents and characteristics associated with the roles of MAs – identified in phase one – that could be linked to the extent that MAs assist OMs in the performance of their roles. Assisting OMs in the performance

of their roles is thus an overarching variable that can be related to a number of the consequences identified in phase one e.g., decision making support, assistance with planning and control, and the relevance of information provision and interaction. The analysis of phase two is embedded in the phase one discussion around antecedents, characteristics, and consequences associated with the roles of MAs. However, the analysis highlights the relevance of specific antecedents and characteristics in the context of the extent that they assist OMs in the performance of their roles. Thus, the chapter is largely structured around headings displayed in figure 7.1, but draws on phase one and phase two findings as is appropriate for the objectives set for each separate phase (see section 4.4.1 for phase one objectives and section 6.2 for phase two objectives).

The antecedents in figure 7.1 are grouped according to whether they represent influences that are external, internal, or relate to the individual MA themselves. The characteristics are grouped according to whether they relate to the individual MA, to the activities in which MAs engage, or to information. Finally, the consequences are grouped into those that relate to influencing performance, information impact, and role interface. The consequences are further divided between those that are associated with more or less interaction between the MAs and the OMs. Existing literature has tended to focus narrowly on a limited number of particular antecedents (Fisher, 1995, 1998) and thus the findings on antecedents, characteristics, and consequences bring the disparate strands of previous research together in presenting a comprehensive picture of the roles of MAs, thereby addressing one gap in the literature. The findings have indicated new dimensions of the roles of MAs (e.g., consequences of the roles), while also confirming and expanding on previously researched dimensions (e.g., antecedents and characteristics associated with the roles). The findings also identify key dimensions of the extent that MAs assist OMs in the performance of their roles. These findings are discussed next under the headings antecedents, characteristics, and consequences.

7.3 Antecedents

The antecedents are presented under the major headings of external, internal, and individual antecedents. The external and internal categories of antecedents in figure 7.1 relating to the roles of MAs can be extended to the homogenising forces affecting

management accounting practices (Granlund and Lukka, 1998b). Some antecedents reveal the impact of economic forces such as advanced technologies and international competition. For example, a renewed emphasis on cost competitiveness had raised the profile of MAs in many firms, while other antecedents point to the institutional forces (DiMaggio and Powell, 1983) impacting the roles of MAs. These institutional forces can be further analysed into those that are ‘coercive’ such as the SOX legislation in the subsidiaries of US MNEs or ‘normative’ such as the local cultural norms and values that were associated with the roles of MAs (DiMaggio and Powell, 1983). The antecedents are now discussed as external, internal, and individual antecedents.

7.3.1 External antecedents

The findings from phase one indicate the presence, or absence of, a corporate head office (see section 5.2.1.1) represents a contingent factor in determining the roles of MAs. Thus, MAs that were located in foreign MNE subsidiaries were required to spend considerable time meeting reporting requirements and responding to queries from head office. The influence was described in terms of ‘dictatorship’ [AF1] and a ‘huge influence’ [BO2]. The extent to which MAs were informed and influenced by their respective businesses and environments (Sathe, 1982; Burns *et al.*, 1999; Burns and Baldvinsdottir, 2007; CIMA, 2007) seemed contingent upon the presence, or absence, of a head office. For example MAs in smaller independent manufacturing firms were more knowledgeable of their businesses and were influenced more immediately by their environments.

The phase two findings, supporting phase one findings, indicate that the presence of a corporate head office may be a contingent factor in determining what scope a MA has to assist local OMs in the performance of their roles (see 6.15.1). The findings also indicate that this contingency was less strong in some MNE subsidiaries e.g., Irish, French, and US family owned firms. MAs that were located in foreign MNE subsidiaries, particularly in Companies A, B, and E, were required to spend considerable time meeting the reporting requirements and responding to queries from head office. The impact of head office was perceived as very strong and OMs perceived that they received less assistance in the performance of their roles as a consequence of MAs being, as AO1 remarked ‘oriented to the external world’ with the opportunity cost of ‘helping make some key decisions on the shop floor’. AO2

noted that ‘there is an awful lot of external work done, I don’t see it as being a benefit to myself’ [AO2]. BO1 stated that ‘month end seems to be every week’. AM2 noted ‘projects would slip altogether’ and AO3 stated that AM3 ‘wouldn’t always be readily available’ when the ‘push would come from head office’. This created a role conflict for MAs which is discussed in section 7.5.3 and 7.6.

While there has been limited research to date on the roles of MAs in subsidiary organisations, some emerging case study evidence suggests that such ownership structures can impact on the roles (Yazdifar *et al.*, 2008), while survey evidence indicates that MAs do not hold significantly different perceptions of their roles with respect to working in either subsidiary or independent organisations (Yazdifar and Tsamenyi, 2005). Although little has been researched on the nature of subsidiary reporting to head office, Littler and Sweeting (1989) found widespread use of financial measurement in one case firm and linked it to complying with corporate requirements. O’Dea and Clarke (1994) found rigidity in changing costing systems due to the requirement for corporate consent.

From a role theory perspective, some MAs had difficulty interpreting head office management’s expectations as they remarked upon the ambiguity in head office instructions and requests, as EM noted ‘it doesn’t make much sense’ and BM3 stated that ‘I can’t take anything meaningful from it’ [BM3]. Many MAs in phase one, and all in phase two, performed their roles in subsidiaries of MNEs where there was a very strong head office emphasis on achieving the site’s budgetary targets (see sections 5.2.2.8, 6.5, and 6.15). It was observed frequently in phase two that there was more head office interaction when subsidiary performance was off target. The model of control deployed could be classified as formal hierarchical systems in the literature e.g., administrative controls (Hopwood, 1974), routine controls (Hofstede, 1981), bureaucratic controls/mechanisms (Macintosh, 1994; Ouchi, 1979), and results controls (Merchant, 1998). As noted, on a corporate level there appeared to be an expectation of management to targets, while locally OMs desired flexibility in the detailed budgetary allocations. Thus, the findings emphasise the ‘how’ that control theory has traditionally tended to underplay but more recent research has incorporated (Simons, 1995). While Simon’s work was based on senior executives’ use of alternative control mechanisms, this study provides evidence lower down in the

organisation. Many MAs facilitated the traditional control model, Simons' diagnostic control systems, by providing key management information against budgets. Some MAs were also further involved in management and project teams in discussing the implications of this management information and formulating an appropriate response to it. This demonstrated an 'interactive' (Simons, 1995) use of control systems. The MAs in independent firms had more flexibility in the design and implementation of management control procedures than their counterparts in subsidiaries of MNEs where MAs experienced a more imposed corporate model, as was the case for all MAs in phase two. Phase two revealed inflexibility in management control e.g., with regard to corporate 'terminology' [AM3, EM] in reports, design inflexibility of some management accounting reports (see sections 7.3.2.5 and 7.3.2.7). MAs in both phases were expected to interact around control systems with OMs (see section 7.3.2.4).

In phase one, the environment was perceived as impacting more directly on the roles of MAs in indigenous independent firms, while MAs in MNEs were perceived as at a remove with the environmental impact descending via the group hierarchy (see sections 5.2.1.1 and 5.2.1.2). Role theory, while recognising the influence of organisational factors on role sender expectations (see figure 2.7 in section 2.4), does not take adequate account of environmental factors influencing roles. A further distinction can be made in role theory on the impact of environmental factors in that a more direct impact is found for MAs who operate in smaller independent firms than those in subsidiaries of MNEs. In phase two, the environment was perceived more as an indirect influence through head office but was generally not perceived as an antecedent to the roles of MAs in the context of assisting OMs in their roles. It did however heighten MAs' awareness of corporate priorities e.g., the establishment of cross-functional cost reduction teams that MAs sat on in Company A.

In the subsidiaries of US MNEs there was evidence in phase one that the introduction of SOX had a significant impact on the roles of MAs in phase one (see section 5.2.1.3) and there was a perception that SOX was moving the roles of MAs away from assisting OMs in the performance of their roles (see section 5.4.3.2). SOX had added considerable workload to the accounting function and had brought more of a control orientation to the roles of MAs. This particular antecedent has received little, if any, attention in the literature. Phase two confirmed that the implementation of

SOX was perceived by MAs and OMs as being a major influence on the roles of MAs (see section 6.15.2) in US MNE subsidiaries, Companies A and B. While there was recognition that SOX had brought a better control environment, many MAs and OMs perceived its introduction as leading to a stronger control interface that was perceived as ‘OTT’ (BO1) and ‘a bit like the tail wagging the dog’ [BM1]. SOX introduced a new layer of control that: was ‘black and white’ [BM1], precise to ‘the cent in a multi-million dollar company’ [BM3], mandated ‘templates’ [AM1], required more ‘audits’ [BO1], ‘deadlines’, ‘signature[s]’, and the repeated use of ‘test model[s]’ [BM2]. It was considered ‘non-value add’ [BM3] and cast the roles of MAs as the ‘governing body in terms of the stick, in terms of brow beating’ [BO1].

The implication of this orientation was that it required MAs to follow up with OMs regarding compliance with SOX requirements and OMs did not perceive these SOX-related interactions as assisting them in the performance of their roles. Furthermore, by MAs having to absorb SOX requirements into their own activities, they had consequently less time to assist OMs. This compliance orientation aligns with Keating and Jablonsky’s (1990) classification of some finance functions having a ‘conformance orientation’ that emphasises a bureaucratic, procedural, and technical approach. The literature notes that managers perceive FMs as more oriented towards a ‘conformance’ and ‘command and control’ than towards a ‘competitive team’ classification (Jablonsky *et al.* 1993; Jablonsky and Keating, 1998), while FMs perceive themselves having the opposite orientation. As these studies preceded SOX the findings of this study would suggest additional ‘conformance’ orientation, and in contrast both MAs and OMs were equally concerned about a detrimental impact of SOX. Since little research on the impact of SOX on the roles of MAs has been conducted, this perhaps might be worthy of further research (see section 8.8). Anecdotally, Sharman (2007) has observed a SOX-driven re-orientation of the accounting profession away from decision support to control. There is further discussion of SOX in the context of the control and partnership orientation of MAs in section 7.9. There was a difference between the MAs operating in firms under SOX legislation and those that were not e.g., MAs in the latter category did not perceive much direct regulatory impact on their roles, while the MAs in the former category referred to their roles being influenced by many SOX requirements, as noted earlier. Thus, SOX was a contingent factor in determining the roles of MAs and in particular

it necessitated additional interaction with OMs regarding its implementation and compliance which OMs did not perceive as being of much value. From a role theory perspective the influence of SOX was perceived as leading to role conflicts (see section 7.5.3). From a management control perspective, MAs and OMs questioned the contribution SOX made to assisting OMs in the performance of their roles, and by implication, the wider organisation's performance. The theory of management control largely views control systems as leading to the achievement organisational objectives (Anthony, 1965; Otley and Berry, 1980; Flamholtz *et al.*, 1985) but the findings in this study would suggest the importance of identifying the appropriate extent of control which ensures control without compromising performance outcomes.

7.3.2 Internal antecedents: management

Management, or as individuals, OMs, were perceived as a strong influence on the roles of MAs in phase one (see section 5.2.2.5) and in phase two of the research (see from section 6.5 through to section 6.14). Phase two provided a much deeper understanding of the influence of OMs on the roles of MAs through the investigation of OMs' expectations and the extent that MAs meet these expectations, and these are discussed in some detail in section 7.3.2.1 through to section 7.3.2.9. There are other antecedents in phase one and these are discussed in a later section on other internal antecedents in section 7.3.3. The discussion is presented under the themes of variability in OMs' expectations, extent that MAs meet OMs' expectations, general information characteristics and assisting OMs, meeting OMs' control expectations, routine reports and OMs' control expectations, meeting OMs' decision support expectations, non-routine reports and OMs' decision support expectations, OMs' unmet expectations, and MAs perceptions of OMs' expectations.

Management expectations that emanate from role senders (i.e., OMs) to the focal roles (i.e., MAs) according to role theory determine the roles enacted by the focal occupants. In phase two, this 'sent' and 'received' role was communicated from OMs to MAs at management or project meetings, informal meetings, or via the telephone, e-mail, or through the FM. The expectations were also formalised through the annual appraisal processes that were used in all the companies involved in the study. These mechanisms could be seen from DO1 who commented that DM1 could 'give us a kick more, each of the managers and that is a thing that I talked to him about' and BO3

noted missing variance information but explained that it was ‘because I have not been setting such high expectations’.

7.3.2.1 Variability in OMs’ expectations

While the phase one findings provide strong support for the influence of management (Hopper, 1980; Sathe, 1982), they also highlight a number of difficulties for MAs – the focal role occupants – in interpreting role sender expectations when OMs have different and discretionary approaches. In phase one, the involvement of MAs by OMs was perceived as arbitrary (‘when they see fit’ [AO1] and ‘some do, some don’t’ [AF2]). This means that MAs may have to adapt to different managerial styles and simultaneously cope with the role conflict arising from a desire for more involvement in management processes in situations where OMs may not wish them to have such involvement. This indicates a contingency relationship in that the involvement of the MA may be contingent upon managerial style and discretion.

The findings of phase two confirm role theory’s prediction that the role sender’s (i.e., the OM’s) expectations influence the behaviour of the focal role (i.e., the MA) (Kahn *et al.*, 1964; Katz and Kahn, 1978). Building on phase one, many MAs in phase two observed variability in the expectations of OMs across a number of dimensions including perceptions of finance (see section 6.15.4) and different approaches to engaging with management accounting information (see sections 6.6, 6.7, 6.8, 6.10, and 6.11). MAs observed OMs with good financial skills as having higher expectations of them than those with less thereby indicating a contingency factor to the MAs capacity to assist OMs in the performance of their roles. The findings thus indicate that there was more involvement between OMs and MAs when OMs possessed strong financial skills, supporting the positive association observed by Zoni and Merchant (2007). A refinement on this was that sometimes more involvement was needed where OMs had less financial expertise and the MA had to ‘step in’ [BM1]. Thus, the former was involvement more driven by the OM and the latter was involvement more driven by the MA. Further, the former was linked more to decision making processes, while the latter was more linked to budgetary control. In addressing the phase two objectives of assisting OMs in the performance of their roles, these findings suggest that having some shared financial acumen between OMs and MAs better facilitates interaction and enables OMs to utilise the assistance of

MAs to a greater extent, or more effectively, than OMs who do not possess such financial acumen.

Functional differentiation was indicated by MAs providing information for specific managerial functions (see section 6.6.3) e.g., AM1 and BM1 produced capital tracking reports, AM1, AM2, and AM3 produced information for specific business unit requirements, and DM1 produced different management accounts for different business units. EM noted that sales demanded more information than production and that one production department required more support than another due to one product being standardised and the other customised. There has been a call in the literature to better address the differing information requirements of functional managers, as studies have observed differences in managers' requirements and organisational and environmental conditions (Lawrence and Lawrence, 1967; Chenhall and Morris, 1986), and particularly between sales and marketing and operations (McKinnon and Bruns, 1992; Mia and Chenhall, 1994; Lau, 1999; Pierce and O'Dea, 2003; Mendoza and Bescos, 2001; Richardson and Barker, 2001). This study has a relatively narrow focus on operations functions as only Company D and E had immediate sales arms (the other companies were effectively cost centres using transfer pricing). This study highlights the need to differentiate even within the same general operations area. Thus, from a contingency perspective, the findings supports the legitimacy of the functional differentiation of management accounting information, and suggests that there could be further refinement of these variables within similar functions.

The findings from phase two also show that the awareness that OMs had of the MAs' roles related to assisting OMs in the performance of their roles (see section 6.15.4). Similar to the note about OMs' financial acumen, there appeared to be a contingency relationship between OM's awareness and understanding of the roles of MAs and the extent that MAs could assist OMs in the performance of their roles. Some OMs appeared to understand the roles of MAs and had clear expectations regarding the assistance that the MA would provide in the performance of their roles. However, there were some OMs who only discovered useful accounting reports by 'accident' and there was 'probably a lot more there' [CO], or 'some managers sometimes don't realise what finance can do for them' [AM4], or 'big thing for me would be understanding what BM4's...more what BM4's role' is [BO4].

In role theory terms this suggests that the expectations of role senders may be influenced by the extent that role senders understand the focal person's roles. While the theory recognises the influence of organisational factors, attributes of the person and interpersonal factors, it pays less attention to the influence of the role sender's understanding of the focal role on the focal role. This implies a mandate for MAs to raise their profile within organisations. CO and EO similarly noted a relatively poor level of awareness of how CM and EM could assist them in the performance of their roles. These MAs relate to phase one findings where it was observed that one consequence for MAs where there was little interaction between OMs and MAs was the need to sell the roles of MAs (see section 5.4.3.6). AM2 noted the expectations of OMs were 'growing because, a, they know the information is there and we can provide it to them and also, b, they are coming under more pressure internally and externally, again this whole cost reduction'. This is supported by Ezzamel *et al.* (1997) who found that a wider dissemination of information in organisations creates an 'increased demand for additional, more detailed, more timely, and more frequent information' (p. 16). Thus, there was a contingency in that the more the OM understood the roles of the MAs, the more expectations were placed on those roles. These findings highlight an awareness and understanding deficit on the OMs' behalf, which seems to be a barrier to them receiving better assistance in the performance of their roles from MAs, and perhaps effort is required on both sides to reduce this deficit: MAs to raise their profiles and OMs to explore the potential of the roles of MAs to assist them.

Managerial preferences, as found in phase one and noted above, also appeared as a contingent variable in phase two in explaining the extent that MAs assist OMs in the performance of their roles e.g., DM1 compared the styles of two divisional CEOs with the labels 'presidential', 'PR man' versus 'hands-on' and 'pernickety' that required DM1 to 'adapt' to each style. OMs' preferences for MA involvement indicated a contingency e.g., 'in-person with a quick explanation' or 'by e-mail' or to 'study' themselves when convenient (see sections 6.6.3 to 6.6.5). Differences were also perceived in regard to senior managers versus those more junior with regard to the interest in summaries, the level of interest in the management accounts (e.g., 'quick look' versus 'fine detail' [DM2]), and whether OMs perceive MAs as 'there to help'

or ‘an encumbrance and a nuisance’ [AM3] (see section 6.15.4). The variability in OMs approaches to using management accounting information and reports supports the findings of Mendoza and Bescos (2001) who found that managers devised their own individual approaches, or ‘reading strategies’ in garnishing information. These findings imply that MAs require some flexibility in their approach to assisting OMs in the performance of their roles (see further discussion of flexibility in section 7.4.1.2).

The phase two findings identify the primary role senders for MAs to be FMs and not OMs, with only two MAs, BM1 and DM1, identifying an OM as being the most influential on their role. This is unsurprising perhaps as the FM was either the immediate finance line manager or the FM one level above. Although many MAs shared the same line manager the order of manager influence varied. The FM was identified as a contingent factor in determining the support MAs provide to OMs, detected in phase one, and supported further in phase two i.e., the senior FMs can influence the extent of involvement of MAs by restricting or encouraging their involvement. This draws attention to a role sender distinction between the signals coming from financial as opposed to operations management. Phase two indicated that the FM was a very strong influence on the roles of MAs (see section 6.15.3) with respect to their capacity to assist OMs in the performance of their roles. Of the 12 MAs in the study, 10 had FMs as the most influential and eight had FMs as the second most influential on their roles (see appendix G). OMs were only the third highest influencers for half of the MAs. This was corroborated by some OMs expressing a desire for them to have more of an influence on the roles of the MAs and vice versa (Hopper, 1980). There was evidence of some contradiction in FMs’ views on MA involvement as DF in phase one conveyed an ‘expectation’ that the MA ‘does not just sit at the desk’ but is ‘going to meetings, problem solving’ but must ‘go through finance director, depends on level’ with the ‘finance director 50% away from desk, management accountant 20%’. There was a perception that MAs were ‘operational’ [DO], and FMs were the ‘decision maker[s] and they [MAs] would be the providers’ (see sections 5.2.2.5 and 5.3.2.1).

Corroborating this in phase two, MAs (AM1, AM2, and MA3) sought to have more ‘responsibility’ [AM1] and direct interactions with OMs. BO2 similarly perceived that the financial controller needed to let the MAs ‘go on their own’ (see section

6.15.3). The findings also reveal some difficulties for MAs e.g., AM1, AM2, and AM3 perceived ambiguity in interpreting and satisfying requests from the financial controller, and conflict in trying to ‘assist the operations manager’ and ‘trying to justify stuff’ to the financial controller [AM2]. Another impact of the financial controller was that sometimes the expectations of OMs were conveyed directly by them to MAs (e.g., at budget and management review meetings or on cross-function project teams) but at other times the expectations of OMs were transmitted via the financial controller to MAs and ‘interpretation can be different’ [AM3]. From a role theory perspective, this intermediary transmission of OMs’ expectations via the financial controller creates potential for some distortion of these expectations and thus a misalignment of sent and received roles. Thus, the findings show that there is more conflict and ambiguity when the expectations of management are mediated by the financial controller i.e., the signals get distorted which adds to the role conflict. While role theory recognises the impact of organisational factors on role senders’ expectations that in turn influence the focal roles, it does not capture the complexity inherent in focal role occupants (e.g., MAs in this case) interpreting signals that come directly from role senders (e.g., OMs in this case) and those that come from the same role senders but indirectly through another role sender (e.g., the financial controller in this case). There has been little research on the roles of FMs in shaping the roles of MAs and this could point to an avenue for future research (see section 8.8). From the perspective of assisting OMs in the performance of their roles, these findings suggest that the FM may be instrumental in this regard.

7.3.2.2 Extent of MAs meeting OMs’ expectations

An outcome of the data analysis in phase two was a broad alignment of MAs to particular categories as follows: AM1, AM4, and BM3⁴ as meeting or exceeding OMs’ expectations; AM2, BM1, CM, DM1, and DM2 as partially meeting OMs’ expectations; and AM3, BM2, BM4, and EM as MAs interacting with OMs who had limited or no expectations of them. The extent that MAs meet OMs’ expectations should also be considered in light of the time that the MA was in the company, and in the particular position e.g., table 6.1 reveals that AM2, BM2, and CM were all only in the position and company for less than one year, while AM1, DM1, and DM2 were

⁴BM3 was promoted to Management Accounting Team Leader shortly after the case study interviews.

nine years in their companies, AM4 was over seven years, AM3, BM3, and EM were three to five years, and BM1 and BM4 were one to two years.

As the extent of MAs meeting or not meeting OMs' expectations related to specific antecedents and characteristics with respect to assisting OMs in the performance of their roles, these are discussed under the relevant headings of antecedents and characteristics. In role theory, unmet expectations represent role conflicts for those in focal roles (the MAs) and these are discussed in sections 7.5.3 and 7.6. The phase two findings, based on the alignment above, broadly suggest considerable variation in the extent that MAs meet OMs' expectations. Notwithstanding some notable exceptions and some prevailing constraints, MAs were largely perceived as not meeting OMs' expectations and thus builds on a stream of literature highlighting this (Hopper, 1980; Kaplan, 1984; Johnson and Kaplan, 1987; McKinnon and Bruns, 1992; Brignall *et al.*, 1999). This alignment of roles and expectations permeates the discussion as it unfolds, and specifically in section 7.3.2.8 on unmet expectations, but also in section 7.4.1.5 on MAs' characteristics linked to expectations, and in section 7.9 on closing and widening the gap on MAs meeting OMs' expectations. Thus, there are many dimensions of assisting OMs in the performance of their roles in these alignments, which will be elaborated upon in the subsequent discussion.

7.3.2.3 General information characteristics and assisting OMs

In phase two the majority of OMs appeared satisfied with the timeliness of information from MAs e.g., AO1 noted that 'anything you ask from AM1 would be done in a very timely, good timely fashion' and BO1 commented that 'we live and die by [BM1s' project reports] on a weekly basis' and the reports were 'live' which if they were not would result in 'decisions that are essentially flawed'. OMs placed much significance on the timeliness of information, which supports the findings of other studies (McKinnon and Bruns, 1992; Jazayeri and Hopper, 1999; Mendoza and Bescos, 2001; Pierce and O'Dea, 2003). This drive for timeliness was further observed when AO1, CO, and DO2 suggested that it would be more helpful to have interaction around reports or information prior to their issue or presentation in meetings. In Company E, EM noted that the management accounts could be 'three weeks after the month end' and with such a delay it was not surprising perhaps that EO noted that 'I just file it away'. However, it appeared that EO had variance analysis

discussions with EM at the month end and so there would be nothing new or unexpected in the final document.

There were many instances in phase two where reports had been customised to suit OMs' requirements and expectations e.g., use of trend diagrams, graphs, rankings, pivot tables, simplification, commentaries, summaries (with access to detail if necessary) and the use of non-financial measures. The latter's adoption confirms a growing trend in the literature (Eccles, 1991; Clarke, 1992; Drury *et al.* 1993; Hoque and Alam, 1999; Vaivio, 2004). There were two processes that appeared to facilitate this, and interaction underpinned both. Firstly, some MAs noted that they specifically asked OMs about their information needs and invited comments on information or reports that MAs provided to OMs. AM4, as AO4 observed, would 'go out on the floor' to understand the users' needs. Secondly, some OMs instigated change requests to information and reports e.g., CO had suggested that CM add pop-up comment boxes to spreadsheet reports [R24] in relation to items that might warrant commenting upon. AO3 had requested conversion of detailed reports into graphical format and AM3 also noted that the same report now ranked only the top 25 cost items and not all items [R6a-b]. These developments would suggest a leaning more towards the 'system' as opposed to the 'scope' dimension of MASs (Bjornenak and Olson, 1999). Such report changes, precipitated and prompted by interaction between the OM and the MA, demonstrate how management accounting information acquired greater organisational, as opposed to technical, validity (Schultz and Slevin, 1975). These findings also have implications for roles of MAs in moving to the model of the business partner (see section 7.9), and for how MAs can provide information to OMs in a manner that assists them in the performance of their roles. The general information characteristics confirm those previously set out in the literature as important (AAA, 1974; McKinnon and Bruns, 1992; Pierce and O'Dea, 2003).

Few management accounting innovations were present in the manufacturing firms but those that were (e.g., the use of NFIs) were linked to MAs having relevant interactions with OMs, and the innovation literature strongly supports this (Eccles, 1991; Gietzmann, 1991; Bhimani and Pigott, 1992, Nulty, 1992; Norris, 1995; Anderson, 1995; Friedman and Lyne, 1997). Each firm appeared to have developed its own particular 'scorecard' as opposed to those prescribed in the literature (e.g.,

Kaplan and Norton 1992, 1996; Lynch and Cross, 1995; Neely *et al.*, 2001). When the absence of innovations and the dominance of traditional systems (e.g., budgeting, standard costing) are considered in light of the very positive perceptions of some reports, this would seem to give some weight to the defence of management accounting not being in ‘crisis’ (Johnson and Kaplan, 1987). It instead suggests management accounting is experiencing change in how it is used and in a broader context (Bromwich and Bhimani, 1989). The findings support the literature’s distinction between decision making and control (Emmanuel *et al.*, 1990; Horngren *et al.*, 2000; Zimmerman, 1997, 2001; Atkinson *et al.*, 2001) and the next sections discusses these separately.

7.3.2.4 Meeting OMs’ control expectations

In the same vein as phase one (see section 5.3.2.2) all the firms in phase two operated periodic forecasting and long range planning systems as well as the annual planning system, and the latter tended to receive most attention. OMs expected MAs to participate and assist them in the collation and completion of these processes. The findings in phase two similarly indicated that short-term, annual budgetary targets had a strong impact on the roles of MAs being associated with assisting OMs in the performance of their roles. Thus, OMs sought assistance from MAs in understanding variances to targets and contributing to formulating a response to them (see sections 6.6 to 6.13). These expectations were dominated by a planning and control feedback model (Otley and Berry, 1980; Berry *et al.*, 1995) where OMs sought MAs’ input to both planning, measurement, and variance analyses processes. OMs’ perceived that MAs were generally very effective at contributing to the control aspect of their roles. It was noted that MAs were more effective in the budgetary and accounts review sessions as opposed to the broader management teams that they might be members of which seems intuitive as the former perhaps draws more on the MA’s accounting knowledge, while the latter draws more on the MA’s business knowledge. Shortcomings in control expectations noted by OMs were a disproportionate attention to negative variances, improving ‘the controls...around budgets’ [AO2], some variances not analysed, and a reactionary approach. Regarding the latter it was somewhat contradictory that AO3 remarked on cost analysis as an ‘after thought’, while also noting different ‘cyclical’ priorities as ‘at the moment forget the cost, get what the customer wants’. OMs appeared to value analysis and explanations

accompanying variances. Many MAs made reference to budgetary control expectations being greater or lesser depending on operational conditions or different time periods in the annual operating cycle e.g., a priority of dispatching products to customers, organisational rapid expansion, or actual performance relative to targets. MAs being flexible and having a broader understanding of context was observed by OMs as important from a control point of view (see section 7.4.1.2). In management control terms, this draws attention to a need for a more dynamic theory of control that recognises business priorities as moderating the appropriate emphasis on control at different points. This model of flexibility is arguably not congruent with a periodic, routine and ‘cybernetic’ feedback control model (Otley and Berry, 1980). This also draws attention to how accounting information and report relevance can fluctuate, implying that MAs need to understand the current operational priorities. This creates a more dynamic definition of the relevance of management accounting information in context and recognises that assisting OMs in the performance of their roles should account for this.

A common mechanism through which OMs’ control and planning expectations were addressed was through interaction (see section 6.9) i.e., many MAs met face-to-face with OMs to review the operating department or division’s budgetary performance. OMs associated a number of positive control outcomes resulting from interacting with MAs that would not be present if only the information was provided (i.e., no interaction) e.g., MAs providing ‘direction’ and having a ‘meaningful discussion’ [DO2]. AO2 and BO3 respectively explained the roles of AM2 and BM3 in assisting with their cost management and planning processes as per figure 7.2.

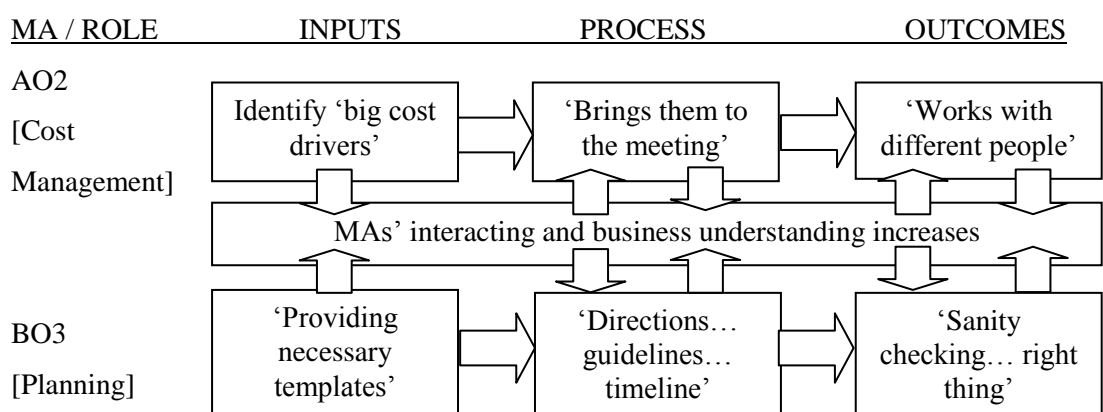


Figure 7.2 – Process map of MAs’ involvement in cost management and planning

Figure 7.2 illustrates how MAs interact at a number of steps in cost management and planning processes and the central plank is the MAs interaction, which as it progresses facilitates the MA building up a better business understanding. This links with business knowledge and interpersonal skills (see sections 7.4.1.1 and 7.4.1.3), and also to the phase one consequence of MAs being more informed by interacting with OMs (see section 5.4.1.3). Although there has been some evidence that OMs rate MAs' interpersonal skills more so for decision making than for control purposes (Feeney and Pierce, 2007) this study suggests that such skills are likely to be as important for control purposes. This also strongly supports phase one where it was observed that more interaction between MAs and OMs, and MAs understanding the business, led to enhanced planning and control (see sections 5.3.1.7 and 5.4.1.2).

The findings also indicate that management control theory needs to attach greater significance to the impact of control being deployed by MAs in a more interactive (Simons, 1995) and adaptive sense as opposed to focusing on the tools of management control. This was clearly demonstrated by BO3 where he observed how 'the introduction of the controls would be positively impacted by BM3's interpersonal style', while in contrast DO2 noted that DM2's approach to 'resolving the issue could be better'. Thus, the effectiveness of control can be argued to rest upon not only the design or classification of the control itself (Hopwood, 1974; Ouchi, 1979; Hofstede, 1981; Anthony *et al.*, 1989; Merchant, 1998) but the process of interaction with MAs around its introduction.

7.3.2.5 Routine reports and OMs' control expectations

The findings provide insights into how routine reports were used by OMs which in turn reveals how they related to assisting OMs in the performance of their roles from a control perspective. Many of the routine reports presented during the research contained actual performance information and budgetary comparative data. McKinnon and Bruns (1992) distinguish the nature of information contained in different reports as being 'operating', 'status', 'benchmark comparisons', and 'reference' information (p. 129) which could be aligned to these routine reports in this study with 'operating' being the only exception as it referred to the very frequent and informally produced operating data.

As each company was a subsidiary of a multinational organisation, this influence was very evident with respect to some reports that had to be prepared and presented rigidly in line with standardised group formats. These reports were not flexible with respect to design and were often perceived as of having little or no value to OMs in assisting them in the performance of their roles (see section 6.8.5). This also applied to templates underpinning the local management accounts as these generally were modelled on group reporting requirements. However, there were many routine reports that were of significant value to OMs, which are discussed below, and even the inflexibly designed management accounts were perceived as having some value to OMs. The subsidiary status was largely irrelevant for non-routine reports used to support managers' decision making as discussed in section 7.3.2.7.

Routine reports were perceived to impact on assisting OMs in the performance of their roles in different ways. Many OMs remarked about the value of knowing 'where we are at a point in time' [DO2] although noting that they did not always read the 'detail'. What seemed important to OMs with regard to specific routine reports, and more generally, included having overall summaries, report accuracy, timeliness, and relevance. It was also apparent that some routine reports were more relevant to OMs than others. A number of brief, straightforward, graphical, and often non-financial reports (e.g., R2, R3, R4, R6, R9, R10, R24, and R25) were noted for their direct linkage to KPIs (e.g., productivity, scrap, usage), the feedback and change requests that the MAs received from OMs on them, and how OMs sometimes adopted these reports in their own departments and reapplied the essence of the report to different areas than what the original report was designed for. CO observed how the provision of KPI information by CM in the form of one-page graphical reports (that were also posted on notice boards around the factory) supported him in his role. DO1 similarly remarked about DO1 and R25 which was a management summary report of KPIs. The report characteristics noted here go some way towards addressing the critical observations of management accounting information in the literature (Johnson and Kaplan, 1987; McKinnon and Bruns, 1992) and the growing adoption of non-financial measures in management accounting reports is well documented in the literature (Drury *et al.*, 1993; Pierce and O'Dea, 1998; Mendoza and Bescos, 2001).

Many of the routine reports appeared to contain more information than the OM required as OMs indicated that their approach to using these reports was premeditated and time limited e.g., ‘I go down to the bottom right hand corner’ [CO] and ‘I can flick through them in a couple of seconds and see whether they are ok’ [DO1]. These reports and their review can be strongly linked to Simon *et al.*’s (1954) observations of managers using accounting data for scorekeeping and attention-directing purposes with the caveat that OMs do not spend much time doing this and OMs expected MAs to do more of the attention-directing. Thus, OMs particularly valued MAs facilitating the focusing process for OMs in using these reports (e.g., MA adding variance comments, highlighting issues) i.e., ‘identifying areas where there are problems, providing useful data, encouraging us to look at these things’ [AO4], ‘where to focus’ [CO], ‘identify the key drivers’ [AO2], and ‘key issues’ and ‘proposed actions’ [DO1]. Focusing was also observed in providing ‘focused information’ not ‘realms of information’ [DO1]. Routine reports were also recognised for being useful to establish ‘trend’ information [AM2, AM3, AM4], ‘to see are there improvements’ [CO], or as DO1 remarked providing ‘a line in the sand’. What was also revealing about how OMs tended to use the routine reports was the quick transition from the ‘quick glance’ [BM1] to the decision implications of the report and ‘trying to look forward rather than looking back’ [DO1]. This process was referred to as the ‘strategic piece’ [DO2] providing the ‘bigger picture’ [EO] which ‘drives a lot of decisions and actions’ [DO1]. Thus, while these control-oriented reports commenced with an evaluation and monitoring of performance against targets, on completion of this the discussion shifted to a more decision-oriented use of the reports in addressing the performance issues highlighted. These findings suggest that using focusing mechanisms in routine reports, in both their brevity of presentation and the highlighting of particular points for attention, assists OMs in the performance of their roles. It also draws attention to Johnston *et al.*’s (2002b) notion of ‘good enough accounting’ as opposed to ‘realms of reports’ [DO1].

Some routine reports did little to assist OMs in the performance of their roles. These reports could be grouped as follows:

- 1) Reports primarily for head office (e.g., R5, R12, and R29);

- 2) Reports for the MA to gather explanatory information from OMs or for verification purposes (e.g., R18, R20, and R21); and
- 3) Reports surplus to requirements, overtly historical or redundant (e.g., R17 and R28).

BO2 commented on an inventory report (R17) that he had ‘been reporting it to them for three years’ was now ‘discontinued’ as OMs perceived it as ‘not adding any value’. Some of the routine reports that MAs prepared for OMs were of a detailed financial nature and presented in tabular format (e.g., R7, R8, R20, R21, R26, R27, R28, R30, and R34a-c) which some OMs commented upon as of little or ‘no interest’ [DO1]. Some routine reports were unhelpful because of ‘terminology’ [AM3, EO] which was more related to head office or the group. A number of OMs and MAs views suggested underutilisation of the periodic management accounts. It was observed by many MAs that very few questions followed the issuing of some routine reports and this was confirmed by some OMs’ disinterest in detailed financial reports behind the management summary page of the management accounts. It was also notable that some MAs spent considerable time on preparing the accounts, ‘the first two weeks of the month’ [DO2] even though the OM may ‘spend more time looking at the non-routine stuff’ [DO1]. This particular grouping of reports can be linked to the criticism in the literature of overly detailed reports and an excessive orientation towards financial reporting for management reporting purposes (Macintosh, 1985; Johnson and Kaplan, 1987; Innes and Mitchell, 1989; McKinnon and Bruns, 1992; Lewis, 1993; Fry *et al.*, 1995; Scapens *et al.*, 1996; Drury and Tayles, 1997; Kaplan and Cooper, 1998) and supports the assertion that accountants continue in this practice (Chenhall and Langfield-Smith, 1998b). These reports, in the context of assisting OMs in the performance of their roles, raise serious questions as the resources and energies directed towards these ends have little if any benefit to OMs, and as noted, reports may be consuming resources in the misplaced belief that something of value is being created when that is not the case. Some of these reports have some relevance but a critical review of them might address shortcomings in their detail and presentation and this raises issues of levels of awareness and understanding between the roles of MAs and OMs (see sections 7.3.2.1 and 7.5.3). Furthermore, these findings point to scope for further research (see section 8.8).

There were some apparent contradictions with regard to some reports. The management accounts (R32) in Company B (which originally contained the redundant R17 noted above) were perceived as of value by OMs but BM3 could not fathom how 'managers are happy with it'. BM3 put some of R32 together each month and concluded that 'it doesn't tell you anything'. Oddly BM3 suggested changes that could sound more like those typically coming from OMs e.g., 'comments down the bottom saying some of the non-financial piece' or to have 'graphs' to 'see trends'. This was somewhat paradoxical as BM3's recommendations were generally in line with what OMs sought (e.g., inserting commentary, graphical presentation) which suggests that OMs did not have much regard for the report (i.e., low usage) or BM3's perceptions of it, or were unaware of BM3's perceptions. BM3 did note that the controller had sought the OMs' perceptions of the report and they were 'happy with it' [BM3]. It might also be that OMs desire to be 'over-informed' as King *et al.* (1991) found but this would seem contrary to the major findings in this study. From a role theory perspective, the focal role is predicted as being able to influence the expectations of OMs but this example would not strongly support this. As noted, some OMs desired MAs to influence them more, and BO3 did seek BM3 to have more of an influence on his role. Conversely, the findings also reveal that OMs didn't realise that MAs produced routine reports that were of value of them e.g., CO noted stumbling upon a very useful 'scrap report' by 'accident'. Both these cases again reflect a weak understanding between MAs and OMs and suggest a need to develop a stronger mutual understanding of roles (see sections 7.3.2.1 and 7.5.3).

From a cybernetic control model perspective (Otley and Berry, 1980) these findings reveal considerable variation in the characteristics, use, and perceived value of different of forms of feedback which would have implications for the resulting effectiveness of control. As was noted above some control reports, or dimensions of them, may have been presumed by MAs to be providing useful control feedback to OMs when this was not the case. In one organisation, Flamholtz (1983) found budgets that were largely ignored. Thus, the findings emphasise that it is not just the existence of feedback systems that lead to control (Otley and Berry, 1980) but how these feedback systems are designed and used. These findings also have ramifications for the roles of MAs in moving to the model of the business partner (see section 7.9).

7.3.2.6 Meeting OMs' decision support expectations

In phase two, one area that OMs identified as an expectations gap was MAs not playing a strong enough role in business decision processes (see section 6.12), a defining aspect of management accounting (Belkaoui, 1980; Horngren *et al.*, 2000; Atkinson *et al.*, 2001) and in the model of the business partner (see section 7.9). OMs were seeking more active involvement from MAs in business decision making processes, more initiative taking, and a more forceful approach to addressing and implementing solutions to performance issues e.g., BO1, DO1, and DO2 noted that the MAs aligned with them could go beyond the reporting of performance to assist more in the analysis and resolution of issues relating to that performance i.e., taking active steps to address issues.

Some MAs were perceived as better meeting OMs' decision expectations than others. OMs commented very positively about AM1, AM4, and BM3 with respect to: 'critique', 'better understanding of the overall business' [AO1], having 'developed a template off his own back' [AO4], 'directional guidance', 'suggestions', 'personal responsibility', and a 'good ability to pick up a message that may be technically based' [BO3], all against a backdrop of very good working relationships. In contrast some OMs did not appear to have decision expectations of MAs (e.g., AM3, BO2, BO4, and EO) as AO3 noted AM3 'hasn't actually made any recommendations to me'. MAs were generally perceived as better meeting OMs' control expectations than their decision expectations.

The findings identify four key aspects to meeting OMs' expectations regarding decision support. OMs expected MAs to provide appropriate information in the context of the decision and to have a sound understanding of the business. Next, OMs expected MAs to be able to bring this information and understanding into interactive settings where MAs could discuss the financial implications relating to decisions. Finally, OMs expected MAs to follow on from these decisions and actively participate in their implementation (see sections 6.10 and 6.12). These key themes are illustrated and related in figure 7.3:

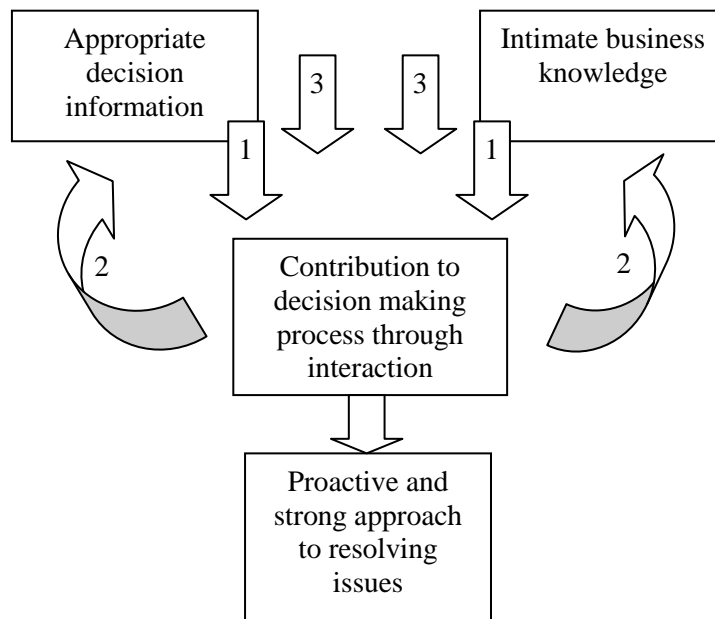


Figure 7.3 – Expectations of MAs’ involvement in decision support

Figure 7.3 illustrates that the relevant information and business knowledge are prerequisites to making a valued contribution to decision making processes and that OMs expect MAs to go beyond the decision process towards making a stronger input to the resolution of issues. Figure 7.3 also shows that through the interaction of MAs in decision making processes it has a positive impact on both the MAs understanding of the business and the provision of relevant decision making information which therefore leads to an enhanced contribution being made (which links to the detected consequence of MAs being more informed in phase one in section 5.4.1.3). This is indicated through the numbering system in the diagram. The arrows do not link up from the proactive and strong approach box as MAs were not perceived as doing this very well. However, it can be easily argued that more involvement of MAs post decision making in the resolution phase will likewise impact on the same 1, 2, and 3 cycle. There are very strong similarities between figure 7.3 and the earlier figure 7.2 on MA involvement in cost management and planning (see section 7.3.2.4) with their mutual emphasis on the MA delivering appropriate control or decision information, interacting with OMs and having a business understanding. Collectively the findings therefore suggest that effective deployment of interpersonal skills and business knowledge by MAs supports OMs in both control and decision processes. There is therefore a requirement for MAs to have business understanding and relevant information as a precursor to making a valued contribution in interactive management

processes. MAs however were perceived as having very good interpersonal skills and these skills were emphasised throughout all phases of the research and so it was the business understanding that some MAs appeared to be weaker on in decision support for OMs.

7.3.2.7 Non-routine reports and OMs' decision support expectations

The findings provide insights into how non-routine reports are used by OMs which in turn reveals the extent that they relate to assisting OMs in the performance of their roles. Non-routine reports have received very little attention in the literature to date with the overwhelming focus being on the production of routine reports and the use of formal techniques.

A clear distinction emerged from the non-routine reports in the study in terms of their relationship to assisting OMs in the performance of their roles. Some non-routine reports appeared very relevant to OMs and addressed operational and commercial performance issues (e.g., NR1 'broken parts', NR2 'inventory', NR3 'absenteeism', NR4 'equipment usage', NR14 'recycling', NR15 'storage', and NR16 'customer order'). Some provided more analysis of existing accounting data (e.g., NR8, NR10, NR13, and NR17) while others were internal to the finance function (e.g., NR5, NR6, NR7, NR9, NR11, and NR12) and so OMs did not receive these. Non-routine reports, and specifically those relating to operational and commercial performance issues noted above, were distinguished by OMs and MAs from routine reports according to number of factors i.e., non-routine reports:

- 1) Attracted more interest and response from OMs than routine reports as many were at the specific request of OMs;
- 2) Allowed 'big input into the design' versus routine where there was 'little design input' [DO2];
- 3) Prompted OMs to invite MAs into decision making forum to explain them e.g., OMs 'get me to bring them through it' [BM3], and were generally associated with more interaction between OMs and MAs;

- 4) Were sometimes a precursor for a routine report [R15] or a consequence of a routine report (e.g., ‘when performance is going poor’ [BM3]);
- 5) Had a ‘strategic’ [DO1] and ‘going forward’ [EM] perspective; and
- 6) Were unstructured and flexibly designed e.g., from ‘a page to a book’ or ‘hard copy or e-mail...SAP copy so they can do their own analysis’ [AM2].

The use of these non-routine reports by OMs could be considered the outcome of Simon *et al.*'s (1954) questioning of accounting data for ‘problem-solving’ purposes. Some MAs expressed different preferences regarding working with routine and non-routine reports and there appeared to be a relationship here between MAs who had a strong preference for doing non-routine reports and who also spent considerable time doing them and whose OMs spoke very highly of them e.g., AM1 and BM3 (see section 7.3.2.2). In contrast for example, BM4 expressed a preference for doing routine reports and spent most time producing them, and appeared to have the least interaction with the OM. While the roles of MAs varied in formal definition where certain roles would involve more non-routine reporting than routine reporting e.g., BM3's work on forecasting and new production introduction versus EM's and BM4's work on variance analysis, it could be observed that MAs who were most highly rated by OMs were quite involved in non-routine reports. Thus, there seems to be some alignment between the MAs who most closely meet the expectations of OMs and their involvement in non-routine reports in assisting OMs in the performance of their roles. These findings also have implications for roles of MAs in moving to model of the business partner (see section 7.9). The findings suggest that some non-routine reports can be very relevant to assisting OMs in the performance of their roles, close to their decision making processes, and therefore provide scope to address some of the commonly cited criticisms made of management accounting information, as noted above.

7.3.2.8 OMs' unmet expectations

As identified in section 7.3.2.2, certain OMs, although identified by MAs as being those OMs most influencing their roles, appeared to have little or no expectations of

MAs. MAs that were aligned here in the analysis were BM4 and EM, and to lesser extent BM2 and AM3.

A number of explanations for OMs having little or no expectations of these MAs can be suggested. The job design or role definition may have precluded these MAs from more actively supporting OMs' decision processes e.g., responsibility for financial accounting (AM3 was a 'Financial Accountant' and EM was a 'Financial Services Manager') or responsibility for variance analysis (BM4 was a 'Cost Analyst'). BM2 was heavily involved in cost set-up and reconciliation work. Also the manager (BO2) appeared to be the only job title that did not denote managerial status (Planning / Business Partner). BO2's expectations of BM2 were largely procedural in orientation.

Many of the OMs linked to these MAs did not have high expectations regarding these MAs making an input at strategic and commercial levels. Many of the OMs' expectations related to the information provision in a detached sense or 'if something goes wrong' [BO2] or only in the context of periodic budgeting and reporting as an 'information flow' [EO]. Both BM2 and AM3 appeared to have strong control and compliance oriented roles which were driven by SOX, corporate reporting, account reconciliations, and setting up and maintaining standard product costs. AO3 stated that he was 'happy' with the 'limited experience' with AM3 but 'the financial department kind of runs separate to the business unit' and 'for me it is very vague because I don't know what exactly [AM3 does] but he is busy, and what he does in his office'. AM3 noted that AO3 'wouldn't see finance as being of benefit to him' as you 'are monitoring him all the time'. BO2 was pleased with BM2 and 'the timeliness of the item set up and the cost rolling' and he was 'approachable'. BM2 observed, as did other MAs, that OMs only sought them out 'when something has gone wrong' thereby suggesting that there was not much on-going and regular involvement.

OMs and MAs both recognised instances where certain interactions were not assisting OMs in the performance of their roles. Examples included 'BM4 looking for more clarification' [BO4] and OMs 'explaining why this and that is' [EO]. MAs also identified the 'chasing' [CM] of information from OMs of little interest to the OMs. As a general point of observation, AO4 did not want MAs to be 'meddling' in operations but to make a purposeful contribution in cross-functional settings (this also

links to section 7.3.2.1 and phase one section 5.2.2.5 and 5.4.3.3). MAs perceived OM dissatisfaction around involvement when MAs were ‘coming after them with quite a lot’ [BM4], highlighting ‘SOX...weaknesses’ [AM3] or poor performance, had weak business knowledge, and either being unable to assist OMs in the performance of their roles at busy month end periods or being slow to respond. Some of the reports discussed in sections 7.3.2.5 and 7.3.2.7 also supported this.

Some of the routine reports also show that MAs were not meeting OMs’ expectations e.g., budgetary control reports that necessitated MAs procuring explanations and analysis from OMs included R20 and R21 (BM4) and R28 (EM). Both BM4 and EM noted that previously held ‘variance meetings’ were now ‘few and far between’ [EO]. These control reporting processes can be linked to the feedback element of the cybernetic model of control (Otley and Berry, 1980) but would suggest that they had little impact on control from the OM’s perspective. While OMs generally attached much value to variance reports, this reinforces the earlier point that some forms of routine control feedback had much more significance to assisting OMs in their roles than other forms and therefore for control purposes (see section 7.3.2.5). One explanation for why some feedback was less important to OMs from a control perspective was that OMs were already aware of the feedback, which could be closely related to the feedback cycle being too long for some reports. Other explanations include that some of these reports were overly detailed, financial, and historic in orientation and that they had a relatively weaker relationship to managerial priorities and critical performance indicators than other control reports. Linked to their professional development and training, McKinnon and Bruns (1992) observe that ‘many accountants see formal report production as one of their most important jobs’ (p. 218) and this could be attributed to these accountants e.g., BM4 expressed a preference for routine reporting. There is also a strong link in the discussion here to the findings on reports of little or no value to OMs (see section 6.8.5 on routine reports and 6.11.3 on non-routine reports) as these were often related to the MAs discussed here. The above noted report activities and general characteristics of these roles of MAs can be aligned with the ‘bean-counter’ roles of MAs as identified in the literature (Friedman and Lyne, 1997; Granlund and Lukka, 1998a), which is discussed in section 7.9.

Another explanation, and noted above as OMs' varying levels of awareness of the roles of MAs (see section 7.3.2.1), was that sometimes the OMs were uncertain as to how the MA might make more of a contribution to their work e.g., 'I am not really sure of what benefit it is' [BO4] and 'you don't have to have an accountant to see where improvements have to be made' [EO]. EO did however value getting an overall view of performance and analyses ('ratios') despite it being 'historical'. Sometimes OMs expressed a desire to understand the roles of MAs better so that opportunities to assist OMs in the performance of their roles could be investigated.

The noted unfulfilled expectations of OMs in the sections above all point to conflicts as role theory predicts in the non-fulfilment of the expectations of role senders which is discussed further in section 7.5.3 and 7.6. It also reinforces some differences between the role signals sent and their interpretation or in role theory terms, differences between the sent role and the received role (see section 2.4). These unfulfilled expectations also present challenges for MAs assisting OMs in the performance of their roles and adopting the model of the business partner which is discussed in section 7.9.

7.3.2.9 MAs' perceptions of OMs' expectations

In phase two, the MAs that were perceived as most meeting the expectations of OMs often noted that these OMs had 'high expectations' [AO1] of them. Therefore, the more capable the MA, the more expectations the OM had of the MA. This confirmed role theory's prediction that focal role attributes impact upon role senders' expectations, as noted in section 7.3.2.1. BM3 noted that 'their [OMs] expectations at times too high' and 'can be sort of unrealistic' which was corroborated by BO3 commenting that BM3 'needs to challenge back a small bit to make sure it is not too much'. Sometimes OMs' expectations of MAs were aligned with MAs' understanding of these expectations. AM4 for example stated that 'their expectations are that you produce timely and accurate information and information that is not too complicated and comes to the key point quite quickly'. This was corroborated by AO4 who stated that the MA should 'gather the data, present it in a format that people can quickly zero in on what will give best rewards for their efforts', and he also commended AM4's timeliness as 'he turns it around very quickly'.

In other cases there were differences between OMs' expectations and MAs' perceptions of them. BM1 noted that BO1 'kind of thinks well I should just deal with him...but my job is...' which was interesting as BO1 had commented that BM1 could 'be an actual part of my function rather than in finance and then I would be able to use him for some of those other value added and various areas'. DM1 perceived that OMs only required him to do the accounts, while DO1 was seeking more change-driving action and less of the reporting activity. DM2 perceived OMs' expectations as being 'to do the accounts properly...to assist in other work that comes up like project work' but DO2 sought more 'proactive' involvement in the 'approach to resolving issues' rather than 'it is up to the...managers to sort out the issue themselves'. This study would support previous research highlighting perceptual gaps between MAs and OMs (Jablonsky *et al.*, 1993; Pierce and O'Dea, 2003).

Sometimes both the OM and MA recognised unmet expectations e.g., BO4 indicated that it would be good for BM4 to be more involved in the business and identified potential areas that BM4 might be able to assist him in the performance of his roles. BM4 noted that 'they would expect me to be more involved like but I suppose it is hard when you are under time constraints, you have a lot of other things to do'. Sometimes expectations were low and perceptions of them were accurate e.g., EO did not have many expectations of EM and neither did EM perceive that EO had many expectations of him.

MAs perceived that OMs were most pleased with involvement from MAs primarily in terms of information provision. OMs were actually most pleased with involvement with MAs across a number of dimensions including 'good accurate data' [AO1], 'willingness to be involved' [AO2], 'control' and 'transparency' [BO1], 'timeliness' [BO2], 'personal responsibility' [BO3], 'very open to sharing information' [CO], having 'cop-on' [DO1], and 'quick identification of issues' [DO2]. The findings suggest that MAs perceptions of OMs' expectations were somewhat narrower than those of the OMs themselves. In the language of role theory, this suggests that the 'sent role' is not the same as the 'received role'.

MAs identified difficulties in regard to interacting with OMs (see variability of OMs' expectations as noted in section 7.3.2.1) and many of these, in role theory terms,

indicate a difficulty for MAs in interpreting expectations. Although the theory suggests that focal role behaviour in turn influences role sender expectations, this does not seem to have always occurred e.g., BM3 had failed to alter management's expectations in regard to a report he perceived of little value (see section 7.3.2.5).

The study identifies a number of factors, as discussed elsewhere, that may impact upon the role behaviour of MAs including the OMs' expectations, the MA's disposition towards financial accounting or business partnership, the MA's skill set, and the vagaries around interacting with OMs. It can be concluded from a holistic perspective that the strongest constraint on MA role behaviour was perceived to be characteristics such as having a solid understanding of the business, combining this understanding with accounting expertise in interactive settings, flexibility, and more assertively and proactively pushing for change.

7.3.3 Internal antecedents: other

Having discussed management as a significant antecedent to the roles of MAs, this section discusses the remaining internal antecedents in figure 7.1, namely size, structure, culture, technology, business nature and circumstances, location and performance management systems.

Size was perceived as a contingent factor in the phase one findings as MAs in larger firms were perceived as more 'institutionalised' [FO], 'regimented' [PO], and less informed about their business operations and environment than their counterparts in medium sized firms. The findings suggest a much stronger definition and standardisation of roles in larger firms. This would suggest a distinction in role theory in that expectations of role senders regarding highly defined focal roles would be very different to those occupying less defined focal roles. In phase two, size was not perceived as an antecedent to the roles of MAs in the context of assisting OMs in the performance of their roles.

Structures were predominantly functional in nature in the firms participating in the study with more hierarchy and rigidity being associated with the larger firms. As the larger participating firms in phase one were subsidiaries, the local structures tended to be quite flat which could be attributed to facilitating greater involvement for MAs as

DO2 stated that ‘if it is too hierarchical it would be very much a pure accounting function whereas with a fairly flat structure it means that he has an opportunity to become involved’. Structure as an influence was noted as depending ‘on the individual’ and ‘how you use it’ [BO2] with much emphasis on cross-functionality. In phase two, the structures were also functional in design (see section 6.3), and could be aligned to a broader hierarchical group structure. All these structures had MAs with reporting lines directly into the finance hierarchy and not to OMs, which Hopper (1980) classified as a centralised, as opposed to a decentralised, structure. Structure is closely related to the physical location as Hopper (1980) defines partial and full decentralisation of the roles of MAs in part by where the MA is physically located. Location as an antecedent is discussed below.

Culture as an antecedent in phase one varied between smaller family-owned firms and subsidiaries of MNEs. The former tended to have more of a culture of finance retaining a very tight grip on finances and limited internal accounting information disclosure, with the latter being associated more with the cultural value of openness (Granlund and Lukka, 1998a). Culture was perceived as a contingent variable in implementing controls in that if it is ‘conducive to controls’ or the ‘opposite’ it makes the accountants’ roles ‘a lot easier’ or ‘extremely difficult’ [AO2]. While most cultural dimensions were generally perceived at the organisational level, some cultural dimensions were associated with accounting e.g., a cost orientation, long working hours or a reluctance to share information. In phase two, culture was not perceived as an antecedent to the roles of MAs in regard to assisting OMs in the performance of their roles.

The findings confirm previous research on technology as a role antecedent (Burns and Yazdifar, 2001; Hunton, 2002), which includes the automation of routine transactions (Ezzamel *et al.*, 1997; Granlund and Malmi, 2002). The extent to which technology released accountants from routine functions (Burns *et al.*, 1996; Scapens and Jazayeri, 2003; Burns and Baldvinsdottir, 2007) to devote more time to being involved in business processes and decision making was not particularly supported in the findings. Some OMs indicated that the introduction of ERP systems had consumed, not less, but more of the MA’s time. In phase two of the study technology was not perceived as a big influence and many MAs perceived difficulties with their existing

systems whether it was because the IT support function had been outsourced to India (Company A) or the actual technical limitations of existing systems. For example the systems in Company C and E were non-integrated and generated additional work for the MAs. Company D was in the process of rolling out an ERP system and Company E was preparing to implement one. The system in Company B was generally perceived as unsatisfactory. Thus, it is perhaps unsurprising that OMs did not perceive technology as having much impact on the roles of MAs in relation to assisting them in the performance of their roles. Most technology-based interaction with OMs tended to be in spreadsheets.

Phase one findings show that the nature of the business or its circumstances had an impact on the roles of MAs (e.g., expansion, ownership transfer, start-up phase, floatation, liquidity crisis, complexity of business). In phase two, the nature of the business was generally not perceived as an antecedent to the roles of MAs in relation to assisting OMs in the performance of their roles as the manufacturing contexts were more in common than in phase one, and thus the MAs provided information and support in this context. However, as noted in section 7.3.2.4 rapid growth in Company B and C had previously resulted in OMs focusing less on budgeting systems during this expansionary period.

The physical location of MAs was generally not perceived as an important role antecedent in phase one, which diverges somewhat from other research (Hopper, 1980; Granlund and Lukka, 1998a; IMA, 1999). One explanation of this might be that in many of the participating firms, the accountants were generally located relatively close to, but not in, operations, while the literature has tended to show a broader mix of centralised and decentralised structures. Other explanations include the convenience of an assortment of communication devices and the frequency of cross-functional activities. Phase two similarly found that MAs tended to be located together in a finance department but in relatively close physical proximity to OMs and the factory floor, what Hopper (1980) classified as a 'centralised' structure for MAs. However, there was evidence of the MAs being decentralised to some small extent in their roles e.g., in Company A, the MAs sat on operating teams in different business units (see section 6.3.1) and in Company D the MAs were affiliated with different divisions (see section 6.3.4). OMs commented on how these arrangements better

assisted them in the performance of their roles, indicating a contingency in this context. In Company B some accountants were aligned closely to OMs e.g., the 'Project Accountant' (BM1) worked very closely with BO1 and unusually the MAs did not sit together but were dispersed around the building intermingled with personnel from various functions, almost aligned with Hopper's (1980) classification of 'partial decentralisation' except that MAs were not located with related OMs but in a random arrangement. There is a growing body of literature observing the decentralising of management accounting roles and the merits of it for OM support (Hopper, 1980; Granlund and Lukka, 1998a; IMA, 1999; Pierce and O'Dea, 2003). There was a sense from some OMs (e.g., BO1 and DO1 in particular) that they would prefer to have the MAs based more in the operating setting than they were. Hopper (1980) found OMs most satisfied with management accounting information in decentralised arrangements i.e., where the MA reported to the OM and was physically adjacent to the OM (as opposed to reporting to the OM but adjacent to the FM, or reporting to, and adjacent to the FM). In phase two, and phase one, the latter centralised arrangement prevailed, which suggests that had either of the other two arrangements been in place, perhaps OMs may have had their expectations more fully addressed than they were. The findings of this study do indicate that there is merit in aligning MAs with specific OMs to better assist OMs in the performance of their roles.

7.3.4 Individual antecedents

The findings in phase one identify the MA themselves as being a considerable influence on the design of their own roles, to 'make a role' [GF]. The capacity for MAs to shape their own roles was perceived as being associated with their 'hunger for' it [HO], attitudes, personalities, initiative and 'the individual's strengths' in terms of 'towards accounting' or 'business management' [EO]. HF perceived the 'personality and focus' differences between a financial accountant and a MA so strongly that swapping these individuals would mean 'replacing both' in less than 'six months'. This indicates a contingency in that occupying particular accounting roles imply an appropriate matching of pre-existing 'strengths' and 'personalities'.

The roles of MAs appear to be more standardised and pre-defined in the subsidiaries of MNEs as opposed to those in medium-sized independent firms, making it perhaps

more difficult for the MAs to determine their own roles in such settings. This implies that the roles of MAs may be contingent upon the size of the firm and whether it is a subsidiary or an independently-owned firm. Regarding the latter a recent survey of mostly large UK firms uncovered only weak evidence that perceptions of the roles of MAs differed between those in MNE subsidiaries and those in independent firms (Yazdifar and Tsamenyi, 2005).

In phase two the findings on the influence of the MAs themselves on their own roles were mixed. Some MAs (in Companies C and D) expressed much freedom to influence their own roles e.g., 'brought my own thing to it' [CM], 'I would have a huge licence obviously within certain parameters' [DO1], and 'we have a lot of freedom' [DM2]. In contrast MAs in Companies A, B, and E noted they had 'very limited' [AM2] scope to shape their own roles and they were 'framed' as a 'management accountant' [BM2]. This contrasts with the factor of 'controllers motivation' as identified, but not investigated, by Sathe (1982) as affecting controller involvement. There are a number of possible explanations for this: firstly, phase one procured the views of FMs and not those of the MAs reporting to them, which as phase two demonstrates, may be different (see section 7.3.2.1); secondly, phase one had a broader set of companies participating in the research and thus a wider mix of independently-owned and foreign-owned enterprises with MAs in the former noting greater freedom to determine their own roles; and thirdly, although all MAs were similarly operating in more 'defined' MNE subsidiary roles, some MAs had exercised relatively more influence over their roles than others within these boundaries e.g., AO1 noted AM1 'wants to develop her role' and AO1 had 'brought AM1 along to a lot of meetings', AM4's initiatives in building business understanding and in highlighting overtime issues, and BO3 noted that BM3 'is able to influence people to actually make sure people buy into these controls...very positive influence'.

Personal characteristics and interpersonal relations are recognised by role theory as impacting upon the expectations of role senders (the OMs) regarding the occupants of focal roles (the MAs). The findings in phase one and two lend strong support to particular characteristics being sought by role senders for the roles of MAs (e.g., OMs identified attributes such as approachability, commercial awareness, team and

communication skills, and flexibility) and these are discussed in the following section on characteristics (see section 7.4).

Similarly, in regard to the technical and monitoring aspects to the roles of MAs certain attributes were identified including being thorough, structured, and having strength of character (see sections 5.3.1.5 and 5.3.1.7). Thus, the findings identify attributes that relate to expectations placed on the roles of MAs (see further discussion in section 7.4.1.5). The findings also suggest that individuals have ‘irreconcilable’ orientations towards the narrower accounting or broader partnering roles, which perhaps indicates a difficulty for all accountants moving towards ‘hybrid’ roles (Burns and Baldvinsdottir, 2005, 2007; CIMA, 2009) and suggests that MAs of certain orientations might not be best placed to assist OMs in the performance of their roles. Hopper (1980) observed that nine (of 12) MAs had an orientation to a ‘service role’ and three MAs had an orientation to a ‘bookkeeper’ role which would support the findings in this study. This also links to contingency theory, as a particular match or ‘fit’ of role attributes is being advocated. Although there are certain matches being suggested in the findings, and contingency theory proposes that these matches exist, one limitation of the theory is that it assumes inaction in the contingency relationship i.e., it suggests that the contingencies that relate to the roles of MAs are beyond the influence of the MA themselves. From a management control perspective, OMs had a very poor perception of MAs whose purpose of involvement included watching for mistakes and merely seeking explanations for variances. Thus, it can be argued that the classic cybernetic control model (Otley and Berry, 1980) incorporating feedback control may be more or less effective, depending on how the MA facilitates the feedback process.

7.3.5 Summary of discussion of antecedents

The findings highlight a range of antecedents that are associated with the roles of MAs. Table 7.1 summarises some of the key findings by antecedent coming from phase one, support or otherwise in phase two, and relationship to the literature.

Phase one antecedent	Phase two	Literature comment
Ownership – more reporting in subsidiaries than smaller, independent firms.	Head office impacting MAs scope to assist OMs in their roles. Impact strong on reporting cycles and ambiguous requirements.	Little research and mixed results on ownership impact. Contingency noted. Role ambiguity for MA. Formal control model.
Environmental – more direct in independent firms.	Not perceived as affecting assisting OMs but created awareness of OMs' priorities.	Contingency noted.
Regulation – strong influence of SOX in US subsidiaries, shifting MA role orientation.	Confirmed as impacting on MAs support for OMs and forced interaction not highly valued by OMs in these firms.	Suggests an orientation of roles of MAs to policing and compliance. Further research needed. Contingency noted.
Management (OMs) – strong influence, includes FMs and OMs, conditions attached to MAs getting involved.	In-depth analysis of expectations of OMs. Variability in expectations and in MAs meeting these expectations including: <ul style="list-style-type: none"> - Control/decision support; - Reports/information; - Characteristics of MAs; and - Interaction. 	Role theory explains meeting/ not meeting expectations. Contingencies noted. Mixed overall evidence on addressing criticisms of management accounting information and traditional roles of MAs. Emphasis on interaction for control and how used.
Size – large MNEs more formalised roles.	Not perceived as influencing assisting OMs.	Contingency noted.
Structure – common across firms, functional in nature, larger more hierarchical.	Not perceived as influencing assisting OMs but some alignment of roles.	See location below for related contingency.
Culture – difference between small and large firms.	Not perceived as influencing assisting OMs.	Contingency noted.
Technology – mixed results on impact on MAs, more automation and maintenance.	Not perceived as influencing assisting OMs.	Literature would suggest more influence.
Business nature and circumstances – impacts roles.	Not perceived as influencing assisting OMs.	Limited literature but some suggests an antecedent e.g., IT systems, accounting and management innovations.
Location – not perceived as influencing MAs due to physical proximity on site.	OMs prefer MAs near by and OMs prefer alignment of roles to business units/functions.	Supports decentralising of roles of MAs. Contingency noted.
Performance management systems – influenced roles towards company targets.	Observed as part of OMs control expectations (above).	See expectations above.
Orientation – strong influence - scope for MAs to shape own roles more in smaller firms and some MAs more suited to different accounting roles.	Roles of MAs very structured in some MNE subsidiaries but some MAs exercised more influence over roles.	Contingency noted. Challenges the notion of business partnership as straightforward.

Table 7.1 - Summary of antecedents, phase one, phase two, and the literature

With respect to gaps in the literature, the identification of a range of contingencies related to the roles of MAs provides a more detailed and holistic perspective as much of the contingency research has narrowly focused on a very limited number of contingency variables. In the in-depth examination of the antecedent of expectations of OMs a gap in the literature has been addressed in that there has been very little scholarly activity in this area. Furthermore the analysis of management reports in relation to these expectations also adds to this gap in a form rarely employed. The antecedents also offer some clues as to the contradictions noted in the literature where some MAs are seemingly adopting the model of business partnership, while others are not, and where the perceptions of FMs and non-financial managers differ. Towards understanding these contradictions, the findings indicate the extent to which, and how, MAs are meeting OMs' expectations, and that there are antecedents that may severely constrain the MAs involvement (e.g., head office, SOX, FM, and managerial style and preferences).

7.4 Characteristics

This section of the discussion examines the characteristics associated with the roles of MAs which are categorised as individual characteristics, activity characteristics, and information characteristics.

7.4.1 Individual characteristics

The individual characteristics identified in the findings from both data collection phases indicate that MAs and OMs attribute particular characteristics as essential and others as undesirable in regard to the roles of MAs, thus suggesting contingency factors regarding these characteristics. These characteristics have already been discussed in the meeting of OMs' expectations (see section 7.3.2) and individual antecedents (see section 7.3.4).

7.4.1.1 Business knowledge

Business knowledge was perceived as strongly related to the roles of MAs in both phases of the data collection. In phase one, the extent of the MA's business knowledge was linked to the extent of OM-MA interaction, innovativeness, better decision making, and the level of influence MAs have over the business's results. In support of phase one findings, MAs and OMs in phase two stressed the importance of

business knowledge for MAs, and many MAs were perceived as not having an adequate understanding of the business. OMs generally desired MAs to improve their understanding of the business ‘to be a good support to the business’ [AO2] and to be ‘down on the floor’ [CO]. The literature has noted that MAs have sometimes not possessed the understanding of the business desired by OMs (Simon, 1992; Brignall *et al.*, 1999; Pierce and O’Dea, 2003). MAs generally recognised these expectations and attached importance to acquiring business understanding which has strong support in the literature (Kaplan, 1995; IMA, 1996; Burns and Yazdifar, 2001; Burns and Baldvinsdottir, 2007).

The need for an ‘intimate’ [BO1] understanding of the business was emphatically stressed by OMs in the context of assisting OMs in the performance of their roles. This appeared to be best developed by the MAs attending operations meetings, getting involved in projects and acquiring such knowledge ‘over a period of time’ [AO1]. Acquiring business knowledge was perceived as being directly linked to the MAs exposure to the business, to be ‘based in the business, working in the roles in the business, to have that understanding’ [DO1]. AO2 explained how AM2 was providing better assistance to him by joining the business unit ‘team’, and through it AM2 developed a better business understanding. These findings were corroborated in the context that AM1 was nine years in Company A, while AM2 was only 10 months in Company A. The linking of business knowledge was discussed earlier in meeting the control (see section 7.3.2.4) and decision support (see section 7.3.2.6) expectations of OMs.

It was somewhat of a contradiction that AO4 noted AM4 as exceeding his expectations of him, particularly in the context of taking such initiative in gaining an understanding of the business when AM4 himself remarked that ‘you get a sense that you don’t spend enough time on the floor and that you don’t know what you’re talking about or you make assumptions that are not correct’. Perhaps this might be explained by AM4’s impression relating to OMs working ‘on the floor’ as opposed to AO4 who was the Plant Manager. Some MAs did note that less senior operating personnel sometimes had a less favourable perception of the roles of MAs.

The information provided by MAs, who possessed a sound understanding of the business and who deployed their accounting abilities in team processes, was perceived as having greater validity in a wider organisational context as the ‘numbers mean something’ [AO1]. Thus, it can be argued that MAs can add more organisational validity, as opposed to just technical validity (Schultz and Slevin, 1975; McKowan, 1998) to the information that they provide in this context. This is also supported by more recent research that recognises the effective deployment of accounting knowledge in conjunction with an understanding of the business in cross-functional and interactive settings (Mouritsen, 1996; Ahrens, 1997; Vaivio, 2004; Vaivio and Kokko, 2006).

7.4.1.2 Flexibility

Flexibility appeared as an important characteristic in phase one and phase two of the study. In phase one, flexibility was related to MAs being: more ‘open to things’ [OO], less ‘rigid’ [PO] around budgeting, less influenced by doing ‘as we’ve always done’, and being more aware of ‘strategic reasons’ [GF] for decisions. In phase two, OMs similarly did seek MAs having an understanding of ‘a lot of other criteria that might overrule the cost element’ [AO3], to provide flexibility in the deployment of rigid budgetary control, and ‘flexibility in reporting’ [BO1]. As individuals, OMs generally perceived MAs as flexible and BO3 observed that ‘sometimes he [BM3] may over flex to the detriment of his routine activity’. BO3 noted that the MAs in Company B were adept at flexibly analysing issues by putting ‘boundaries’ on them, providing ‘the financial impact’, as opposed to coming in looking for the cost of it day one’. Some flexibility was also observed in making routine reports more focused, and therefore more useful for OMs (see section 7.3.2.4). The phase two findings also indicated that OMs had considerably more flexibility in influencing the design of non-routine reports as opposed to routine reports (see section 7.3.2.6) which suggests some scope to bring more flexibility to routine reporting. Pierce and O’Dea (2003) found that MAs did not adequately address flexibility in management accounting information provision as regards making it more customised, meaningful, and amenable to change. The findings of this study would suggest that some progress has been made on flexibility issues but there are still flexibility issues remaining. It must also be acknowledged that in MNE subsidiary structures certain accounting reports were standardised and therefore less flexible.

7.4.1.3 Interpersonal and communication skills

The findings in phase one and phase two located interpersonal and communication skills as central to the roles of MAs which appears to run counter to the relatively low ranking of interpersonal and communication skills in Burns and Yazdifar's (2001) UK survey. These interpersonal skills have already been discussed above with respect to meeting OMs' expectations for planning and control (see section 7.3.2.4) and for decision making (see section 7.3.2.6). The findings from phase two corroborated the importance of interpersonal and communication skills as noted in phase one (see section 5.3.1.2). While all the OMs commented in a very positive fashion regarding the interpersonal and communication skills of MAs, and MAs equally recognised their importance, some MAs were perceived as meeting OMs' expectations more so than others, and this could be seen by how OMs perceived MAs not just having, but using these skills. It was notable how two MAs, BM4 and EM, possessed effective interpersonal skills to acquire information from OMs which was an interaction not perceived as of benefit to OMs.

AM1 and BM3 stood out particularly in relation to the contribution they made to assisting AO1 and BO3 in their roles, a contribution that was observed as a very interactive one e.g., AO1 suggested that AM1 was the 'benchmark' that others 'may learn from' and commented on 'a good relationship there, she will critique, ask why you are doing that, would you not be better off doing option b or option c'. Regarding BM3, BO3 noted: 'good linkage, very capable individual', 'good relationship', and BM3 'gives me guidance in terms of actually, directional guidance'. BO3 could not 'get enough of it' as regards the very positively perceived decision support from BM3. Both AO1 and BO3 articulated the trust they placed in AM1 and BM3. This supports role theory in that both the attributes of the persons in the focal roles and the nature of the interpersonal relationship between the role sender and the focal role impacts on role expectations. This focus on MAs interacting effectively with OMs is supported by recent research that has observed how accounting expertise is interactively deployed (Mouritsen, 1996; Ahrens, 1997; Vaivio, 2004; Vaivio and Kokko, 2006) where the MA may be referred to as a 'hybrid accountant' (Burns *et al.*, 1999; Burns and Scapens, 2000; Burns and Baldvinsdottir, 2005, 2007). The OMs, regarding these MAs, commended the demonstrated level of personal interest and

responsibility in working with OMs and this disposition has been found in the literature to be linked to more involvement of MAs in business decisions (Coad, 1999). This suggests that as well as possessing good interpersonal skills to assist OMs in the performance of their roles, it is also very helpful to have a willingness and positive disposition towards interacting with OMs, which perhaps is also related to MAs' orientations as individual antecedents, as noted in section 7.3.4.

These findings have strong support in both the academic and professional literature that emphasises the importance of interpersonal, team, and communication skills (Sathe, 1982, 1983; IMA, 1996, 1999; Johnston *et al.*, 2002a; Pierce and O'Dea, 2003; Burns and Baldvinsdottir, 2007). BO3 noted that 'I use him as a sounding board' and 'I would trust his judgement significantly'. AO1 also expressed the 'trust' he placed in working with AM1 'but the biggest thing for me is she is a team player'. The literature has indicated that a manager's sense of trust in a report or information relates to how much it is valued (McKinnon and Bruns, 1992) and trust was perceived as key in procuring acceptance from OMs on the contributions that accountants could make (Chenhall and Langfield-Smith, 1998b). Similarly AO4 acknowledged the huge merit of AM4's involvement on cross-functional cost reduction projects. BO3 highly rated BM3's ability in 'linking the financial impacts to the technical aspects' in 'discussions' thereby bringing together business knowledge and the application of accounting abilities in an interactive setting.

7.4.1.4 Unhelpful characteristics

Phase one findings identified conflicts that resulted between MAs and OMs due to the existence of a number of characteristics of the roles of MAs (see section 5.4.3.3) e.g., the 'silly questions' [DO] about variances because of poor business knowledge, 'a corporate person, kind of watching the errors' [HF], not sharing 'the same perspective' [IO], and a 'controlling, almost interfering influence' [LO]. Further it was observed by PO and IO that MAs could overly encroach upon operational decision making.

In phase two, OMs and MAs identified some similarly unhelpful characteristics including poor business knowledge, not participating in operations teams, 'overly hung up on money all the time' or 'not being able to actually distil the key messages

from a technically complex situation’ [BO3]. These characteristics were generally recognised by MAs and OMs, and OMs did not particularly attribute these to the specific MAs that they were involved with. OMs were however seeking some MAs to strengthen their business understanding and involvement (see sections 7.3.2.4 and 7.3.2.6). These unhelpful characteristics are linked to the role conflict consequences for the roles of MAs as discussed in section 7.5.3 and 7.6.

7.4.1.5 Characteristics linked to the meeting of OMs’ expectations

The roles of MAs in phase two were broadly aligned with the extent to which they were meeting OMs’ expectations (see section 7.3.2.2). As this analysis represents a categorisation in overall terms, it should be noted that certain elements of roles may appear in one or both of the other two categories. A broad alignment of the extent that MAs appeared to be meeting the expectations of OMs, and the associated characteristics of these MAs including the observations on management accounting information and reports, is presented in Table 7.2.

Meeting or exceeding expectations	Partially meeting expectations	Limited or no expectations
MAs broadly aligned: AM1, AM4, BM3	MAs broadly aligned: AM2, BM1, CM, DM1, DM2	MAs broadly aligned: AM3, BM2, BM4, EM
Associated characteristics	Associated characteristics	Associated characteristics
Strong relationship and regular interaction	Good relationship but scope for more interaction	Good relationship but very little interaction
Appropriate presentation and analysis of critical information Positive/other variances underplayed		Chasing variance explanations from OMs
Problem identification and proactive response to resolution	Reactive Lacking some assertiveness	Unaware of issues
Sound business knowledge	Scope for more knowledge of the business	Lacking business understanding
Flexible	Some flexibility	
Timeliness, accuracy, and relevance Some information customised		Redundant reports Accounting jargon Historical
Strategic activities	Mixture of strategic and operational	Error based involvement Financial accounting Compliance roles
Involved in a number of cross-functional activities	Could be more out in the business	Limited presence in operations
Valued interactive contribution	More interaction and more contribution sought	Unsure of benefit of involvement
Most OM dependence on MA to achieve his/her objectives	Some OM dependence on MA to achieve his/her objectives	Little OM dependence on MA to achieve his/her objectives

Table 7.2 – MAs and the meeting of OMs’ expectations

Table 7.2 indicates that the MAs that appeared to be most meeting the expectations of OMs were those who possessed a suite of requisite characteristics and could effectively apply these in cross-functional settings and deliver, interpret, and apply relevant accounting information in these settings. These alignments also indicate contingencies regarding the characteristics of MAs and assisting OMs in the performance of their roles.

7.4.2 Activity and information characteristics

The findings from phase one indicate that MAs were involved in a broad range of activities (see figure 7.1) and section 5.3.2, which included information provision, planning, projects, decision support, and analyses. Some OMs were concerned about administration levels, levels of involvement, and the merits of MAs being involved in projects. There was more clarity on the roles of MAs as information providers and interpreters than in being a full decision ‘partner’ [AF1, IF] with even less of the latter being associated with more junior MAs. From an information perspective (see section 5.3.3) OMs observed some redundancy and missing information. Phase two largely confirmed the findings from phase one, as MAs were involved in a wide range of activities and these are listed in detail in appendix I1 and I2. Phase two more specifically focused on the extent that MAs’ involvement in these different activities could be related to assisting OMs in the performance of their roles as elaborated upon throughout this discussion.

Both phase one findings and phase two findings (see sections 6.6, 6.7, 6.8, 6.10, and 6.11) noted information characteristics of importance to OMs, although phase two examined these in much greater depth and examined specific reports (see sections 7.3.2.5 and 7.3.2.7). Phase one noted that OMs valued timely, accurate, relevant, understandable, and concise information and that management accounting information appeared to have some redundancy in its overprovision and underuse, while OMs identified missing information. Phase two largely confirmed phase one’s findings in that some of the reports discussed above supported OMs in their roles, while others did not do so.

7.4.3 Summary of discussion of characteristics

Phase one of the research identified a range of individual, activity and information characteristics associated with the roles of MAs. There was a strong consistency across phase one and two with respect to these characteristics (e.g., business knowledge, interpersonal skills, flexibility, information support, and project work) and these were supported strongly by the literature with respect to their necessity. Phase two revealed how MAs possessed and used characteristics and some MAs possessed and more effectively used these characteristics than others, culminating in an analysis linking expectations and characteristics with particular roles of MAs. Theoretically, the desired characteristics represent contingencies attaching to MAs effectively assisting OMs in the performance of their roles and from a role theory perspective, having and using these characteristics impacted upon the expectations of role senders i.e., OMs expected more from MAs who were perceived as possessing and effectively using the desired characteristics. In general MAs possessed good interpersonal skills and it was business knowledge and the extent of involvement of the MA with the OM that was highlighted as an important area for many of the MAs to address in their roles. In the context of the existing literature this section on the characteristics of MAs reconfirms the importance of previously noted characteristics such as business knowledge, flexibility, and interpersonal skills. The characteristics in the context of the expectations of OMs (see table 7.2) does aid understanding the contradictions surrounding the roles of MAs in the literature as to why some MAs appear more aligned with the model of the business partner than others do.

7.5 Consequences

The findings indicate a number of consequences of the roles of MAs and introduce a number of new themes to the limited literature to date in this area. These consequences of the roles of MAs are categorised into consequences relating to influencing performance, information impact, and role interface.

7.5.1 Influencing performance

In phase one the MA's interaction was generally, but not always, perceived as resulting in benefits for the business such as enhanced decision making and improved planning and control (see section 5.4.1). Consequences included assisting the company to grow and improving performance. From a control perspective, the

findings indicate that the more involved the MA is, the greater ‘control there is’ [FF] and ‘implementation’ is related to ‘how well they interact with the team’ [AO2]. This suggests a challenge to the notion of greater control being associated with a role that is more removed from the operational setting and more independent (Simon *et al*, 1954; Sathe, 1982; Keating and Jablonsky, 1991). Very recent evidence, although limited to the perceptions of controllers, would support this finding (Maas and Matějka, 2009).

By MAs having more involvement in the business, they were perceived as having developed an enhanced knowledge of the business and ‘you know exactly what’s happening’ [JF]. This benefit to the MA was also perceived as a benefit to the OM as the OM could draw on the MAs’ financial expertise that was more business informed and therefore, more meaningful. Thus, phase one findings indicate that the MA’s interaction made control easier in the sense that the openness between MAs and OMs made any questioning less adversarial. Further it enabled the MAs to expand their knowledge of the business and develop a more meaningful role. It was also evident from phase one that MAs could diagnose control deficiencies, and they could be detected much earlier than what would be possible without involvement. This supports the notion of ‘before-the-fact or anticipatory control’ (Sathe, 1982, p. 19).

In phase two OMs explained the extent that antecedents and characteristics associated with the roles of MAs related to consequences for assisting OMs in the performance of their roles. This encompassed antecedents and characteristics discussed in the relevant sections above e.g., expectations (see section 7.3.2), possessing certain characteristics (see sections 7.3.2 and 7.4), and providing information in a particular way (see section 7.3.2.3 through to section 7.3.2.7). These themes were also reflected in the summary table at the end of the last chapter (see section 6.17) under the headings of ‘information’ and ‘interaction’ which leaves the heading ‘impact’ to be discussed in this section i.e., what actual impact did MAs have on the performance of the OMs in their roles?

OMs in general perceived the largest impact of the roles of MAs on their actual performance in the context of the provision of timely and user-friendly information relevant to decision making and control, which could lead to performance

consequences in their roles and for the business. These impacts were very specific to OMs' functions e.g., projects, productivity, capital, cost reduction, conversion costs, standard costs, new products, scrap, and other performance-related areas. Some MAs appeared to impact beyond just the provision of information to engage with it interactively on management teams, challenge OMs in their decision processes, and influence these decisions by giving 'direction' [e.g., AM1 and BM3]. AO4 mentioned a very tangible saving in overtime of €100,000 largely attributed to AM4 steering managerial attention towards overtime issues, and noted that cross-functional cost reduction teams would be 'rudderless' without AM4. Sathe (1982) notes that the impact of the accountant's interaction with managers could be assessed in the context of 'managerial performance' and thus these MAs were noted by OMs as having done so. In contrast, some MAs were observed by OMs as having little impact on assisting OMs in the performance of their roles (i.e., AM3, BM2, BM4, and EM as identified in section 7.3.2.2 and discussed in section 7.3.2.8) as these roles did not relate to OMs achieving their objectives. The reasons underpinning these perceptions were as noted earlier as: OMs being unsure of how the MA could impact on the performance of their roles, OMs being unaware of the available management accounting information and MAs retrospectively seeking explanations for variances as opposed to proactively planning forward and addressing performance issues. Furthermore, these roles of MAs were more oriented to reporting, compliance, procedural, and administrative tasks so job design may explain some of the variability here. Other MAs (i.e., AM2, BM1, CM, DM1, and DM2) were generally perceived as having a relevant information provision impact on OMs' decisions but OMs were seeking much stronger contributions, both in context (e.g., more in relation to commercial decision making and performance issues than in control and reporting) and in person (e.g., many OMs mentioned the need for MAs to 'drive' performance or change much more strongly). Even AO1 and BO3 (who perceived AM1 and BM3 as meeting their expectations) desired AM3 and BM3 to have more influence on their roles.

It should also be noted that there was some link between the MAs impact on the performance of OMs in their roles and the ability of OMs to utilise MAs' information and expertise in their roles. OMs that were paired with MAs such as AM1, BM3, and AM4 were OMs that possessed a solid grasp of finance i.e., AO1 formerly worked in finance, AO4 was the plant manager, and BO3 had remarked that, if he had to, he

could make decisions without BM3's input. In the analysis of the user-preparer gaps between OMs (users) and MAs (preparers), Pierce and O'Dea (2003) proposition that the matching of a strong MA (linked to 'strong controllers' as termed by Sathe, 1982, 1983) with a strong manager was most likely to reduce such gaps. In this scenario OMs understand and seek out the addressing of their needs, while MAs understand such needs. Taking a holistic perspective on these findings suggests that the MAs that best meet the expectations of OMs possess a range of characteristics as discussed above i.e., meeting OMs' expectations was related to MAs possessing an appropriate mix of key characteristics (see section 7.4.1.5).

As noted in section 7.3.2.8, MAs had been in the companies for different time periods ranging from 7 months to 9 years. There is an argument that the longer the MA is in the business that the more potential they have to influence the performance of OMs in their roles. This observation has already been made with respect to MAs building up an understanding of the business over time e.g., AM1 (see section 7.4.1.1). AO2 also lent support to this by noting that AM2:

...is coming from a background where he hasn't had exposure to the running of the business units. He is there [at operations meetings] every week, he is listening to what is happening, he is able to comment if he wants and he is hearing what is going on and building up a broader understanding.

In the context that AM2 was only in the company 7 months, it can be argued that assisting OMs in the performance of their roles has an emergent and temporal dimension. However, this is not straightforward as the capacity of MAs to assist OMs in the performance of their roles is also related to other factors as outlined earlier e.g., orientations in section 7.3.4, individual attributes in section 7.4.1, information and report characteristics in sections 7.3.2.3, 7.3.2.5, and 7.3.2.7, job specification in section 7.3.2.8, and variability in OMs' expectations in section 7.3.2.1. Thus, MAs such as DM1 and DM2 who each had been in Company D for 9 years, and AM3 who had been in Company A for 5 years were perceived by OMs as needing to play a stronger role in assisting them in the performance of their roles.

From the earlier discussion of control expectations (see section 7.3.2.4) and routine reports (see section 7.3.2.5) and decision support expectations (see section 7.3.2.6) and non-routine reports (see section 7.3.2.7) it is apparent that the latter shows the greatest scope for MAs to assist OM's in the performance of their roles. OM's perceived MAs as meeting many of their control expectations and were satisfied with many routine reports (excluding the exceptions and redundancies noted earlier). Some non-routine reports had stronger links to OM's in the performance of their roles as table 7.3 illustrates as it draws out the comparative report orientations.

Non-routine report orientations	Routine report orientations
Future-oriented	Historic or retrospective
Non-recurring performance decisions facing the OM	Summated, structured, and periodic
Strategic, long-term impacts e.g., capital investments, projects, new products	Immediate period, cumulative year to date or current budget year
Often produced at the behest of the OM	More finance or centrally controlled
Financial and non-financial measures	Some non-financial but more financial and tabular in orientation
OM may spend more time using	MA may spend more time producing
OM's highly interested in report outcomes – careful consideration	Not many queries generated from reports – quickly reviewed
OM's seek interaction with MA around them	Variable interaction and sometimes interaction is MA-led with queries
Design flexibility and simplicity	Design inflexibility and detail

Table 7.3 – Reports and the performance of OM's in their roles

The stronger linking of non-routine reports than routine reports to OM's in the performance of their roles also mirrors the extent to which MAs were meeting OM's' expectations (e.g., AM1 and BM3 spent a significant proportion of their time on non-routine reports, while AM3, EM, and BM4 spent little if any time at all). This is not to say that routine reports did not contribute to OM's performing their roles – they did, as discussed in section 7.3.2.5 and in the findings in section 6.8, by providing benchmarked performance, multiple performance indicators, trends and focus points – but they appeared to be not as immediately linked to OM's in the performance of their roles. In some respects there are parallels here between non-routine and routine reports and leading and lagging indicators (Kaplan and Norton, 1992, 1996) as non-routine or non-programmed decisions (Simon, 1960; Emmanuel and Otley, 1985;

Emmanuel *et al.*, 1990) may translate later into performance consequences in routine reports.

7.5.2 Information impact

The consequences also add support to the current strand of literature that shows how accounting information is being used through the interaction of accountants in team processes (Ahrens, 1997; Vaivio, 2004; Vaivio and Kokko, 2006) and how accountants can influence MCSs through their interaction (Simons, 1995). The findings from phase one indicate that with more interaction, the use and quality of accounting information increased as well as the value that OMs attached to it as DO noted ‘if you had your linkage with the accountant’. This could also be attributed to MAs ‘talking to people and we can see what they want’ [IF]. The MAs benefited in terms of the interaction enabling them to better evaluate incoming management information and to appreciate the use of accounting information in a much broader organisational domain, as AO2 observed, ‘there are other criteria’. These findings thus address in some way the criticisms of information relevance in the literature (Johnson and Kaplan, 1987; McKinnon and Bruns, 1992).

The findings in phase two supported the findings of phase one in linking interaction between the MA and OM to enhanced management accounting information provision. There were positive impacts on the quality and range of information provided by MAs for OMs through interaction, whether it was:

- 1) MAs enquiring about OMs’ information requirements (see section 6.6.4);
- 2) OMs requesting changes to reports (see section 6.6.5);
- 3) MAs disseminating more information (see section 6.6.2);
- 4) MAs being aligned to specific business units or functions and therefore producing more accurate information (see sections 6.3, 6.6.1, and 6.6.3);
- 5) OMs adopting reports for their own functions (see section 6.6.5); or
- 6) MAs interacting with information in tune with managerial preferences e.g., by e-mail or in-person, detail or summary (see section 6.6.4).

The inverse was also true as some MAs commented that when they were not interacting with OMs around reports they did not know what value OMs attached to

them e.g., ‘if you were to stop reporting on certain things tomorrow would anyone notice, I don’t know’ [CM]. Interaction was also linked to the demise of certain reports (e.g., R17 was discontinued as OMs stated it was not ‘adding any value’) or the discontinuing of interaction around reports where such meetings were not perceived as of value to OMs (e.g., BM4 and R20 and variance meetings, EM and R28 and R30) where ‘we used to sit down and read these things...waste of time’ [EO]. Thus, phase two shows that the interaction between MAs and OMs can serve to regulate management accounting information impact.

However, phase two did not support the notion that more interaction always led to accounting information being used more or being of a higher quality as phase one suggests. The distinguishing feature here is the nature and purpose of the information provided as part of the MA’s interaction with the OM e.g., some reports were for MAs to chase OMs for variance explanations, while others were directly relevant to OMs’ decision making processes. The antecedents and characteristics that have consequences for information impact for phase two were presented under the antecedents (7.3.2) and characteristics (7.4).

7.5.3 Role interface

In phase one, FMs and OMs recognised the potential for conflict where MAs occupied roles combining the need for objectivity and integrity coupled with business involvement (Sathe, 1982). Although Company E seemed to address this potential conflict through role segregation, in most firms the conflict was viewed as a necessary phenomenon and one that enabled the accountants to be more ‘objective’, to be respected for their work, and to develop better relationships with OMs. Thus, the findings challenge the argument that accountants require complete independence for effective management control. Being involved in the business appears to strengthen the effectiveness of this control, as the accountant has a better organisational understanding of where, why, and when control is required and consequently designs more ‘workable’ control systems. As noted under section 7.5.1 on performance consequences, positive control outcomes were perceived from the MA interacting more. The findings show the combined control and partnership role as most common and this lends support to Granlund and Lukka’s (1998a) and Mouritsen’s (1996) observations of the enlarging roles of MAs and the notion of ‘hybrid’ roles (Caglio,

2003; Burns and Baldvinsdottir, 2005, 2007). However, the findings also suggest that the occupiers of such roles require strength of character (see sections 5.3.1.5 and 5.3.1.7) and become what Sathe (1982) referred to as a 'strong controller'.

In phase two this conflict was less perceived by MAs (see section 6.15.3), some of whom related it more to their managers' level (e.g., financial controller/finance director). MAs also recognised that 'we need to be a bit stronger in getting on to the managers' [AM1] or be more 'pushy' [DM1], or that MAs were only the 'messenger(s)' [DM2, EM], or that it wasn't an issue and MAs 'talked it out' [CM] with OMs. Perhaps closer to phase one perceptions, BO3 noted that it was 'a valued conversation, people challenge one another, it is worth it' [BM3]. These perceptions suggest that MAs are not aligning with the model of the business partner (see section 7.9) in the sense that the literature, and phase one findings, suggests that MAs ought to experience this conflict in the combined roles of partnering and policing.

There was a perception in phase one that SOX had undesired consequences as HF lamented 'I am very pessimistic about that [MA] role today because of what I see as the Sarbanes Oxley environment...more and more controls, controls, controls' (see section 5.4.3.2). This conflict was very evident in phase two where MAs observed its strong influence in US MNE subsidiaries (Companies A and B) (see sections 6.15.2 and 7.3.1) leading to conflicts for MAs where they noted OMs 'detest to see me coming' [AM3], 'they just don't want you there at all' [BM4], and BO1 noted that 'the paper trails' were 'OTT'. One consequence of the SOX legislation was to make the MAs more removed from operations and that it could adversely affect the interaction between MAs and OMs. Further research is required in terms of whether the impact of SOX is more of a temporary effect due to its recent implementation. Thus, the findings indicate that SOX may be moving the roles of MAs further away from the model of the business partner and perhaps a regression to the model of the 'bean-counter' (Friedman and Lyne, 1997; Granlund and Lukka, 1998a) which is discussed further in section 7.9. While some have attributed bean-counter roles to corporate accounting functions (Granlund and Lukka, 1998a) this study suggests that such roles exist in accounting functions within subsidiaries and business divisions.

Other tensions that emerged in the phase one and phase two findings indicate that there may be additional role conflicts for the MAs relating to business involvement. In phase one, OMs did not seem to always welcome interaction that sought to serve a monitoring, information gathering, or interfering function for the MAs (see sections 5.4.3.3 and 7.4.1.4). Role conflicts were evident from OMs and FMs who noted: a preference for a ‘collaborative’ as opposed to ‘controlling’ [CO] interaction style for MAs, MAs getting too ‘involved’ [PO] or MAs ‘try to make the whole lot’ [decision themselves] [IO], MAs ‘not fully understanding’ and OMs being ‘asked a lot of questions’ [DO], MAs who ‘don’t fit’ in ‘production management’ [IO], the MA as a monitor for head office ‘watching the slippages...excluded very quickly’ [HF], and the MA who sees involvement as ‘a control thing’ [LO]. Further, OMs do not welcome an excessively ‘penny pinching’ [IO] approach to budgetary control but value a more flexible approach (see section 7.3.2.4). Reference was made to MAs who had left their respective organisations and who had not been replaced, with their roles being described in terms of preparing reports and being unknown to OMs. Thus, the findings extend Sathe’s (1982) involvement-independence role conflict by adding additional conflicts around involvement.

In phase two, there were role conflicts associated with the interactions between the OMs and MAs. Building on the phase one finding of the OM not desiring the ‘corporate’ and ‘controlling’ MA, there were role conflicts in phase two for MAs observing that managers did not like MAs ‘chasing’ [CM] for variance and report explanations, being unaware of OMs’ priorities, and ‘being a pain in the tooth’ as BM4 observed about her role in getting ‘on to them to get stuff sorted’ (see section 6.9). BO4 and EO noted that they had to explain variances to BM4 and EM. There were also role conflicts in phase two for MAs in the noted antecedent of head office reporting requirements (see sections 6.15.1 and 7.3.1) as AM1 noted ‘we are being torn in two’ between trying to meet the expectations of the ‘head office’ and ‘production’ with the ‘Plant Manager, the Cost Reduction Manager giving out because they are not getting enough support’. Many conflicts have already been noted in the presentation of the phase two findings on the expectations of OMs and how MAs sometimes did not meet these expectations, thereby creating role conflicts for MAs (e.g., lacking business knowledge, not enough contribution in management decision processes, poor active involvement in driving change and in implementing

solutions to issues, redundant, historic, or overly detailed financial reports). As can be seen, some of these find support in phase one where there were conflicts with MAs not adequately understanding the business. The one conflict that did not re-emerge in phase two, but was evident in phase one, was the notion of the MA getting overly involved or hijacking the decision process. One possible explanation for this might be that some more senior MAs exerted more influence over OMs in phase one with MAs in phase two being less senior not doing so. As noted above, MAs in phase two did observe that they needed to push and challenge OMs more than they did (as did some OMs) with the FM taking ‘a lot of the flack’ [AM1]. FMs in phase one also noted they were out interacting with OMs over twice (50% vs. 20%) as much as MAs and the MA was ‘operational’, while the financial controller/director was ‘strategic’ [DO].

In phase one it was observed that when MAs interacted more with OMs that there was more potential for MAs to challenge OMs than if there was not interaction i.e., ‘not such a big deal then to challenge’ [CF] OMs. CO noted that the interaction worked best when MAs were ‘collaborative’ and acted as ‘watchful overseers’ leaving ‘SOX for control’. FMs observed ‘better relationships with the managers’ [IF] and being ‘there to work with them’ [PF] through the interaction. It was also noted in phase one that a consequence of the interaction was OMs were more open with MAs about ‘issues and difficulties’ [HF] and ‘know that they can show you things’ [AF1]. Without the interaction, it was noted that OMs would be ‘hands off’ and not as ‘upfront if something goes wrong’ [CF].

A related consequence in phase one was where there was not much interaction between OMs and MAs, was the need sometimes to convince OMs that the involvement of MAs may mean that OMs actually achieve better results. In terms of attitude to finance, the findings in phase one note the importance of MAs ‘developing and being taken seriously’ [CF] and being ‘recognised’ as ‘being good at their job’ [AO2]. The findings in phase one indicate that the roles of MAs with respect to interacting with OMs may have an emergent quality. Reference was made to role development and the importance of reputation and the fact that while MAs desired involvement with OMs, OMs may be sceptical of that involvement (Johnston *et al.*, 2002a; CIMA, 2009). HO noted ‘there would be a perception that when they [accountants] do say that they want to get involved, then it’s more to be a big brother

watching' and PO observed the effect of 'putting the spot light on production'. There was evidence that operational issues and projects progressed somewhat before interaction with MAs occurred. While the literature has noted the rising demand for the financial training of OMs (Keating and Jablonsky, 1990) less emphasis has been placed on the need for accountants to inform OMs of the contribution that MAs can make to operational processes. There are further implicit links here to Chenhall and Langfield-Smith's (1998b) argument that greater MA involvement requires an OM-MA common perspective on the roles of MAs, management backing, and in particular to the role selling dimension, an accounting ambassador. It also supports CIMA's (2009) suggestions of management backing and enhancing relationships over time for more MA involvement. An extension of Sathe's (1982) work on involvement here is to argue that an additional dimension influencing involvement is MAs acting in a role selling capacity (see section 5.4.3.6). There was also a perception by MAs and OMs of a certain image of MAs not interacting e.g., AO1 noted that AM1 wanted to 'come away from the financial sort of the stereotype of just number crunching and bean-counter' [AO1] and AM4 noted that 'you get the slugging...bean-counters'. This 'stereotype' [AO1] is well documented in the literature (DeCoster and Rhode, 1971; Sathe, 1983; Brignall *et al.*, 1999; Friedman and Lyne, 2001) and is further discussed in section 7.9.

Phase two findings on OMs' awareness and understanding of the roles of MAs (see section 6.15.4) and the variability of the OMs' expectations discussed above (see section 7.3.2.1) have strong parallels to the consequences in phase one where there was little interaction between MAs and OMs e.g., OMs with low awareness of the roles of MAs also had low expectations of them and received little assistance in the performance of their roles or put very simply, higher/lower understanding led to higher/lower expectations and more/less consequence for assisting OMs in their roles. MAs could perhaps address this by raising their profiles and building OMs' understanding of how MAs can assist OMs in the performance of their roles (see practical recommendations in section 8.7). A further implicit element of this dimension was noted in MAs customising the management accounting information provided to OMs (see sections 7.3.2.5 and 7.3.2.7).

7.5.4 Summary of discussion on consequences

A range of consequences of the roles of MAs was identified in phase one of the research which have received little attention in the literature. It was found that the roles of MAs had consequences for performance, information, and interfacing with OMs and depending on the interaction, different consequences ensued (e.g., more interaction was linked to more control, better decision making, better information provided, role conflict and less interaction was linked to the opposite of these and OMs being more remote with MAs having to 'sell' their roles more). Phase two findings were largely addressed through the discussion of antecedents and characteristics above where it was shown that there was variability in the extent that MAs meet OMs' expectations. The consequences of the roles of MAs for assisting OMs in the performance of their roles were also discussed in relation to the themes of performance, information, and interfacing. Opposite to phase one, phase two did not indicate that more interaction led to similar consequences for assisting OMs in their roles e.g., some interaction around reports assisted OMs in their roles, while other interaction did not do so but more role conflict was not as strongly linked to interaction. Both phases identified the need for some MAs to 'sell' their roles or raise their profiles with OMs. The recurring conflicts and ambiguities associated with the roles of MAs and assisting OMs in their roles are summarised in the next section.

The findings on consequences of the roles of MAs address a gap in the literature in that there is very little research on these. The findings reveal that the involvement of MAs had a number of positive outcomes for management control (e.g., performance, better information for control and decision making) based on more interaction which runs counter to the notion of being independent and removed for effective control (Sathe, 1982). Much of the related work on role theory was conducted over 25 years ago (Hopper, 1980; Sathe, 1982) and so these findings build on this earlier work by highlighting a range of role conflicts and ambiguities for the roles of MAs.

7.6 Summary of role conflicts and role ambiguities and the roles of MAs

As role conflicts and ambiguities in the roles of MAs have emerged in the phase one and two of the findings across antecedents, characteristics, and consequences, this section provides a brief integration of these themes which includes the non-fulfilment of OMs' expectations which represents role conflict in role theory (Kahn *et al.*, 1964; Katz and Kahn, 1978). Table 7.4 summarises these conflicts and ambiguities.

Phase one	Phase two	Literature comment
Conflict in MAs desiring to get involved but not desired by OMs. OMs' discretion: 'as they see fit' (7.3.2.1).	Conflict in variability in the expectations of OMs e.g., financial acumen, managerial styles and preferences (7.3.2.1).	
Conflict in being involved with OMs, while maintaining control - combined role most common (7.5.3).	Conflict less perceived as attributed more to financial controller (7.5.3).	Phase one supported Sathe's (1982) 'strong' controller but less so in phase two – conflict attributed to FM level.
Conflict in MAs not meeting needs of OMs e.g., more involvement, too much administration, redundant and missing information (7.4.2).	Conflict in MAs not meeting OMs' control expectations e.g., variances, budgets, more analysis of performance, routine reports (7.3.2.4-5).	Hopper (1980) found MAs not meeting OM's expectations regarding the MAs' involvement for the most commonly ranked activities.
	Conflict in MAs not meeting OMs' decision support expectations e.g., more contribution in teams, more active involvement in resolving issues, moving 'beyond the control' to the 'business case' (7.3.2.6-7).	
Conflict in MA not having desired characteristics e.g., business knowledge, flexibility (7.4.1.4-5).	Conflict in MAs not meeting OMs' expectations of MAs having certain characteristics e.g., business knowledge, stronger engagement (7.4.1.4-5).	Hopper (1980) did not find conflicts regarding the MAs' characteristics.
Conflict when MAs got excessively involved (7.5.3).	Conflict not perceived (7.5.3).	Hopper (1980) found all OMs desired more influence by MAs.
Conflict having to sell the roles of MAs to OMs (7.5.3).	Conflict in OMs having little awareness or understanding of the roles of MAs (7.3.2.1 and 7.5.3).	
Conflict in the individual: 'tendency... towards accounting...partnership' (7.3.4).	MAs getting involved or 'meddling' where there appeared little benefit to the OM (7.3.2.8).	Hopper (1980) observed three of 12 MAs as more oriented to 'book-keeping'.
Conflict in MA's approach to involvement with OMs e.g., 'control thing' (7.5.3).	Conflict in approach to involvement with OMs e.g., chasing variance explanations (7.3.2.8 and 7.5.3).	
	Conflict in meeting head office needs while also trying to assist OMs in the performance of their roles (7.3.1).	Hopper (1980) observed conflicts in the primacy of reporting duties.
	Conflict in meeting FM requirements while also trying to assist OMs in the performance of their roles (7.3.2.1).	Hopper (1980) excluded accountants as role senders.
	Conflict with SOX compliance procedures e.g., signatures, deadlines, routines (7.3.1 and 7.5.3).	
	Ambiguity in head office needs (7.3.1).	
	Ambiguity in FM instructions (7.3.2.1).	

Table 7.4 – Role conflicts and ambiguities in the roles of MAs

As table 7.4 illustrates, the analysis of role conflicts and ambiguities extend the limited record of these in the literature. Hopper (1980) found that OMs' expectations were better met where OMs had MAs adjacent and reporting to them but this was not examined in this study as MAs were all located adjacent to, and reporting to, FMs. This may perhaps explain some of the OMs' unmet expectations noted in this chapter.

7.7 Analysis framework of roles of MAs: phase one

A tentative framework from phase one is presented in figure 7.4 that draws upon the key themes that cuts across much of the findings, namely the interaction that occurs, or does not occur, between MAs and OMs. Underpinning the framework are the strongly emphasised antecedents of management and the MAs themselves and how these antecedents may manifest themselves in different ways. Specifically, some OMs appear to require involvement defined in their terms and this may create, as the findings suggest, role ambiguity and conflict for the MAs. Figure 7.4 presents a diagrammatic interpretation of the findings regarding the involvement of MAs and the extent of MAs' involvement sought by the OMs.

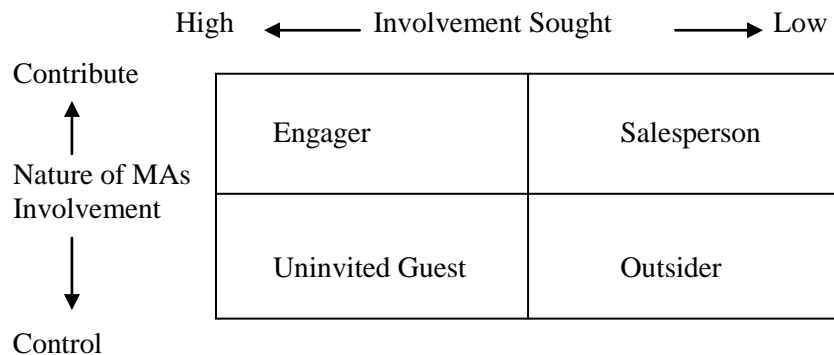


Figure 7.4 – Matrix of nature of MAs' involvement and involvement sought

Although presented as a neat matrix, the involvement parameters and the roles associated with them are continuums and not dichotomous points. The matrix illustrates that MAs may face a number of alternative scenarios regarding involvement with OMs.

Engager

As the matrix indicates when a MA contributes positively to business activities and OMs seek involvement, the MA may be termed an Engager as the involvement is very much welcomed e.g., HO commented about the FM and the business analyst as being ‘really up for it’ [i.e., involvement] and GO noted that the controller was ‘always available’ [GO]. When OMs were questioned about their satisfaction with the levels of MAs’ involvement and the current emphasis in the roles of MAs, many indicated that they were generally quite happy with the involvement provided by MAs. There is also potentially a danger here that MAs may over-engage in that OMs may perceive the MAs involvement as beyond that deemed appropriate as PO remarked ‘you have to say to them to hold on a second you don’t need to get that involved’. Similarly in Company I, the factory manager defensively remarked that ‘part of (production decisions), yes, but not...some of them try to make the whole lot’ This suggests that it may be important for MAs to determine the appropriate level of involvement that does not alienate OMs, or ‘step on other people’s toes’ [PO] in which case a MA may become an Uninvited Guest.

Uninvited Guest

If the purpose of the involvement is to gather information, monitor, and control then the MA may be termed the Uninvited Guest as such involvement is not welcome and will likely result in less future involvement e.g., HF stated that ‘a corporate person, kind of watching the errors, watching the slippages, you would be very excluded very quickly’. LO commented about MAs’ involvement in that if ‘it’s a control thing, no’, but if it is to ‘contribute and offer an opinion on how to help with the decision, then why not’. The reference to ‘control’ in this context, and in Figure 7.4, refers to the approach that the MA takes to involvement with OMs as opposed to the important control aspects to the roles of MAs, as highlighted in the findings (see sections 5.2.2.8, 5.3.1.5, 5.3.1.7, 5.3.2.2, and 5.4.1.2). This is also important as figure 7.4 is not implying that the MA must occupy either a control or partnership role; rather it is suggesting that how the MA approaches interacting with OMs with a view to supporting, or ‘contributing’, to managerial decision making and control (see section 7.9 for further discussion on MAs as business partners). This quadrant implies that MAs are involved in business activities, as expected by FMs and OMs, but because the nature of that involvement is in conflict with the nature of the involvement being

sought, the future involvement of MAs may be curtailed or even stopped. The MA in this case, may become an Outsider.

Outsider

The MA as the Outsider represents a situation where no involvement is sought by OMs and the type of involvement, should it be sought, is not welcome or involvement had been sought but rejected previously (i.e., Uninvited Guest). IF remarked about a MA who had left the company and OMs had subsequently commented: 'I don't remember him'. It could also be argued that this quadrant may represent MAs' roles that companies no longer seek to fill or have removed MAs from such positions e.g., in Company H, a MA that prepared detailed reports was not replaced. This box also represents the one where there is the greatest distance between MAs and the OMs. BO2 remarked that the head of finance 'forces involvement' (which BF1 seemed to do) but could 'box the department' which would accentuate this distance. Thus, it may be that this position will have stronger theoretical than empirical foundations.

Salesperson

When OMs do not seek involvement but the MA is seeking to contribute positively, the MA may be termed the Salesperson as the OM does not perhaps appreciate how the MA can contribute as AO1 commented: 'it's a very hard sell'. Similarly in Company I the FM commented how accountants were previously kept away from operations but that now the finance team were 'trying to work with' OMs and convince them that the MA's involvement might lead to them achieving a 'better result'. CF suggested that 'it wouldn't be obvious to the people first, oh we should have management accounting here [on the project]' again implying a need for MAs to sell the potential contribution that they can make.

It must be noted that this framework is not static; the boundaries are not clear cut, the roles may change over time and one MA may possess certain attributes that reflect the different profiles at the same time. One example in the study is that some senior FMs lamented that the introduction of the SOX legislation may have resulted in MAs now regressing to an Outsider role having previously progressed to an Engager role. HF remarked: 'I am very pessimistic about that role today because of what I see as the Sarbanes Oxley environment'. Similarly, a number of interviewees made reference to

experiences of MAs that reflected role profile transitions, e.g., becoming an Engager, having successfully been a Salesperson through, for example, providing financial training and communicating financial material to OMs. A further example is the change in financial leadership that influences the style of involvement provided by MAs; thus, previous Uninvited Guests or Outsiders might now find they are moving towards an Engager role. Finally, a number of structural arrangements were noted in the findings that could facilitate role transitions in the grid. Examples were a cultural change programme in Company A, the participation of MAs in cross-functional project teams evident in many firms, and the assignment of MAs to specific product groups or operational units.

7.8 Revisiting the analysis framework of the roles of MAs: phase two

Revisiting the tentative framework that emerged from phase one resulted in a deeper understanding of this framework. An initial analysis of phase two data provided much support for the framework. Table 7.5 illustrates the findings from phase two aligned to the role profiles of Engager, Salesperson, Outsider, and Uninvited Guest.

<p>Engager</p> <ul style="list-style-type: none"> • MA on cross-functional teams • Higher MA capabilities, higher expectations • OM has financial skills and knowledge • OM knows MA has information • MAs giving OMs time • OMs can relate to information • MAs interested in helping • OMs trust MA's judgement, respect • Put boundaries on problems, not costs first • <u>REPORTS</u>: Ad hoc, strategic, future-oriented, customised to users need 	<p>Salesperson</p> <ul style="list-style-type: none"> • OM has poor financial skills and knowledge • Implementing controls, SOX, need to bring people along, more acceptability • OMs not aware of what MAs can do • OMs don't see MAs getting involved • OM priorities – finance lower down on scale • OM image of MA – do not 'add value' • <u>REPORTS</u>: OMs don't know of reports, OMs don't understand reports, reports not focused
<p>Uninvited Guest</p> <ul style="list-style-type: none"> • Managers' styles – form of involvement sought varies by OM • Involvement cyclical • MA has poor business knowledge • MA interacting for information gathering purposes • MA chasing SOX compliance e.g., signatures, documentation • <u>REPORTS</u>: detailed, historic, variance explanation, head office requests 	<p>Outsider</p> <ul style="list-style-type: none"> • MA not interacting with OMs • Irrelevant information • Purely a financial role • Variance meetings discontinued • <u>REPORTS</u>: no reports given to OMs or not used e.g., reports for head office, for finance

Table 7.5 –Application of phase two findings to phase one template

However, following further analysis of phase two data it became apparent that the imposed structure of the framework did not always hold up and a more fluid or process-oriented perspective appeared to fit better in explaining the findings e.g., the MA may be an Engager on a cross-functional cost reduction or capital project but then becomes more of an Uninvited Guest at period end when seeking explanations for variances or in addressing compliance issues. The MA may be left out of the loop on certain operational activities but then by presenting a case for greater involvement (Salesperson), he/she may become an Engager. A number of factors were identified to support this:

- 1) Activity – the MA may be involved in head office roles (Outsider/Uninvited Guest) or involved in a management or project team (Engager) .
- 2) Timing – policing at period end (Uninvited Guest) and partnering on a cross-functional project during the month (Engager).
- 3) Reports – some routine reports more linked to policing (Outsider/Uninvited Guest) while non-routine more linked to partnering activities (Engager).

These multiplicities of roles have some support in the literature. Gibson (2002) found alternating controller roles at different times as ‘police officer’, ‘consultant’, and ‘spy/watchdog’. Mouritsen (1996) also notes the finance functions’ roles alternating between ‘involvement’ and ‘independence’ with five major categories of activity emerging. The four roles also extend the frequent dichotomy in the literature characterising MAs as being ‘business partners’ or ‘bean-counters’ with these two respectively being most reflected in the Engager and Outsider roles. Thus, the Uninvited Guest and Salesperson roles add two other possible classifications.

7.9 MAs as business partners and corporate police: an evaluation

In phase one, both FMs and OMs were clear on the information provision and interpretation role of MAs in a wider organisational context. This lends support to a recent finding that Finnish controllers are ‘concerned by the big financial picture’ (Vaivio and Kokko’s, 2006, p. 70). However, there was much less clarity on the roles

of MAs as equal decision makers, or business partners, on management teams (IMA, 1996, 1999; Siegel *et al.*, 2003a, 2003b; CIMA, 2007, 2009). Sometimes, MAs perceived themselves as decision makers but OMs viewed them more in a role that involved making suggestions, recommendations, and influencing outcomes (see section 5.3.2.1). Thus, there is some ambiguity around the notion of what the business partner actually means to MAs and to OMs. It also supports the model of business partnership as one that is evolving (Brignall *et al.*, 1999; CIMA, 2007, 2009). A number of ambiguities and nuances that emerged around the interaction between the MAs and the OMs, while linked to characteristics, are discussed under role interface conflicts (see section 7.5.3), which also links to the variability in OMs' expectations (see section 7.3.2.1), and summarised in section 7.6.

Management control was perceived as an important dimension of the roles of MAs in both phases of the study (see sections 5.2.2.8, 5.3.1.5, 5.3.1.7, 5.3.2.2, and 5.4.1.2 in phase one and sections 6.7, 6.8, and 6.9 in phase two) and it is important to align the control aspects of the roles of MAs with the decision support aspects of the roles, although MAs were generally perceived as more effective in the former roles. Thus, in the model of the business partner as depicted in the findings, the MA is involved in supporting managerial decision making and control. Although one company in phase one separated control and partnership roles (see section 5.4.3.2) the prevailing roles of MAs comprised both control and decision support roles. While the study largely presents control and decision support within one individual's role, it does indicate a number of challenges around MA-OM interactions (see section 7.6) and prerequisite skills e.g., 'strong personality' [JF] and 'independent minded' [PF] (see sections 5.3.1.5, 5.3.1.7, and 5.4.3.2).

In phase two, the involvement of some MAs in activities of a more strategic nature was also noted by OMs e.g., the 'financial impact of these [capital] projects' [AO1], 'new product introductions' [AO4], 'direction' on 'new programmes' [BO3], capital expenditure projects [DO1], and project work [DO2]. There was also a hierarchical perspective in that some OMs noted that they got involved with the financial controller more so than the MA with regard to strategic initiatives. This scope for strategic involvement was also relevant to the level at which the OM was operating at e.g., BM3 worked closest with BO3 who was at 'director' level (two levels above

BM3), while BO2 was at the same level as BM2. Thus, in the structure within Company B, BM3 was linked to a much more senior manager than BM2. AO4 was for example linked to the Plant Manager. This raises the question as to why certain MAs (in firms with a team of MAs e.g., Companies A and B), while all hierarchically on the same level appear to interact with OMs at very different levels and in different ways (e.g., tactical versus strategic). Some of the reasoning may relate to the prescribed definition of the role but also the knowledge and skills of the MA and their ability to deploy these in interacting with OMs.

In phase two, it was found that some OMs had little or no expectations of MAs and that these roles involved financial accounting, regulatory compliance, and following up with OMs to explain historic variance reports (see section 7.3.2.8). Granlund and Lukka (1998a) identify the characteristics of the MA as a 'bean-counter'. These include a historic orientation, being responsible mainly for the accurate and timely production of formal accounting reports, with little understanding of the business or awareness of non-financial functions, and being an 'information collector and processor' (p. 202) (see also Friedman and Lyne, 1997; Vaivio and Kokko, 2006). Some of the characteristics of the MAs noted for AM3, BM2, BM4, and EM could be aligned to Granlund and Lukka's (1998a) 'bean-counter' depiction which they suggest is still relevant for corporate financial departments. However, this was a different context here, where these MAs were all operating in geographically dispersed subsidiaries and their responsibilities included management accounting tasks.

In phase two all the MAs were found to be spending a considerable proportion of their time in the preparation and issuing of management accounting reports (see section 6.15.1), and the onerous head office reporting influence was discussed as an antecedent (see section 7.3.1). However, it was interesting in Company D, in which MAs did not appear to have the same corporate reporting demands as in Companies A, B, and E, that DO1 desired DM1 to be 'looking forward and pushing strong to make things change' but 'that hasn't really been the case, the accountant would be more factual reporting than aggressive pushing'. In contrast DM1 remarked that 'I wonder at times do they think I am just there to do numbers at the end of the month and that is about it'. This apparent contradiction might be explained by DM1's acknowledgement that he could be more assertive in his roles. There was somewhat of

a further contradiction in that DO1 noted that DM1 had more scope as the 'accountant' to be 'independent' on the 'management team' than he had with those reporting to him but DM1 remarked that he found it difficult to be 'pushy' when 'working along side them all the time'. As noted in section 7.5.3, some MAs perceived themselves as 'messengers' [DM2, EM] and perceived little conflict in interacting with OMs, while maintaining objective independent control. These findings would suggest that some MAs are not adopting the model of business partnership in two respects: firstly, in not more fully interacting with OMs in supporting their decision making processes and, secondly in not more fully challenging OMs from a control perspective, but relying more on senior FMs to do these. This might also explain why MAs perceived less conflict. Furthermore, it implies a finance function more oriented to financial reporting, with little evidence of major reductions in transactional and administrative activities (May, 2002).

Overall MAs recognised the reporting burden and the resulting severe pressure on their time to assist OMs in the performance of their roles. The literature has long associated the preparation of reports with the roles of accountants (Willson and Colford, 1991; Riahi-Belkaoui, 1992). The considerable involvement of MAs in routine and detailed reporting in this study also contrasts sharply with some perceptions among MAs of this activity as best not associated with the roles of MAs (Ahrens and Chapman, 2000). Although many studies indicate that technology might have displaced much of the routine reporting preparation (Brignall *et al.*, 1999; Johnston *et al.*, 2002a; Granlund and Malmi, 2002; Caglio, 2003; Scapens *et al.*, 2003) this was not apparent in this study. It has been noted in the literature that accountants whose roles predominantly involve the preparation of reports may face declining roles (Cooper, 1996; Pierce, 2001). While phase one found some evidence of reporting-oriented roles of MAs becoming redundant (e.g., the MA as an Outsider), this seemed more ambiguous in phase two with the extensiveness of reporting duties.

As OMs did expect more active involvement in decisions in their areas and less reporting, it could be argued that there is perhaps more of a supply than a demand issue in respect of preparing accountants for work (Clarke *et al.*, 1999). Interestingly, Sathe (1982) did not detect a relationship between the time devoted to financial reporting and the involvement of the controller with OMs. It could be argued that, as

one OM observed, the corporate reporting demands have escalated and perhaps Sathe's (1982) findings do not hold out in current practice.

The findings provide a number of insights into the roles of MAs as supporters to OMs in different capacities. A strong literature theme has been the suggested movement of the role the of MA from the model of the bean-counter or policing role (Friedman and Lyne, 1997; Granlund and Lukka, 1998a; Brignall *et al.*, 1999; Gibson, 2002) to the model of the business partner (Hopper, 1980; Jablonsky *et al.*, 1993; Jablonsky and Keating, 1998; Burns *et al.*, 1999; Pierce and O'Dea, 2003; CIMA, 2007, 2009). The preceding analysis has highlighted how certain MAs appear to meet the expectations of MAs in varying degrees. In overall terms the findings indicate that there is a broadening of roles of MAs (Granlund and Lukka, 1998a; Byrne and Maher, 2003) but only a minority of MAs appear closely aligned to the model of business partnership (see sections 7.3.2.2 and 7.4.1.5). Following CIMA's (2007) analysis of different classifications of the roles of MAs as business partners, the findings suggest that some MAs could be classified as 'expert service' (strategic but independent), most MAs as 'financial support' (operational involvement), and few if any as 'finance leadership' (see section 3.7). The latter as closest to the model of business partnership challenge OMs as 'sparring partners' (CIMA, 2007) at strategic levels and are not involved in the production of management accounting information. Many of the roles in terms of partnering levels and the extent of influence could be aligned to lower levels and limited influence (CIMA, 2009).

While Granlund and Lukka (1998a) observe the horizontal alignment of MA roles across teams as a partner in decision making processes, and vertically as policing the head office or top management requirements, this study provides evidence that many MAs operating in manufacturing subsidiary settings are under very strong pressure to address the latter before the former. This in effect implies a shift back towards the bean-counter role and away from the anticipated business partner role (IMA, 1996, 1999, Siegel *et al.*, 2003a, 2003b; Pierce and O'Dea, 2003; CIMA, 2007). This has been exacerbated by the introduction of SOX, a vehicle of enhanced corporate regulation and control, and both phases of the research suggest that this has moved MAs even further away from the notion of the business partner. While SOX has a strong orientation towards financial reporting procedures and activities generally

associated with the work of financial accountants, this study found that the roles of MAs operating in SOX environments were influenced by these regulations (see section 6.15.2). The MAs however appeared to be somewhat negative about the influence of SOX on their roles because of its heavy administrative requirements and as BM3 observed SOX's attention to 'the cent in a multi-million dollar company'. Somewhat ironically Granlund and Lukka (1998a) present the broadening roles of MAs ascending from the narrower (smaller role element) of 'Historian', to 'Watchdog', to 'Advisor / Consultant' to 'Member of the Management Team / Change Agent' (largest role element). The findings of this study imply for MAs in company subsidiaries under SOX regulation that this 'watchdog' is a much broader component of the roles than the literature suggests (May, 2002; Burns and Baldvinsdottir, 2007).

Bringing together some of the previous key findings on the individual characteristics of MAs and the provision of management accounting information the following table 7.6, by way of summary, highlights some of the factors that have been perceived as contributing to narrowing or widening the gap between the expectations that OMs have of MAs, and MAs meeting these expectations in assisting OMs in the performance of their roles. It also indicates what factors might assist or limit the MA in moving to the model of business partnership.

Closing the gap	Widening the gap
Highlighting what to focus on	Information seeking
Providing commentary and/or further analysis	No commentary or additional analysis provided
Operational terminology in use	Difficult terminology
Design input	Inflexible design
Information provided reflects solid understanding the business	Information provided reflects little understanding of the business
Linking the technical and the accounting	Unable to relate the technical and the accounting
Connecting accounting information with actions	Just producing the results
Actively engaging in the resolution of issues	Leaving OMs to address issues by themselves
Identifying OMs' information needs	Not understanding OMs' information needs
Customising information for users' requirements	Information driven by financial reporting needs
Bringing accounting expertise with business knowledge into interactive operational forums	Accounting expertise and business knowledge not brought into operational forums

Table 7.6 – Closing and widening the expectations gap

The wider skill base underpinning the ‘closing the gap’ column is supported in the literature on characteristics linked to the model of the business partner (IMA, 1996, IMA, 1999; Johnston *et al.*, 2002a; Vaivio and Kokko, 2006; Burns and Baldvinsdottir, 2007; CIMA, 2009). In regard to gaps between ‘user’ and ‘preparer’ perceptions, Pierce and O’Dea (2003) propose that different combinations of strong and weak MAs, and strong and weak OMAs, lead to the narrowing or broadening of these gaps. This study similarly identified strong MAs (e.g., AM1 and BM3), equivalent to Sathe’s notion of the ‘strong controller’, and weak MAs (e.g., BM4 and EM). Equally evident was the presence of strong OMAs (e.g., AO1, AO4, and BO3) and weak OMAs (e.g., AO2, AO3, BO4, and EO). While such classification simplifies the relative degrees of strength or weakness of MAs and OMAs it nevertheless illustrates factors pertinent to different types of expectation gaps. What defined strength in the MA was sound business knowledge, strong analytical skills that could be applied in an interactive setting, with a preparedness to support and challenge OMAs. What defined strength in the OMA was a solid understanding of finance and the roles of MAs, an ability to perform independent financial analysis but at the same time a strong desire to involve the MA. Weakness for the MA and the OMA was very much the opposite of these respective strengths. These strengths and weakness could be extended to include the variability in the expectations of OMAs (see section 7.3.2.1) and the expectations of OMAs regarding characteristics (see section 7.4.1.5).

7.10 Summary and conclusion

This chapter commenced with the presentation of a broad but comprehensive perspective on the roles of MAs in bringing together the antecedents, characteristics, and consequences associated with such roles.

The findings on antecedents show that ownership, environment, regulations, management, size, structure, culture, technology, location, performance management systems, and individual orientation are associated with the roles of MAs. In comparison to the empirical literature there has been limited academic research on many of these antecedents in relation to the roles of MAs, and some antecedents were found to be less associated with the roles than the literature indicates (e.g., accounting innovations, technology), or more associated than the literature indicates (e.g.,

ownership). Using the contingency theoretical lens, contingent relationships were observed in the majority of the antecedents identified.

Antecedents perceived particularly strongly were ownership, management, regulation (SOX), and the MA themselves. The influence of head office, SOX in US MNE subsidiaries, and the FM were perceived as strongly influencing the roles of MAs. The influence of OMs as a strong antecedent was analysed in relation to OMs' expectations, differing styles, information preferences, and OMs' levels of awareness of the roles of MAs. The findings show the control and decision support expectations of OMs, and the extent to which the 12 MAs were meeting these. While MAs were perceived as meeting OMs' control expectations more so than OMs' decision support expectations, the findings indicate the importance of MAs firstly having sound business understanding and relevant management accounting information, and secondly interacting with these in operational forums.

The examination of management accounting information and routine and non-routine reports in the findings has identified relevant useful features of these for control and decision support purposes. General report features included accuracy, timeliness, aggregation, and customisation of reports to OMs' requirements. Routine report features included brevity, graphical displays, non-financial measures, and focusing mechanisms while non-routine report features included a narrow focus, flexible design, future and sometimes strategic orientation, and often being of immediate relevance to commercial decisions. It was also apparent that the long standing criticisms of management accounting information in the literature can be somewhat upheld in view of the many reports identified as partially or not at all assisting OMs in the performance of their roles.

Using the management control theoretical lens the findings indicate that control theory, building on the work of Simons (1995), ought to focus more on how control operates in understanding how MAs facilitate control through their interactions as opposed to focusing on the tools of control. The findings also indicate that control theory should accommodate more flexibility in view of OMs or business priorities and while feedback systems operated as part of the firms' control systems there were instances where this feedback had little consequence for assisting OMs in their roles.

While the literature notes such systems are essential for control (Otley and Berry, 1980) these findings draw attention to their design and use and show that some have consequences for control but others do not.

Drawing on role theory (Kahn *et al.*, 1964; Katz and Kahn, 1978), the analysis of OMs' expectations revealed that some MAs were meeting these, while others were not doing so, thus giving rise to the theory's prediction of a consequence of role conflict. While there has been limited literature on the consequences of the roles of MAs, a number of role conflicts and ambiguities were observed in the findings which reveal the presence of many challenges, conditions, and uncertainties around MAs assisting OMs in the performance of their roles. These included conflicts in policing and business partnership, ambiguities in the expectations of the FM and head office, conflicts in trying to meet head office expectations and SOX mandates, while also trying to assist OMs, and conflicts around the approach to interacting with OMs (e.g., not understanding business, interfering, controlling). The findings support the theory's predicted influence of the attributes and interpersonal relations of role occupants on the expectations placed on such roles e.g., some OMs expected more of some MAs with certain characteristics. The findings on role characteristics strongly support previous emphasis in the literature (e.g., business knowledge, interpersonal skills, and flexibility).

The consequences in the findings suggest that MAs interacting with OMs can lead to better planning and control, enhanced information provision, and can impact directly on OMs' performance. These consequences also reveal that through interaction, MAs: have enhanced relationships with OMs, can assess the quality of information, appreciate other criteria besides accounting information in a much broader organisational context, find it is easier to challenge OMs, and it is more likely that OMs will present issues to MAs. In contrast, the findings show that where there is little or no interaction, or the kind of interaction that is not desired by OMs, or OMs have little awareness of the roles of MAs, that MAs may have to 'sell' their roles.

The findings provide some evidence that the roles of MAs, for certain MAs, are broadening to include more of a business partner role model as depicted in the literature. However, account must be taken of the many conditions and tensions

identified in the findings pertaining to the roles of MAs and the extent to which certain MAs appear better able to assist OMs in the performance of their roles through their characteristics, interaction, and information.

In summary, the findings represent a more comprehensive picture of antecedents, characteristics, and consequences of the roles of MAs than that identified from prior research. Contingencies, conflicts, and ambiguities which are associated with the roles of MAs in the context of interacting with and assisting OMs in the performance of their roles were also highlighted in the findings. The business partnership model referred to in the literature is one that seems less straightforward than may have been anticipated. The next chapter concludes the study by drawing together the major findings and key contributions of the study.

Chapter Eight

Conclusions

8.1 Introduction

This chapter is the final chapter of the dissertation. It begins by summarising the objectives of the study and the key themes from the literature review chapters. The next section presents the conclusions of the study in the context of specific gaps in the literature, and the three theoretical lenses. The next section outlines the parameters framing the interpretation of the research with respect to both the merits and limitations placed on such interpretation. Next the practical implications of the research are considered, followed by recommendations for future academic research. The section following details the contribution of the research to the existing body of management accounting knowledge

8.2 Objectives of the study

This study investigates the antecedents, characteristics, and consequences associated with the roles of MAs in medium and large manufacturing settings. The study is based on a number of apparent gaps in the literature including: a poor understanding of such roles, inconsistent findings, a dearth of research on consequences in particular, an absence of an overall perspective on the roles, and a sustained challenge to the relevance of management accounting information to managers. The researcher's practical experience of working in a number of roles as a MA for a UK-based multinational provided a personal motivation for the study, which resonated with these literature themes.

The study was conducted in two phases, the first a somewhat inductive suite of in-depth interviews with 18 FMs and 18 OMs, the second a set of case studies investigating the roles of 12 MAs as 'cases' involving 36 interviews and the analysis of over 50 management reports. The objectives of phase one (see section 4.4.1) were as follows:

- 1) To investigate the antecedents associated with the roles of MAs.
- 2) To investigate the characteristics associated with the roles of MAs.
- 3) To investigate the consequences associated with the roles of MAs.

Following the analysis of phase one, the objectives of phase two were determined (see section 6.2) as follows:

- 1) To analyse the extent that antecedents associated with the roles of MAs have consequences for assisting OMs in the performance of their roles.
- 2) To analyse the extent that characteristics associated with the roles of MAs have consequences for assisting OMs in the performance of their roles.

To frame the interpretation of the findings of the study, the theoretical lenses of management control theory, contingency theory, and role theory were reviewed in chapter two. The extant empirical literature to date on the roles of MAs was reviewed in chapter three, which led to the statement of the research problem, phase one objectives, and the research design being presented in chapter four. This chapter also examined the philosophical debates, methodological strengths and limitations, evaluative criteria, qualitative data analysis processes, and operational dimensions of the research. Chapter five presented the empirical findings from phase one interviews based on the antecedents, characteristics, and consequences associated with the roles of MAs emerging from the analysis. Chapter six commenced with the conclusions from the analysis of phase one findings in the previous chapter linking into the establishment and statement of the objectives of phase two of the study. This chapter presented the empirical phase two findings based on the antecedents and characteristics associated with the roles of MAs which had consequences for assisting OMs in the performance of their roles. The discussion presented in chapter seven draws together and interprets the empirical findings presented in the previous two findings chapters and reviews these in the context of both the empirical literature reviewed in chapter three, and the theoretical literature reviewed in chapter two. In this final chapter, the previous work is subsumed into overall conclusions and a statement of the study's contribution is made.

8.3 Summary of literature review: theoretical lenses

From a theoretical perspective, chapter two draws on management control theory, contingency theory, and role theory as vehicles for building a better understanding of the roles of MAs. Management control theory seeks greater insights into the forces

shaping the nature of control in contemporary environments (see section 2.2). The theory has begun to accommodate a broader conceptualisation of control in organisations but further research is required on characterising this phenomenon, and particularly what part the roles of MAs play in this regard. There also appears to be little understanding of the consequences of the roles of MAs from a management control perspective. Commentators have identified the changing control environment within organisations and mandate more research on understanding this, and since MAs traditionally play an important part in the deployment of management control in organisations, the literature review suggests merit in attempting to expand understanding in this field.

Contingency theory suggests that developing an understanding of influences on the roles of MAs as contingent factors might lead to the identification of where an appropriate 'fit' occurs around such roles and their context (see section 2.3). Contingency theory would also predict that characteristics relating to the roles of MAs may be contingent factors, where an appropriate matching of these characteristics in context might occur. Contingency theory in management accounting has largely focused on quantitative analyses of relationships between contingent variables, MCSs and organisational outcomes, as opposed to examining the roles of MAs in the context of those systems.

Role theory predicts that those occupying roles, MAs, are influenced by the expectations of others with respect to those roles (see section 2.4). Role theory also identifies the characteristics of those occupying roles as playing a part in the outcomes of such roles and in shaping the expectations placed on such roles. As noted earlier, relatively little is known of the consequences of the roles of MAs but role theory would predict that there may be conflicts and ambiguities associated with the roles of MAs with respect to the extent that they meet the expectations of OMs. Role theory in management accounting research has remained largely unvisited since the early work of Hopper (1980) and Sathe (1982).

8.4 Summary of literature review: empirical research

The literature review in chapter three presented the contextual and broader background of the changing nature of the finance function (see section 3.2 and 3.3)

and within this function, the defining of the roles of MAs (see sections 3.4 and 3.5). There is a very strong distinction drawn out in the literature between the roles of MAs as custodians and mediums of financial accounting and control in organisations, while also acting as members of cross-functional, project and management decision making teams (see section 3.7). A range of potential antecedents to the roles of MAs are noted including management expectations, corporate emphases, MA career paths, having an accounting advocate, management backing for innovations, common understandings with other functions, and the skills and characteristics of the MAs themselves (see section 3.9). The literature indicates mixed evidence regarding the impact of management accounting innovations (see section 3.10) and IT innovations such as ERP systems (see section 3.9), and firm ownership (see section 3.11).

Chapter three highlighted a number of characteristics that could be linked to the roles of MAs drawing on empirical research and some professional observations (see section 3.12). Characteristics noted as important to the contemporary roles of MAs include business knowledge, interpersonal and communication skills, flexibility, physical location, perceptions of the roles and analytical abilities, often linked to the model of the MA as a business partner (see section 3.5). Empirical research is somewhat contradictory in finding that some MAs apparently possess these characteristics, while others do not (see sections 3.7 and 3.12.1). The literature notes characteristics linked to the provision of useful management accounting information, such as relevance, accuracy, timeliness, orientations (e.g., past/future, financial/non-financial, summary/detail) and innovations (e.g., new techniques, frameworks) but finds evidence that there is scope to improve such provision, and that there is a need to understand what roles MAs play in this activity.

There has been sparse research on the consequences of the roles of MAs and the limited literature research to date suggests some uncertainty as regards these consequences. Thus, there is mixed evidence regarding the relevance of management accounting information to OMs, and about MAs moving to the model of the business partner underpinning the need to understand the actual consequences of these roles. In addition much of the research to date has a normative and professional orientation (Scapens *et al.*, 1996; Burns *et al.*, 1996; IMA, 1996; Sheridan, 1997; Jablonsky and Keating, 1998; Burns *et al.*, 1999; IMA, 1999; Burns and Yazdifar, 2001; Siegel *et*

al., 2003a, 2003b). The literature does note that there are likely role conflict consequences for the roles of MAs in not meeting the expectations of managers (Hopper, 1980). There is also mixed evidence on the balancing of roles between control and decision support where some argue that more independence can lead to better control (Simon *et al.*, 1954; Keating and Jablonsky, 1991) and others show that increased involvement can lead to enhanced control (Maas and Matějka, 2009), or that there are merits and challenges to the positioning of roles on the involvement-independence continuum (Sathe, 1982).

8.5 Phase one and two findings and literature gaps

This section presents a summary of the key findings from phase one and two of the study with respect to the objectives for both phases as outlined above. It identifies how these findings address, or partially address, gaps and contradictions in the existing literature and also draws on the three theoretical lenses.

In a collective sense for these objectives, the study provides a comprehensive picture of the roles of MAs as illustrated in figure 7.1 in section 7.2 which addresses a gap in the literature in this regard. There is a very limited and fragmented literature on the roles of MAs to date (Anthony, 1989; Young, 1996; Chapman, 1997; Chenhall, 2003, 2007). As this overall perspective on the antecedents, characteristics, and consequences associated with the roles of MAs is new to the literature, future research might usefully develop on this (see section 8.8).

8.5.1 Antecedents to the roles of MAs in assisting OMs in their roles

The study provides in-depth evidence of an extensive range of antecedents relating to the roles of MAs and in so doing identifies contingent variables relating to these roles. This addresses a gap in that contingency theory-based research has usually only considered a limited number of factors through quantitative methods (Fisher, 1995, 1998) and frequently with respect to performance as an outcome variable (Chenhall, 2003, 2007) as opposed to directly relating contingencies to the individual (the MA) which may have implications for performance. Antecedents to the roles of MAs in the form of contingencies, most of which are associated with assisting OMs in the performance of their roles, can be expressed in propositional form as follows:

- 1) The presence or absence of a head office is associated with the scope for MAs to assist OMs in the performance of their roles.
- 2) The presence or absence of a head office is associated with the directness of the impact of the environment on the roles of MAs.
- 3) SOX legislation is associated with the scope for MAs to assist OMs in the performance of their roles.
- 4) Management as an antecedent to the roles of MAs has a number of contingencies within it:
 - a) Managerial style and discretion is associated with the scope for MAs to assist OMs in the performance of their roles.
 - b) The financial abilities of OMs are associated with the scope for MAs to assist OMs in the performance of their roles.
 - c) The OM's function is associated with information requirements specific to that particular function.
 - d) The OM's awareness and understanding of the roles of MAs is associated with the scope for MAs to assist OMs in the performance of their roles.
 - e) The FM is associated with the scope for MAs to assist OMs in the performance of their roles.
- 5) The larger the organisation the less MAs are informed of their business operations and environment.
- 6) The control roles of MAs are easier if the culture of the organisation is receptive to the implementation of controls.

- 7) The more MAs are aligned to assist OMs in specific functions, the better assistance OMs receive in the performance of their roles.
- 8) The individual orientation and characteristics of MAs are associated with the scope for MAs to assist OMs in the performance of their roles.

These propositions indicate the associations found in the data of this research and represent an initial step in addressing these gaps in the literature. The research to date on many of these contingent factors in regard to the roles of MAs has been very limited and inconclusive and so in order to further address these issues a wider sample examination of some of these contingencies is recommended (see section 8.8). One limitation of contingency theory is the presumed acceptance of conditional alignments in particular contexts e.g., the roles of MAs are contingent upon some particular condition or situation in a particular context but the MAs are unable to alter this conditional, matching maximising theoretical principle. Counteracting this limitation, and justifying the taking of a multi-theoretical perspective in this study, is the examination of role theory (Kahn *et al.*, 1964; Katz and Kahn, 1978). This theory seeks to explain the behaviour of roles through the expectations (i.e., an antecedent) placed on roles but also accommodating the influence that role occupants may have on these expectations through their characteristics and interpersonal relationships.

8.5.2 Role expectations as antecedents and assisting OMs in their roles

Role theory's (Kahn *et al.*, 1964; Katz and Kahn, 1978) prediction of role behaviour (of the MAs) being influenced by the expectations of others (the OMs) was strongly supported in the findings with evidence showing that management or OMs were strong antecedents to the roles of MAs, confirming Hopper (1980) and Sathe (1982). The analysis of the expectations of OMs in the context of MAs provides evidence with respect to a gap in the literature in this area, and it has been over 25 years since Hopper (1980) investigated OMs' expectations of MAs. From an expectations perspective, this study extends Hopper's work in providing an in-depth analysis of the specific control and decision support expectations for each OM, and in the detailed examination of management reports. This study investigates the expectations of OMs as being unique to each OM, and did not seek to establish those common across OMs to facilitate quantitative analysis, as in Hopper (1980). Furthermore, in this study all

MAs reported into the financial hierarchy and were not adjacent to the OMs that they were linked with, while in Hopper's (1980) work only four of the 12 MAs were centralised. While Hopper (1980) found variation across the alternative structural arrangements (e.g., OMs' expectations being met more in decentralised arrangements) this study found variations in MAs meeting OMs' expectations across the same structural arrangement. Table 8.1 provides a summary of the control and decision support expectations of OMs alongside the associated attributes of reports and information, and dimensions of the roles of MAs in these contexts.

Control expectations	Control information	Control role
<ul style="list-style-type: none"> • Jointly prepare plans and forecasts • Provide performance analysis • Some variances not analysed • Flexibility of budgeting in context • Interaction on operations teams 	<ul style="list-style-type: none"> • Head office imposed report templates but some subsidiary reports relevant to OMs • Attributes: summaries, simple, graphical, financial/non-financial, key indicators, timely, accurate • Some detailed reports often quickly reviewed for overall position and trends – attention focus helpful • Linked to decision making • Some reports of little or no value to OMs 	<ul style="list-style-type: none"> • Provides the foundational structures e.g., 'cost drivers', 'templates' • Interaction gives understanding of control in context • Contributing in operations meetings • Interaction linked to variances from budget • Interpersonal skills and MA-OM interaction linked to better control outcomes
Decision expectations	Decision information	Decision role
<ul style="list-style-type: none"> • Business understanding • Initiative taking • Recommendations • Relevant information • Stronger approach to addressing issues 	<ul style="list-style-type: none"> • OM-driven • Specificity • Non-recurring but may become routine • Some of high relevance • Flexible design • Non-financial, future and strategic orientation • Necessitating interaction • Some reports of little value 	<ul style="list-style-type: none"> • Contribution in operations meetings • Need business understanding and relevant information to contribute • More involvement on the floor or in the field • Good working relationships

Table 8.1 – Summary of expectations, information attributes, and the roles of MAs

Role theory predicts an impact on the role behaviour of the focal role from the role expectations of others. The model (see section 2.4) depicting role theory's predictions focuses on role senders as a collection of individuals, each exerting a direct influence on the focal role through each role sender's expectations of the focal role. This study

has found that that the focal role (i.e., the MA) is influenced, as per the theory, directly by a role sender's expectations but also indirectly through role sender's expectations being conveyed through another role sender e.g., the intermediary transmission of OMs' expectations via the financial controller. The findings support role theory's distinction between the sent role (expectations from role sender) and the received role (the focal role's interpretation of these expectations) as there was variation in the extent that these were aligned.

Role theory does not adequately account for the influence of the external environment on the roles of MAs. This was perceived as influencing the roles of MAs directly in smaller and independent manufacturing firms in phase one and indirectly for MAs in large subsidiary organisations in phase one and two. The theory was also found to not address the impact that role senders' (i.e., OMs) understanding and awareness of focal roles (i.e., MAs) has on the expectations that they have of those in focal roles. Role theory also predicts that focal role occupants can impact upon the expectations of role senders that are directed towards the MAs, through the characteristics and interpersonal relationships of MAs. The findings supported these predictions: characteristics and relationships of MAs most meeting OMs' expectations appeared to relate to OMs' expecting more from these MAs (e.g., AO1 and AM1, BO3 and BM3). However, this influence was found to be weak with some OMs seeking MAs to exert more influence over them and in one case, BM3 was unable to alter OMs' expectations of a management report. The noted unfulfilled expectations of OMs in the study all point to conflicts (see section 8.5.4) as role theory predicts in the non-fulfilment of the expectations of role senders. It also reinforces some differences between the role signals sent and their interpretation or in role theory terms, differences between the sent role and the received role.

In investigating sent and received roles, the findings also address a gap in the literature in drawing on the perceptions of both accountants and managers. While phase one did not link specific MAs with specific OMs some perceptual differences were noted e.g., on how flexible MAs were, on the value of their contribution and their role in decision making, and on the characteristics and consequences of the roles of MAs in a broader context. Phase two notes perceptual differences in relation to specific MAs and OMs (see section 7.3.2.9). Perceptions were more similar when

expectations were either very high (e.g., BO3 and BM3) or very low (e.g., EO and EM) but more adrift between these points. There was a tendency for most MAs to define their roles in information provision terms, as ‘messengers’ [DM2], when OMs wished for MAs to be much more actively and assertively involved: ‘part of my function’ [BO1] and ‘based in the business’ [DO1]. The extent that MAs did not meet the expectations of OMs has been discussed previously but it adds to these perceptual gaps noted here. In highlighting these gaps, the study supports previous studies identifying perceptual gaps between MAs and OMs (Jablonsky *et al.* 1993; Pierce and O’Dea, 2003) and further research would be merited using this design (see section 8.8). The extent that MAs meet the expectations of OMs also partially addresses the gap in the literature on some of the contradictions regarding the variation in the extent that MAs are assisting OMs in their roles.

Sathe’s (1982) analysis was largely of the expectations of corporate management and controllers as impacting on the involvement of controllers and pays less attention to the individual characteristics of controllers. These characteristics have been included in this study and have been found to relate to the extent that MAs assist OMs in the performance of their roles. The findings also challenge Sathe’s (1983) framework on controller roles (*involved, independent, split, and strong controller*) where the independent controller, being more removed from operations, is more appropriate where there is greater focus in the organisation on the integrity of control systems and financial reporting. The findings of this study indicate some evidence of contexts in which more involvement, as opposed to independence, can lead to more effective control. This is discussed further in the next section on management control.

8.5.3 Management control and the roles of MAs and assisting OMs

From a management control theory perspective the findings address a gap in the literature regarding understanding control in contemporary contexts (Otley, 1994; Scapens *et al.*, 2003). The findings indicate that control theory’s emphasis on the mechanisms of control may have less merit than understanding how control systems are used, following the work of Simons (1995) as table 8.1 illustrates that interacting was an expected part of the control role for MAs. The recurring themes from this study provide evidence suggesting that more effective control may be associated with more involvement of MAs with OMs (see sections 5.3.1.5, 5.3.1.7, 5.4.1.2, 6.5, 6.9,

and 7.3.2.4) which questions the previous conclusions in the literature on control being associated with being somewhat removed and not involved with OMs (Simon *et al.*, 1954; Sathe, 1982; Keating and Jablonsky, 1991; Sutthiwan and Clinton, 2008). The findings however find support in Maas and Matějka's (2009) very recent findings on divisional involvement leading to more control. The specific ways in which more involvement of MAs was found to lead to more effective control in the findings included: MAs being able to detect control issues at an earlier point in time, MAs having more scope to challenge OMs, OMs being more prepared to be more open about control issues, MAs by possessing business knowledge could better evaluate control in an operational context, MAs designing customised control reports, OMs more readily accepting control measures, and a more shared understanding of control in the wider context, as IF noted 'control is easier, everyone understands...there to work with them'. Further research is needed to better understand how the interaction between MAs and OMs can lead to control outcomes (see section 8.8). The study does support Sathe's (1982) notion of the 'strong controller' in the need to possess certain characteristics in performing the combined role of control and decision support.

OMs expected some flexibility from MAs in budgetary control systems and an understanding of this in a broader business context, which implies the need for a more fluid model of control than the more routine form depicted in the cybernetic model (Otley and Berry, 1980). The findings also highlight two factors that may explain the effectiveness of this model of control. Firstly, it may depend on how the MA engages in the control process (e.g., seeking explanations, error checking versus contributing to the wider control process). Secondly, the finding that some control reports were of little or no value to OMs suggests that control may be presumed to be effective given the existence of the feedback mechanisms but are not actually being effective. SOX was perceived as a strong antecedent to the roles of MAs in US subsidiary firms, which enlarged the control roles of MAs. While SOX appears to have strengthened the control environment in the study, it does raise questions regarding its impact on achieving organisational objectives, which in control theory terms is the ultimate purpose of control (Anthony, 1965; Otley and Berry, 1980; Flamholtz *et al.*, 1985). The implications of SOX and its consequences merit further research (see section 8.8).

As there is little literature on the roles of MAs and the consequences of these for management control, the findings in this study adds to this gap by indicating that the involvement of MAs can lead to consequences for improved performance, better planning and control, enhanced information provision and decision making (see sections 5.4.1, 5.4.2, 6.5, and 6.9). This involvement of MAs with OMs was also found to lead to a number of conflicts and ambiguities for the roles of MAs with implications for assisting OMs in their roles which is discussed in the next section.

8.5.4 Role conflicts and ambiguities for MAs and assisting OMs in their roles

This research has addressed gaps in the literature on the consequences for the roles of MAs through the lens of role theory (Kahn *et al.*, 1964; Katz and Kahn, 1978). In total 14 role conflicts or ambiguities are identified as consequences for the roles of MAs (see detailed summary in section 7.6). Many of these add to the literature as these conflicts or ambiguities have not been published in previous research e.g., conflicts in MAs seeking to assist OMs but being unwelcome, having to sell the roles of MAs, conflicts in the MAs' approach to involvement, conflicts and ambiguities with the FM and head office requirements, while also attempting to assist OMs in their roles. While these conflicts and ambiguities relate to MAs, most have implications for assisting OMs in their roles.

Where there are similarities to previous studies – i.e., Hopper (1980) and to a lesser extent Sathe (1982), who focused more on the corporate controller – the findings were not very consistent. This study notes excessive involvement, conflicts regarding the characteristics of MAs, and ambiguities and conflicts associated with FMs, all of which contrasts with Hopper's work. Consistent with Hopper (1980) the expectations of OMs remained unfulfilled and reporting duties tended to dominate to the detriment of assisting OMs in their roles. Phase one lent support to Sathe's (1982) 'strong controller' role but phase two did not, with MAs attributing this more to the FM level with some MAs recognising that they could be stronger in their roles. Role theory, in its exposition of the unmet expectations of OMs as noted earlier, provides a number of insights into the roles of MAs in moving to the model of the business partner which is discussed next.

8.5.5 The roles of MAs and the model of the business partner

Through the evidence gathered on the extent that MAs were meeting the expectations of OMs in the performance of their roles, these findings also partially address the contradictions in the existing literature in that some MAs appear to be moving towards the model of business partnership, while others do not appear to be doing so. Those MAs who were meeting OMs' expectations the most could be aligned to moving towards the model of business partnership, while those who were not doing so, or where OMs had little or no expectations of them, can explain why some of the evidence in the literature is contradictory. The 'case' MAs that appeared to most meet OMs' expectations were AM1, AM4, and BM3 and those that partially meet OMs' expectations were AM2, BM1, CM, DM1, and DM2, while those MAs who did not meet expectations or from whom little was expected were AM3, BM2, BM4, and EM. The characteristics associated with these groupings of MAs in the extent that they were meeting expectations of OMs was summarised in section 7.4.1.5. The extent that each MA assisted each OM in their roles was summarised in section 6.17 across the three dimensions of impact, information, and interaction. Thus, with regard to the contradictions in the literature on the roles of MAs moving to the model of the business partner the findings of this study can explain why such variation might exist in previous studies (see section 7.9). In summary, the study concludes that the following factors may explain these contradictions:

- 1) The MA's capacity to assist OMs in their roles e.g., head office requirements, regulatory compliance (i.e., SOX) and the FM;
- 2) The individual characteristics of the MA e.g., understanding of the business, interpersonal skills, the ability to contribute and challenge members of cross-functional teams, taking initiative and the MA's 'hunger' [HO] and 'willingness' [AO2] to get involved;
- 3) The ability of the MA to provide and interpret relevant and timely information in a broader organisational context;
- 4) The approach the MA takes in interacting with OMs e.g., 'corporate person...watching the errors', 'big brother', using the 'spot light', 'meddling'

versus being 'collaborative' and there to 'add value', giving 'directional guidance', and making 'suggestions';

- 5) The MA may have a strong disposition towards either financial accounting or decision support roles;
- 6) The understanding that MAs have of the requirements of OMs to assist them in their roles, which may be related to the extent of interaction between MAs and OMs, and MAs' exposure to the wider business operations;
- 7) The variability in OMs' expectations and the MAs' ability to adapt to these e.g., different levels of awareness of the roles of MAs, different managerial preferences regarding interaction with MAs, different expectations regarding the provision of information, different levels of financial acumen; and
- 8) The prescriptions of role definitions and the activities MAs are involved in e.g., some MAs were involved in projects, strategic activities, and non-routine reports, while others were more involved in operational accounting activities and routine reports with each expressing a preference in this regard.

The study supports different classifications of the roles of MAs (see section 3.5. and 3.7) and that the roles of MAs as business partners is one that is evolving (Brignall *et al.*, 1999; CIMA, 2007, 2009). The study also provides a template of the roles of MAs, from phase one (see section 7.7), as the Engager, the Uninvited Guest, the Outsider, and the Salesperson which marries different approaches MAs take to involvement with OMs and variability in OMs seeking involvement. Phase two found further support for the template (see section 7.8) but applied a more fluid interpretation of the roles of MAs as being less rigidly associated with one particular profile as they varied according to activities, timing, and use of reports. These analyses add to the literature in broadening the frequently cited dichotomy of MAs as 'bean-counters' and 'business partners' or titles akin to these depictions (see section 3.5) to include the Uninvited Guest and Salesperson. It can be concluded from the template that the Engager most reflects the model of the business partner in the

literature and that the roles of MAs in any other quadrant are not fully assisting OMs in the performance of their roles.

8.6 Parameters framing the interpretation of this research

In the making of any conclusions from research it is imperative to state the parameters governing the interpretation of that research. The study has associated merits and limitations that are now highlighted.

8.6.1 Merits of the study

The study has merit in its focus on the roles of MAs and while it recently has been receiving more attention in the literature, this literature has produced some fragmented, incomplete, and inconsistent results, and little if any theoretical analysis of these roles. The model of the business partner for the roles of MAs has continued to be mandated in both the professional and academic literature.

The methodological approach adopted in the research has merit in its planning, design and operationalisation. While the design was predicated upon appropriate investigation of the research objectives, the overarching qualitative approach represented a less mainstream design to the quantitative designs that dominate in the accounting literature. The merits of the qualitative design for this research included the capacity to acquire insights and an in-depth understanding of the roles of MAs in the context of their roles in contemporary manufacturing settings. The cross-sectional potential, while limited by the qualitative design that trades breadth for depth, offered some scope for cross-sectional analysis of roles. In phase one the cross-sectional design (Lillis and Mundy, 2005) facilitated the building of a more holistic (Patton, 1990) picture of the roles of MAs and it also facilitated capturing insights regarding noted inconsistencies in the literature. In phase two, the concentrated focus on the roles of MAs from the perspective of assisting OMs in the performance of their roles was possible by using the case (i.e., the MA) approach. The merit of this approach was it permitted the gathering of specific and corroborating data in the form of interviews and management reports produced by MAs.

The inclusion of perceptions of OMs in both phases of the research mitigated the potential for bias from a one dimensional perspective on the roles of MAs by MAs. In

phase two there was a matching effect as MAs were asked to identify those OMs who influenced their roles the most. This facilitated a direct comparison and validation of perceptions of the actual roles of MAs enacted in organisations.

Some claims can be made regarding the rigour injected into the different phases of the research process (see section 4.7.3) which included data management and collection ‘protocols’ (Yin, 1994), interview guide design, informed consent for access including anonymity arrangements, interview recording, transcription and validation, the keeping of a reflective research diary, and a pre-planned and detailed systematic approach to qualitative data analysis. There was also some merit in the openness and trust that was demonstrated in the provision of extremely sensitive management accounting information. The study cannot, and does not, make claims regarding any generalising of the results beyond those to whom the data relate but it does attempt to generalise to theory (Yin, 1994) in the form of three theoretical lenses in moving from the empirical sphere back to the theoretical sphere and to make ‘naturalistic’ generalisations (Stake, 1978; Lincoln and Guba, 1985).

8.6.2 Limitations of the study

This research was conducted within a qualitative mode of enquiry and thus any interpretation of its results must be understood within the nature of this approach. Thus, the very small sample size taken, and its taking as a convenience sample, severely curtails any claims regarding the sample being representative and in no way enables the researcher to make any claims regarding the wider population of MAs or any statistical inferences in that context. The organisational context of the research is the investigation of the roles of MAs in medium and large manufacturing firms and thus the findings must be viewed through such a context. Also the nature of the manufacturing firms – largely production-oriented MNE subsidiaries – resulted in OMs being primarily from production functions e.g., only three of the 12 MAs in phase two were in companies with sales and marketing functions (Company D and E).

While alternative research designs were evaluated and dismissed in favour of a qualitative approach, the methods employed with this approach have limitations including interviewer bias, reliability of documentation, defining boundaries, ethical considerations and claims that such designs are poorly conducted, take considerable

time to undertake, and produce copious and inaccessible output (Scapens, 1990; Yin, 1994). Although these limitations cannot be completely eradicated the researcher addressed them in the context of the design rigour documented in chapter four.

Phase two of the study involved interviewing an OM that the MA identified as most influencing their roles. It is acknowledged, and confirmed in the findings, that MAs were influenced by a number of OMs. Therefore the findings are limited by not including all OMs that may influence the roles of MAs. However, as noted in section 6.4, and detailed in appendix G, many of the OMs that MAs identified as those most influencing their roles were not primarily OMs but FMs. Further, it must also be recognised that there was some potential for OMs to be reticent in critiquing the roles of the MAs linked to them as OMs had working relationships with these OMs. However, to counter this limitation the design is based on an established role theory methodology and OMs did present some criticisms of the MAs linked to them.

8.7 Practical implications

Published accounting research has been noted as not being accessible to practitioners. Leisenring and Johnson (1994) state that ‘researchers need to do a better job of communicating with practitioners’ (p. 76) and in examining ‘real-world phenomena and finding relationships’ (p. 78) that can be useful for practitioners. With this in mind, this section aims to distil the central messages from this research for MAs:

- 1) Assisting OMs in the performance of their roles was found not to be straightforward in this research raising questions therefore on the much-mandated move to the business partner model for MAs. There is a need for MAs to be aware of the variability in the expectations of OMs which includes different styles, different functional information needs, different involvement expectations, different approaches to using management accounting information, and different levels of financial acumen, and awareness and understanding of the roles of MAs. This requires the MA to be highly adaptive and sensitive to these nuances in providing assistance to OMs in their roles.
- 2) The roles of MAs face challenges in providing assistance to OMs in the performance of these roles in highly regulated (i.e., SOX) subsidiary

environments as the additional regulatory burden appears to have increased the MA's workload which has displaced some scope for MAs to assist OMs, as firms did not recruit additional resources to satisfy these requirements. Further, the impact of SOX was perceived negatively by both MAs and OMs. Also, many MAs were found to spend considerable time in the preparation of management reports, and particularly for MAs in MNE subsidiaries. The roles of MAs were mainly oriented towards meeting the requirements of head office, and consumed a sizeable portion of the MA's time, time that was not being used to directly assist OMs in their roles. Both SOX and spending a lot of time on report preparation challenge the scope of MAs to assist OMs and the move towards the model of the business partner. Thus, there are resource implications associated with these requirements. Perhaps innovations in IT (e.g., business intelligence tools (CIMA, 2008)) might address some of the reporting requirements given that interviewees perceived their systems as generally poor.

- 3) MAs who operate on management decision making teams, and also maintain the integrity and objectivity of accounting and control systems require a set of very specific characteristics which include: interpersonal and communication skills, a strong personality, competence in accounting combined with solid business understanding, proactiveness, and flexibility. Some MAs may need to raise their profile in organisations as there was evidence in this research that some OMs did not understand the roles of MAs, or the potential of these roles to contribute to assisting OMs in their roles. These capabilities and skills could be considered in the design of management accounting educational curricula and professional development.
- 4) This study has highlighted an extensive range of role conflicts and ambiguities that MAs may face in the enacting of their roles, and in moving towards the model of the business partner. These conflicts and ambiguities raise questions about the MA's preparedness to deal with these from a professional perspective – which relates to some of the characteristics noted in the preceding paragraph – and also in educational settings.

5) Management accounting information provision should be evaluated from the perspective of its value to OMs. This research has highlighted that some information provided is of more value than other information to OMs and that there may be some redundancy in the information provided. Information that was attributed more value by OMs included that which MAs could discuss interactively, on the foundation of the MA's business understanding, having characteristics such as timeliness, relevance, focus-oriented, flexible design, and a user orientation in terms of graphical and simple presentation and commentary. The distinction between routine and non-routine reports may have implications for the roles of MAs in practice. It was often found that MAs involved in producing certain non-routine reports were meeting the decision support expectations of OMs, and were aligned more with the model of the business partner, while it was more variable for MAs primarily involved in the production of routine reports.

8.8 Future research

This study investigates the antecedents, characteristics, and consequences associated with the roles of MAs and the extent that antecedents and characteristics have consequences for assisting OMs in the performance of their roles. A number of recommendations can be made regarding trajectories for future research.

The study produced a comprehensive picture of the roles of MAs, showing the antecedents, characteristics, and consequences associated with these roles and related specific antecedents and characteristics to consequences for assisting OMs in the performance of their roles. As this overall perspective on the roles of MAs is new to the literature, further research could examine its applicability across a wider sample of manufacturing firms or examine it in the context of the roles of MAs in other sectors such as the services sector. The picture taken in this study is also of a static nature so any research that could capture longitudinal dimensions of these factors would also be of merit.

This research has found that MAs are producing some reports that play an important role in assisting the control and decision needs of OMs but also has revealed that MAs are producing reports that are detailed beyond requirement or of little or no value to OMs. Future research could examine these latter set of reports in organisations to

better understand the forces shaping these, the rationale for their existence, and the roles of MAs, and OMs, in their context.

OMs have been a central point in the investigation of the roles of MAs as it is the expectations of OMs that MAs seek to address. However, considerable variability was observed in these expectations whether in regard to information needs, information use, or attitudes to involving MAs, which ultimately suggests conflicts and ambiguities for MAs moving to the model of business partnership. Research in the future could seek further insights into understanding the interfacing between OMs and MAs, and the implications for accounting education ought to be considered as trainee MAs are likely to encounter these issues.

With the perceptions of MAs and OMs in this study indicating that an increasing regulatory environment challenges moving towards the model of the business partner for MAs, further research could usefully explore this line of investigation further. The SOX legislation is relatively new and so it is perhaps early to be speculating about its potential to impact upon the roles of MAs. Perceptions captured in this study are sufficient to mandate further research on whether it will have a temporary or permanent impact on the roles of MAs, and on determining its impact on the roles of MAs in a broader context.

Many firms had not implemented many of the recognised management accounting innovations identified in the literature, and only two were about to implement BSCs. An interesting area to explore further would be how the associations observed in this research relate to the roles of MAs in organisations that have adopted management accounting innovations.

The influence of corporate head office on subsidiary firms was identified as detrimental to MAs assisting OMs in the performance of their roles because of a heavy reporting burden being placed on the MAs. Research could usefully focus on the reporting requirements of corporate head offices in view of the apparent cost of meeting these i.e., sacrificing assisting OMs in the performance of their roles. Such a study would require access to both head office and subsidiaries.

The roles of FMs (directors, controllers) were found to strongly influence the roles of MAs and thus, research addressing how these managers shape the roles of MAs is warranted. This research could examine the roles of FMs from the selection processes of MAs for particular roles and the development of these roles as they move from junior to more senior roles. A longitudinal design would be appropriate here.

The theoretical lenses used in this study lend themselves to further research on the roles of MAs. The findings on management control suggest that theoretical development of management control should take more account of how control is enacted through the roles of MAs, and seek to further explain how the interaction between MAs and OMs can lead to positive control outcomes. The contingency lens has identified a number of propositions (see section 8.5.1) that could be examined across a wider sample through quantitative analysis, and many of these have already been suggested for further research. Role theory has highlighted the extent that MAs do not meet the expectations of OMs and associated conflicts and ambiguities for the roles of MAs. Given the theory's scope to illuminate these concepts and the pivotal importance of these to MAs assisting OMs in their roles, further research within this theoretical frame could examine the expectations of OMs, and indeed FMs, in respect of a greater number of MAs, in different settings and also their characteristics over some timeframe. Included in this recommendation, would also be further research on the role conflicts and ambiguities that role theory has drawn attention to, with a view to understanding their wider prevalence, and the extent that these can be addressed.

8.9 Contribution

The claims regarding contribution are made in the context of the merits and limitations of the study as outlined in section 8.6. The contribution of the study is as follows:

- 1) This research offers a holistic perspective on the roles of MAs in presenting a more comprehensive depiction and in-depth analysis of these roles which includes the antecedents, characteristics, and consequences associated with the roles of MAs (see section 7.2 and figure 7.1) which hitherto fore has not been presented in the literature. This, in perhaps a small way, attempts to address the observations

that much of management accounting research is fragmented in nature.

- 2) Using the contingency theoretical lens the study makes a contribution in using a qualitative approach to understand a number of contingencies relating to antecedents to the roles of MAs. The study shows that contingent variables pertinent to the extent that MAs assist OMs in the performance of their roles include: the presence of a head office, SOX, the OMs in their styles, discretion, financial abilities, functions and awareness and understanding of the roles of MAs, the FM, the alignment of MAs to operational functions, and the orientation and characteristics of individual MAs.
- 3) The theoretical lens of role theory facilitated the investigation of the antecedent of the expectations of OMs. While confirming the theoretical prediction of the impact of expectations on behaviour and bringing similar but somewhat dated work into contemporary contexts, the study makes a contribution in its in-depth analysis of the control and decision expectations of OMs as regards the involvement of MAs, and the information they provide, and the extent that MAs are meeting these. This analysis has addressed a gap in the literature in explaining some of the contradictory findings on why only some MAs are moving towards the model of business partner. The study has highlighted aspects that are not adequately addressed in role theory including the intermediary transmission of OM expectations through the FM, the impact of the external environment, and role sender's understanding and awareness of the roles of MAs. The theory has also facilitated the garnering of a deeper understanding of the unfulfilled expectations of OMs regarding MAs assisting them in the performance of their roles, as sent roles were not always in synch with received roles. The study also shows that the move to the model of the business partner is not a matter of only being driven by managerial expectations as the findings show in support of role theory, that the characteristics of the MA and their interpersonal relationships impact upon the expectations that OMs have of MAs.
- 4) From a management control perspective the study contributes to the literature by finding greater merit in understanding how the roles of MAs are involved with OMs in the deployment of management control as opposed to focusing on the

tools of management control. There is very little in the literature on the consequences of the roles of MAs, and this study addresses this by providing an in-depth analysis of a range of consequences. Contrary to the major thrust of the control literature, this study finds that the involvement of MAs may lead to more control. The study also makes a contribution to the control literature in indicating factors that may moderate the effectiveness of control systems which are flexibility, how MAs get involved in the control process, and how, and indeed sometimes if, control reports are used. The study has brought some early evidence to the literature on the emerging impact of SOX, which warrants further research.

- 5) The role theory lens also highlighted a range of role conflicts and ambiguities for the roles of MAs which makes a contribution to the literature in a number of respects. Firstly, a number of role conflicts and ambiguities were identified as being new to the literature. Secondly, similar studies are somewhat dated and this study brings these up to date and while confirming the continued prevalence of some conflicts (e.g., unmet expectations, primacy of reporting duties), differences emerged regarding excessive involvement, conflicts regarding the characteristics of MAs, and conflicts in combining control and decision support roles. Thirdly, new conflicts and ambiguities also emerged by including FMs in the study. Fourthly, the extensive range of conflicts and ambiguities also address the contradiction in the existing literature on the variability in the adoption of the model of the business partner as these make such adoption more difficult and uncertain.
- 6) The study makes a contribution to the literature in regard to the roles of MAs moving towards the model of business partnership and away from the traditional notion of the bean-counter. The 'case' analysis of MAs delineated the extent that different MAs were meeting the expectations of OMs and in so doing revealed important dimensions of assisting OMs in their roles and in moving towards the business partner model. These dimensions relate to constraints on MAs' capacity to provide decision support and a range of characteristics of MAs and OMs. The study also extends the business partner-bean-counter dichotomy by including the Uninvited Guest and Salesperson in this analysis.

- 7) The study has made a contribution through its research design in a number of respects. In the employment of the qualitative approach, an approach not prevalent in the accounting literature (see section 4.3), an in-depth understanding of the roles of MAs, and their roles in assisting OMs, was made possible. The inclusion of OMs as well as MAs in the study facilitated obtaining a financial and non-financial perspective, again not common in accounting research. The taking of a two-phase qualitative approach makes a contribution to the literature as it permitted an analysis of the breadth of factors relevant to the roles of MAs in contemporary settings (phase one) and then a deeper investigation of a reduced set of these factors (phase two). The adoption of role theory methodology in the linking of specific MAs to specific OMs also makes a contribution in the literature as it has not been used in a similar way since the work of Hopper (1980), and the design in this study has some original features such as including FMs as role senders and in taking a more qualitative application of this methodology than in previous research.
- 8) The approaches taken to the analysis of qualitative data in the study also makes a contribution to the literature. While both phases were heavily informed by the literature on qualitative data analysis, two different approaches were used (see section 4.9.3). This enabled the researcher to evaluate the merits and challenges of taking a more manual and nuanced approach in phase one with the merits and challenges of taking a more software-centric approach in phase two. The conclusion from this study is that the decision to use, or not use, such software is marginally in favour of using the software-centric approach but it is not a clear cut one, and it requires a weighing up of a number of factors.
- 9) The study makes a contribution to the practice of MAs (see section 8.7). The management accounting profession in many countries has been endorsing MAs adopting the model of the business partner. This study finds that adopting such a model is far from straightforward for many reasons including: the variability in the expectations of OMs, the necessity for MAs to possess a range of characteristics to adopt this model, and the existence of a range of conflicts and ambiguities associated with this model. Only three of the 12 'case' MAs in the findings were most meeting the expectations of OMs. The examination of

management reports makes a contribution to practice in that the findings mandate an evaluation of the effectiveness of current internal reporting practices.

10) The study makes a contribution in the combined use of three theoretical lenses as discussed separately above. This tripartite approach has little if any precedence in previously published management accounting research.

11) The investigation of the roles of MAs in this research occurred in Ireland and as such is adding to the very limited number of studies in this context. While the study does not draw out features of the roles of MAs as culturally distinct in an Irish context, it nevertheless involved an under-researched sample of MAs.

8.10 Summary and conclusion

The study investigated the roles of MAs in manufacturing settings. Phase one addressed the antecedents, characteristics, and consequences associated with these roles, and phase two addressed the extent that antecedents and characteristics associated with the roles of MAs have consequences for assisting OMs in the performance of their roles. Both phases employed a qualitative approach, and provided a number of insights into the antecedents, characteristics, and consequences associated with these roles, and to those factors relevant to assisting OMs in their roles.

Through the theoretical lenses of management control, contingency, and role theory the findings on the roles of MAs have illuminated: insights into control in contemporary settings, contingent relationships between these roles and their contexts, and many dimensions of the extent that MAs meet OMs' expectations and many conflicts and ambiguities around this interface. While each theory has its explanatory limitations, combining the use of three lenses somewhat mitigates these effects. The study has outlined important ramifications for MAs as practitioners and also useful trajectories for future academic research. The subject matter, the roles of MAs, is one that is as important as ever in assisting managers in the performance of their roles in difficult economic and competitive environments. It is also equally important in building the theoretical understanding of these roles in the literature.

Thus, the understanding of the roles of MAs represents an important nexus of interest to practitioners and to academicians.

What the overall analysis suggests is that the MAs movement to the model of the business partner is one fraught with conflicts and ambiguities, is far from assured and there are numerous factors relating to the MA, the OM, and external influences that may determine the extent of the adoption of this model, and the extent to which MAs assist OMs in the performance of their roles.

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Appendix A

Phase One Interview Guide

Appendix A: Interview guide for FMs and OMs in phase one

[Discuss purpose of research and broadly discuss present nature of business/industry]
[Stress that respondents' perceptions are being sought and contribution highly valued]
[Outline confidentiality guarantees and request consent to record interview]

A. Background information

- 1) What is your job title? _____
- 2) What is your position in the organisational hierarchy? _____
- 3) Briefly describe three of your key functional responsibilities? _____

- 4) Company turnover? _____
- 5) Number of employees? _____

B. Management accounting roles in general

- 1) How would you describe the role of the management accountant?

- 2) Where are management accountants most effective at making a contribution?

- 3) Do you think there is an appropriate balance or emphasis between the different management accounting functions?

C. Factors influencing the management accounting role

1) What factors determine the management accountant's role in your organisation?

[Probes]

- a. The organisation's business environment
- b. The organisation's ownership structure (self-managed/group company)
- c. The organisation's top management
- d. The organisation's middle management
- e. The organisation's 'strong' managers
- f. The organisation's size
- g. The organisation's structure
- h. The organisation's culture
- i. The organisation's IT systems
- j. The physical location of management accountants
- k. The accountant's background education and training

2) Any other factors you can think of?

3) What factors do you consider most influential?

D. Characteristics of management accounting roles

1) Describe the characteristics of an effective management accountant

[Probes]

- a. Information provider
- b. Information interpreter
- c. Decision maker

- d. Knowledgeable of the business
- e. Possess inter-personal skills
- f. Is a team player
- g. Is flexible
- h. Educates non-financial managers in financial matters

- 2) What are the most important characteristics of the management accountant?
- 3) What role does the management accountant play in business decision making processes?

[Probes]

- a. What decisions?
- b. How involved are management accountants?
- c. Would you like management accountants to be more involved?
- d. What decisions are accountants not involved in?

- 4) What managerial level of decision-making within your function are management accountants most involved at?

[Probes]

- a. Strategic / tactical /operational issues

- 5) What are the important characteristics of the management accountant from the perspective of control?

[Probes]

- a. Independence?
- b. Business involvement?
- c. Integrity?
- d. Analytical/technical skills

E. Management control systems and management accounting information

- 1) How would you describe the management control function (strategy, objectives, targets, feedback, rewards) in your organisation?

[Probes]

- a. How do the formal systems operate?
- b. What is the process?
- c. How are the management accountants involved?
- d. How do the informal systems operate
- e. Are they effective?
- f. Who is responsible for them?

- 2) What control tools or management accounting techniques are most used by your function?

[Probes]

- a. How are they used?
- b. How are they sourced?
- c. How are they least/most effective?
- d. Any accounting and control information that you are not satisfied with?

- 3) How do you use management accounting and control information?

[Probes]

- a. Used to check past performance?
- b. Used for decision making purposes?
- c. Used for forecasting purposes?
- d. Used for checking effect of previous decisions made?
- e. Are some uses more important?
- f. How is it used differently by managers in different functions or on different functions?

F. Consequences of management accounting roles for control

- 1) How does the management accountant's involvement in business decision making processes affect the operation of management control systems?

[Probes]

- a. Is management control better or worse? Why?
- b. Is control more shared? Who does the controlling?
- c. How does business involvement affect control?
- d. Is the use of management accounting and control information different?
- e. Are management accounting innovations easier to implement?
- f. Is satisfaction with management accounting different?
- g. How are functional relationships affected?

- 2) Is there a conflict for management accountants in being involved in business decisions, while also being responsible for the integrity and independence of control systems?

[probes]

- a. Why?
- b. How is it managed?
- c. Is independence required for control?

G. Other issues

Is there anything else that you feel is important in relation to the role of management accountants and the consequences of such roles? Other issues?

[Thank you for your time]

[Reassurance of confidentiality and seek consent for follow-up contact if required]

Appendix B

Phase One Invitation Letter

Appendix B: Phase one invitation letter to participate in study

Waterford Institute of Technology



Academic Research Study of the Finance Function

In regard to the academic study above I would like to meet with relevant personnel in your firm. I am presently undertaking doctoral research with Dublin City University and this research represents part of that academic research process. I am a faculty member of the School of Accounting and Economics of Waterford Institute of Technology and an associate member of the Chartered Institute of Management Accountants (CIMA). Prior to my present academic post, I was employed in a number of management-level accounting positions within Diageo plc, based in the UK.

The purpose of the research is to gain an understanding of the role of the finance function in contemporary firms from the perspective of senior management accountants within the finance function and also from the perspective of senior operating managers. A one-page summary detailing the aims of the study in more precise terms is provided below.

To gain adequate insights on the subject matter I wish to meet with at least one senior financial/management accountant and one operating manager (e.g., in production, marketing or sales, logistical functions). Typically a meeting will take less than an hour and will be arranged at the most convenient time for those participating.

All information provided will be treated in the strictest of confidences and complete anonymity is guaranteed. If you volunteer to participate in the research the findings and conclusions of the study will be made available to you.

Your contribution to this research will be immensely valuable to understanding the subject matter at hand and will be much appreciated. My telephone number at Waterford Institute of Technology is xxx-xxxxxx (mobile xxx-xxxxxxx) and my email address is xxxxx@xxx.xx. Thank you for your time in considering this request and I will be in touch within a few days of your receipt of this letter.

Yours sincerely,

Sean Byrne ACMA, MBS

Academic Research Study of the Finance Function

The overall study aims to build a better understanding of the changing role of the finance function in contemporary Irish firms based on the perceptions of those working within the finance function and the perceptions of those who work with the finance function.

The three primary objectives of the research are:

1. To understand the attributes of the finance function operating within contemporary organisations in Ireland. This entails the identification of the finance function role characteristics that are perceived as important and effective.
2. To determine what factors determine the particular shape that the finance function takes within contemporary organisations in Ireland. This involves the identification of the perceived influences or drivers of the present finance function roles.
3. To explore the consequences of the present finance function attributes in regard to the organisation's control systems. This objective considers the effects that the present finance function roles may be having on the organisation's management control function such as objective setting, budgets, performance measurement and management, and information flows.

Appendix C

Phase Two Interview Guides

Appendix C1: Interview guide in phase two: first interview with MAs

Interview guide [Management Accountant 1, focal role]

Date		Interviewee	
Time		Company	

[Discuss purpose of research]

[Stress that respondents' perceptions are being sought and contribution valued]

[Outline confidentiality guarantees and request consent to record interview]

A. Background information

- 1) What is your job title? _____
- 2) How long have you worked for this firm? _____
- 3) How long have you held this position? _____
- 4) What qualifications do you hold? _____
- 5) Who do report to? _____

B Focal role description

- 1) Please could you identify the major activities that make up your role

C. Major factors influencing the management accounting role

- 1) What do you consider to be the major influences on your role?

Themes for discussion
Head Office
Management – Financial
Management – Operating
Regulation
Individual

2) For **each** influence

a. How does this influence operate? Can you give me examples?

b. When is this influence particularly strong and what makes it so?

3) What do you consider most influential? Why? Examples?

D. Role definition sources

1) How do you know what you are supposed to do in this job? How do you find out about your responsibilities? _____

2) How do written documents like job descriptions, policy statements, memos, procedures help determine your responsibilities? _____

3) How do objectives determine your responsibilities? _____

4) What influence has your professional training had upon the determination of your responsibilities? _____

5) To what extent have you been able to define this job for yourself-to carve out your own area of responsibility, to make major changes in your activities? Examples? _____

6) Could you identify and rank the individuals that most influence your role?

Role senders name	Role senders position
1	
2	
3	
4	

E Involvement nature and expectations

1) How do you feel about interacting with operating managers?

2) What job activities require you to interact most with operating managers?

3) For these activities...

a. What influences the extent of your involvement? Examples?

b. How would you describe the purpose of your involvement? Examples?

4) What do you see as the major consequences of your involvement? Examples?

Themes for discussion
Decision making and control impact
Quality, use, and value of accounting information
Role conflicts
Need to sell the roles of MAs

5) What are your perceptions of operating managers expectations regarding your interaction with them

6) Anything distinguishing when more/less involvement is sought of you?

7) When or where is involvement easiest or hardest? Examples?

8) Do you notice any differences between operating managers regarding involvement expectations? _____

9) Have you had to explain to managers that there is merit in having you involved? Why? _____

10) Have you ever perceived that your involvement was restricted in any way?

F Role stress, ambiguity and conflict

Stress

1) How stressful do you find your job? Examples?

2) What is it in these situations that give rise to high stress?

3) Do you find the interacting with operating managers stressful?

Ambiguity

4) Are you ever uncertain about what is expected of you? Examples?

5) What gives rise to the highest levels of ambiguity? Examples?

6) Is there ever a lack of clarity about what is expected of you regarding your involvement with operating managers?

Conflict

7) Have there ever been occasions when some of the people you work with have different views about your role?

a) Can you give me examples when this happens most?

b) What are high levels associated with?

8) Has anyone ever wanted you to do things differently?

a) Can you give me examples of when this happens most?

9) Have you experienced conflict by performing a MA role, while also being involved in business activities with operating managers

a) Can you give me examples of when this happens most?

b) What are high levels associated with?

G MA role characteristics

1) What characteristics do you think a person should have to be good at your job?

2) What characteristics might lead one to do poorly in your job?

3) Do you have any traits that make you particularly suited to this job?

4) Do you feel you have any traits that lead you to not being well-suited to this job?

5) What characteristics do you feel are key to your role? Why?

Themes for discussion
Business knowledge
Inter-personal and communication skills
Flexibility
Personal qualities
Information provider and interpreter
Decision supporter

I. Other issues

Is there anything that you perceive as important in relation what influences your role, the characteristics of it or the consequences of it for management control?

[**Thank you** for your time] [Reassurance of **confidentiality**]

Appendix C2: Interview guide in phase two: with OMs and about MAs

Date		Interviewee	
Time		Company	

[Discuss purpose of research]

[Stress that respondents' perceptions are being sought and contribution highly valued]

[Outline confidentiality guarantees and request consent to record interview]

A. Background information

- 1) What is your job title? _____
- 2) Could you briefly tell me what you have to do in this job? _____
- 3) How long have you been in this job? _____
- 4) How long have you been in the company? _____

B. Role perceptions

- 1) What are your perceptions of the [*MA's name*] role? _____
- 2) What would you perceive as the major influences on that role? _____

PROMPT BOX
Head office
Management
Regulatory
Individual

Ask for examples of where stated influences are strongest

C. Interaction

- 1) How often do you talk with him/her? _____
- 2) Regardless of how often you talk with each other, how often do you and [*the MA's name*] see each other? _____

D. Involvement nature and expectations

Regarding activities that involve you with [*the MA's name*]...

Activities identified by MA	Other involvement activities

1) What **expectations** have you of [*the MA's name*] for involvement in this activity?

2) What **actual** involvement does [*the MA's name*] provide? Purpose?

3) What influences the extent to which you involve [*the MA's name*] in this activity?

4) Nearly everyone has some things he/she would want people he/she works with to do differently. Would you like [*the MA's name*] to engage in this activity exactly the way he/she does now, or would you like him/her to do it in any way differently than he/she does now?

a. If so how?

b. Have you tried to get him/her to change? Effect?

5) Would you seek more or less involvement from [*the MA's name*]?

a. If no, why not?

b. If yes, why so?

6) To what extent does [*the MA's name*] need to convince you that there is merit in having him/her involved?

- 7) What do you see as the major consequences of [*the MA's name*] involvement?
Examples?

PROMPT BOX
Decision making and control
Better information
Role conflicts
Need to sell the role of MAs

- 8) Where is the greatest mismatch between the expected and actual involvement?
Please explain why this is so?
-

- 9) What makes you most pleased with [*the MA's name*] involvement with you?
-

- 10) What makes you least pleased with [*the MA's name*] involvement with you?
-

E. Influence of manager over MA

- 1) Suppose you were to make a recommendation or a request to [*the MA's name*], to what extent would he/she pay serious attention to you?

- 2) How do you regard your influence over what the MA does? Would you say it is too little, too much or about right?

F. Influence of MA over manager

- 1) Suppose he/she were to make a request or recommendation to yourself. To what extent would you pay serious attention to it?

- 2) How do you regard the amount of influence the MA has over you? Is it too much, too little or about right?

G. Role conflict

Many positions in industry require that a person have not only certain technical skills and experience, but also certain personality characteristics or particular talents.

- 1) Thinking of [*the MA's name*] job, what sort of personal characteristics do you feel a person ought to have to be good at that job?

- 2) What sort of personal characteristics might lead a person to do poorly in that job?

(For **each attribute** identified in **1** and **2**, the following questions were asked)

- 3) To what extent do you feel [*the MA's name*] has this characteristic?

- 4) Do you think he/she has any other traits that make him/her suited to the job?

- 5) Has he/she any other traits that lead him/her not being suited to the job?

H. Management accounting information and reports

- 1) Management accounting information?

- a. What types of management information do you have a preference for?
- b. What pleases you least and most regarding the management accounting information you receive?
- c. How much time do you devote using routine versus non-routine reports?
- d. How are they used – similarities/differences?

- 2) Do you have a **routine report** to hand that comes from the management accountant

Regarding this report:

- a. What are your general impressions of it?
- b. How do you interact with the management accountant in regard to this report?

- c. When is this report most suitable? What circumstances?
 - d. What influence do you have in the design of this report?
 - e. Can you change this report?
 - i. When was the report last changed?
 - ii. Who requested the changes?
 - f. What do you do with this report?
 - g. What impact does the report have?
- 3) Do you have a **non-routine report** to hand that comes from the management accountant

Regarding this report:

- h. What are your general impressions of it?
- i. How do you interact with the management accountant in regard to this report?
- j. When is this report most suitable? What circumstances?
- k. What influence do you have in the design of this report?
- l. Can you change this report?
 - i. When was the report last changed?
 - ii. Who requested the changes?
- m. What do you do with this report?
- n. What impact does the report have?

I. Management control systems

1) How would you describe the systems in this company that steer management behaviour and performance towards the achievement of company goals:

2) What incentives are there to achieve these goals?

3) How dependent are you on working with others in achieving your objectives?

a) If dependent, how are individual objectives pursued in an inter-dependent, team-based approach to work?

b) How do you reconcile strategic / corporate objectives, departmental and individual objectives?

4) What role does [*the MA's name*] play in assisting you achieve your objectives?

5) How has [*the MA's name*] impacted on the way the organisation is controlled? Examples?

6) What do you think are the major implications of the [*the MA's name*] role in terms of the quality of control in the business?

J. Other issues

Is there anything else that you feel is important in relation to the role of management accountants and the consequences of such roles for management control?

[**Thank you** for your time] [Reassurance of **confidentiality**] [Inform respondents that they will be kept in the **loop** as the research progresses and will have access to **findings/conclusions**]
[Source: Partly adapted from Hopper, 1980; Kahn *et al.* 1964]

Appendix C3: Interview guide in phase two: second interview with MAs

Date		Interviewee	
Time		Company	

[Outline confidentiality **guarantees and request** consent to record the meeting]

A. Perceptions of management reports and interaction

- 1) Routine versus non-routine reports?
 - a) Types of information associated with more involvement? Why?
 - b) Which reports require you to interact most with managers and why?
 - c) How much time do you devote to routine versus non-routine reports?
 - d) Do you have a preference for routine or non-routine reports?
 - e) How are they used – similarities/differences?

B. Routine reports

Taking an example of a routine report....

- 1) What part do you play in the production of this report?
- 2) What are your general impressions of this report?
- 3) Does this report influence your role?
- 4) What characteristics are suited / unsuited to one using these documents?
 - a. To what extent do you have these characteristics
- 5) What are the consequences of this report for your role?
- 6) Who designed this report?
 - a. Have you changed this report? Why?
 - b. What influence do you have in the design of this report?
 - c. Have you received comments from the report recipients regarding this report?
- 7) What is this report most suitable for? What circumstances?
- 8) How do you interact with operating managers in regard to this report?
- 9) What do you do with this report?
 - a. Distribute it
 - b. Present and discuss it in person

- 10) What impact do you perceive the report as having?
- 11) When has this report been received well and not very well?
- 12) With hindsight what could have been done better with this report?
- 13) How many of these type reports do you do?

C. Non-routine reports

Taking an example of a routine report....

- 1) What part do you play in the production of this report?
- 2) What are your general impressions of this report?
- 3) Does this report influence your role?
- 4) What characteristics are suited / unsuited to one using these documents?
 - a. To what extent do you have these characteristics
- 5) What are the consequences of this report for your role?
- 6) Who designed this report?
 - a. Have you changed this report? Why?
 - b. What influence do you have in the design of this report?
 - c. Have you received comments from the report recipients regarding this report?
- 7) What is this report most suitable for? What circumstances?
- 8) How do you interact with operating managers in regard to this report?
- 9) What do you do with this report?
 - a. Distribute it
 - b. Present and discuss it in person
- 10) What impact do you perceive the report as having?
- 11) When has this report been received well and not very well?
- 12) With hindsight what could have been done better with this report?
- 13) How many of these type reports do you do?

D. Procedural documents and the MA role

- 1) What procedures or documents largely affect your role?
- 2) What influence do these documents have on your role
- 3) What are the consequences of these documents regarding your role?
- 4) How do these documents affect any interaction with operating managers?
 - a) Positive impact?
 - b) Negative impact?

E. Follow-up questions from phase one interview

F. Involvement influences, characteristics and consequences

- 1) How do operating managers mostly impact on your role?
- 2) What do you like most and least about interacting with managers?
- 3) What determines how much involvement managers seek from you?
- 4) What determines how much involvement you provide to managers?
- 5) What role influences bring you closer to supporting managers?
- 6) What role influences distances you from supporting managers?
- 7) What characteristics bring you closer to supporting managers?
- 8) What characteristics distance you from supporting managers?
- 9) What are managers most pleased with regarding your involvement with them?
- 10) What are managers least pleased with regarding your involvement with them?
- 11) Are there aspects to your role that you perceive managers like the most?
 - a) What influences this aspect of the role?
 - b) What characteristics do you associate with this element of your role?
 - c) What are the consequences of this element of the role?
- 12) Are there aspects to your role that you perceive managers like the least?
 - a) What influences this aspect of the role?
 - b) What characteristics do you associate with this element of your role?
 - c) What are the consequences of this element of the role?
- 13) What promotes or helps you get more involved with managers in the business?
- 14) What are the barriers to you getting involved with managers in the business?
- 15) How do you see the management accounting role developing in the future?

G. Other issues

Is there anything that you perceive as important in relation what influences your role, the characteristics of it or the consequences of it for management control?

[Thank you for your time] [Reassurance of **confidentiality**]

Appendix D

Phase One Analysis Grids

Appendix D1: Section of analysis grid on antecedents (FMs with OMs)

Mgr F/NF	1	2	3	4	5	6	7	8	Mgr F/NF	9	10	11	12
AF1	Group	Legislation	MD Mgt team Sales, Prod	Environm. indirect	Big size - more expos		Hier>functio impact info	Culture with people close	AF1	IT SAP less drudgery	Automation	Obj set/yr rev - hard	In/out offices as bid was
AF2	13		Mgrs wk with, BU info not sought	E broad indirect			Str - open Ring Gp MD	team training info flow	AF2	Acc based on IT sys	8/9 days to 2/3 days	Obj set/yr hard	Loc - with ac test water SM on road
AN1	12		Commer Mgr Area Mgr	Env > Mgr reactionary	Size - no of accts			culture chng bottom up ideas	AN1	12	Automation	Perf sys targets - no basis	Centralised no diff e-mail/phon
AN2	Group FA		Co philosoph CEO/Gp excc acc/crt emp	more intern Env than ext				conducive to ctrl - FC job easier-room	AN2	19	Info mgt/EIS cost/effect		Loc- need to be seen in d bushes
BF1	HQ, org str		Manu shape numbers compl expect	Env>got com cost focus affect MA			can depend on structure a/cs refl str	compliant open.interac cross-funct	BF1	2	new fcst sy more reg/inf got worse		
BF2	5	Sarbanes Oxley	Local Mgt Plant mgr Interation	Cost cutting life cyc shrt Env>HO>Fin			Huge ord, ltd in what can rules std/dict	huge compliace culture-bus	BF2	5	JD Edwards less paper bog help		
BN1	Report off site	Sarbanes Oxley	Top down	Env>HO>Fin Env regulated costs, comp			single point of contact	Does, no hih grnd, open, dialogue	BN1	3			Loc-not prob available responsive
BN2	Corp entity huge influen	Sarbanes Oxley	All senior mgrs Gen Mgr	Was vol, NP now costs E>mg>MA			standal dept don't tink lines c/fun teams		BN2	4	Excel, reps process 1st IT enabler	Integration on-line	MBO here what/how
CF	Corporate office big influence	Sarb Ox 3 audits Legislation	Sen mgtdir Ops people Prod pep					Co C Values Team start up easy	CF	6	saves time but needs wk relies a bit		dept divided get info, buil relationships
CN	Strong mandate	Fiduciary, CG SoX 4 crt					7 fun depts new, teams interaction	patient-centred	CN	9	Strong IT focus, under FC, try max		Shared goals impact on each other
DF	Corporate Stat influence	Sarb Ox Stat Reps	Management take cost out prices, savin Level of pers	Competitor Knife edge	Org this size constant invovle(C)		MA by Prod line. By fun no dots	Affects interaction role impact?	DF	7	Feed up time HO SAP Driven by sy nos off netw	No hard cop; 2/3 day clos	Boardroom
DN	Ext finance Rep structur gone crazy	Sarb Ox	Mgr myself	Env-Corp Env-FC Me Comp/costs	Fin dept 8 Big		MAAs alloc to bus units	Compliace culture, US nos, no excus	DN	31	IT very influe in theory more time		Loc- Ops Mg Need fin bac Fin accessib
EF	29	SEC	MD CFO UK new CEO	Bus environ new cost focus	yes - more support,help desk		functional structure	was more innovative now targets	EF	29	automated bookless off elect distrib		loc-no impac
EN	Internal strut Corp rules, regs,ctrl	Legal Statutory		Cost control Not prof. Env more corp ctrl Competiven	large MNC more corp ctrl rules,regs		Lrg co, Ls ctr Roles split Acc ser/BP		EN	8	Oracle Finac Global sys visib to all		Loc-not a factor at all
FF	36		Mgt want fast, accurat info,ceo driv	at board level not girls doing accounts			quick, move fast,cap bud tight not MNEs	lean and bud tight	FF	36			not issue in and out no distance
FN	10							Yes control cultu ethics code	FN	10	Yes		
GF	11	Were owned now eff,costs more rep,free	MD's backgr Fin? Deter re Mgrs prev re costs	Does, very competitive E know whats going on	Small size		Flat, only mg team & staff Big more str	Around bud team & staff	GF	11	life easier no no crunch reps frm sys		Small co, no bigger co maybe
GN	30	MBO, raise own funds DIY	Mgr myself Spotlight MD Strat	Econ Condit Tight, need micro mgt			MD and six Mgrs, not equal resp	diff ways of working,set culture-no	GN	30	IT - info to make dec part of proc		Loc-not really, small co
HF	14		Sarbanes Oxley	Myself/MD How role is seen	Env indirectly Springboard			LT success 25yr, few ch blame culture	HF	14	SAP set back Auto data Less people		Loc-not Open str accessible
HN	more rep, ctrl, top deci micro mng	Sarbanes Oxley	Mgr myself				create bound dept, org, very struct	Culture influe MD formerFC multiskil ethos	HN	26	SAP more info, not man sys can do more IMA tim that 4 u	just add nos	
IF	Group req pub co help more open figs		Mgt teams person/cult	what is happ ening extern nos pressure			Func struct rigid report hierarichal		IF	15	IT not big in fl, same sys no change		Spending control
IN	16	Pic status gp demands	Myself/fact mgr, mktng absol huge	Markets, economics				Culture-huge accs not hindern projs	IN	16		Forecasts Budgets	loc yes it does over there(C)
JF	18		MD drives it Background	Seasonality					JF	18		if IT fails, a showstopper	
JN	17		Sales, Prod MD, ind dem of people in	Tight mrg, info needs to b razor sharp				Culture - no	JN	17	2nd, meet req, industry techno-phob		Loc-no, integrated
KF	Ownership structure MD owner		MD + sen mgt	More so moving in2 diff areas	Small co more flex no cons		role depends on mgt struct no hier/levels		KF	20	IT very much so, a lot still manual		Loc yes-old co isolated small here ok
KN	33		MD big influ gen equal area of exper	Market momentum not in MNEs activ visible					KN	33	fin has big say in sys		Business plan 4 yr, sav ops gen income
LF	Owners req do things internal, ours			Env, no			Func struct sure it has	Culture-not unique	LF	21	ERP, not real freed time Invl in sys	ERP-automat more info,not less work	
LN	22	Public co,HO Driven by no Qtr,hlf yr,yr those issues	Audits this co struc rep in prev c	No, shd,hapy me, poss not in ignorance some comp				culture-low style acc, ct hoard not disp	LN	22	integr, freed up time,more data better analys		it does, influe all dept,3 bid not right way
MF	23	Independent company	BoD, mgt meetings mtr sales more ir	Env yes,way look at things, costs				Culture yes can be chg slow fin down	MF	23	ties up mgr free up	IT in prod not integratd	
MN	5 bros family bus		faily even keel MD	Mkt place					MN	34	IT no, was ad hoc, comput closer look		profit it make no financing
NF	Ownership t/fer info ext funders	Legislation Env levies	Mgt team	Mkt, Env Compett prices seasonality				ethos, don't have to stick to job, informal	NF	24	IT under finance	affected role more info from sys less days	Loc no Mobile, e-mal fully access
NN	HO reporting format	Statutory gov't influences	biggest issue ops, main focus	Env, yes even had a cust herself				cash strap no point culture	NN	35	oversee MIS build MIS, duplication		Sh not be loc away, benef commun
OF	25		MD driv bus sales orient co dr by sale brand leader	Env, monitor industry, co dr by sale brand leader				No? Co 18 history of mt accs,brand more analysi	OF	25	info gather better, flexibl more analysi		Look at KPIs sales, profit
ON	Priv co, so bigger co spend more	MD	MD huge influence	something hapns,crisis mkt plc, Ecomy				cost, don't replace culture	ON	32	IT no impact on role		well position in middle accessible
PF	Private, fam bus,US rep IT ctrl		Me & my bos MD & HR 3 top mgrs	Env-no,not comp ind, specis, USS				In fin, but I don't get out employee foc	PF	27	Restrictive 80s system US ctrl,		Loc-no small site walkn distan
PN	Parent co was family now profit		MD huge infl, myself diff in depts	External mkt way mkt is going, 4x	size affects role, small work together		Flat structure		PN	28	IT archaic I do reps for fin		Loc ok merging dept 1 bid good

Appendix D2: Section of grid on characteristics (FMs with OMs)

Mgr F/M/F	1	2	3	4	5	6	7	8	9	Mgr F/M/F	10	11	12	
AF1	Everything	Accounts Vs B.LY	Out & about Meetings	Sit down & gp through	Deal with non-accs	Managers' queries	Projects	Brought into mgt team	Understand & use a/cs	AF1	1	Sales more than prod	Educ - can give you...	Good comm skills
AF2	13	Accounts 50% time	Meetings	Explaining	Dealing wit people, ask Q give answers		Projects			AF2	13			Interpers essential
AN1	12		Liaising				Projects			AN1	12		Educ & training	Interperson skills
AN2	19	Mgt a/cs analysis			Mst be open to bus mgrs					AN2	19			
BF1	2	Mon Repting analyse,rep & comment	Liaise manu, proces impr purchasing					High mid/low senior. Pres to GM often		BF1	2			interpersonal skills
BF2	5	25% trad-va Reports, 25% local, ad hoc	25% people Liaise manu,					top/middle short-term 12-18mths		BF2	5			Comm, levels oral/written Tell story,inter
BN1	3	Reports mthly review vs bud, track						HO, str less more tact 3CC mg Op		BN1	3			engage/dial diff depts let no assum
BN2	4	Mthly reptn costs incurr Data integ/an		sit down talk about it				Str in Co B only, dir or area mgr	relate data to business link the two	BN2	4		mgrs tech how do cost impact	inter-pers skills
CF	6	Jack of all trades, drop meet mgt der	Capx trackn Mthly, Wkly Reps	have to build good relation Mats/Ops CC mgrs	Regular reviews CC mgrs		Project teams	senior mgt middle mgt op a bit		CF	6		Educ on bud coding, pass good relats ownership	Good comm w/ot v hard
CN	9	Mthly Accs CC spd anal		work part close to fin function				Strategy Ops/all 3 d2d ops less		CN	9			
DF	7	V broad Multitude of issues-interac		lot of interac MA20FD50% fin a lot ph/e-m	Good idea Solve probs	work with standpoin depts,1%off replac proj				DF	7			Good people interaction skills, comm
DN	31		Spend analy cost anal Var-Why?							DN	31		Educ, fin frightens, begin guide	
EF	29	Reporting Planning						with MD diff projects egDA grants	op level strategic for site	EF	29		educ cost focus,	communicato
EN	8			able to interac diff disc/peop acrs co w/w				Operational Tactical		EN	8			Comm/interps Networking people skills
FF	36		produce a/c out there and indicator start moving & shakn floor		not isolated own little box			girls op dm not strat lev		FF	36		send on cou rses, hlp do get on, inter own budgets	people perso rses, hlp do get on, inter own budgets
FN	10	Mgt a/cs enormous emphasis		not theoretical out and seen what, why				Strategy level, all levels		FN	10			Softer issues understand people mgt
GF	11	Smaller co extra bits HR, Facilities	Feedback on info mthly,wk gath info,rep		Working wit manu,sales no isolation	Listening to mgrs, need to know 4 jobs		Str DM		GF	11		Yes Mgrs dd std a/cs, co baramoter	Good not know no communicate impact actions
GN	30		costs v stds Mthly a/cs cash flow							GN	30		Where the need is greatest	
HF	14		Vs targets, plans					Project teams	take data & say what it means to bus	HF	14			Capable of engaging Interpersona
HN	26		Budget ctrl tight control 70-80% 4 dep					Strategy direction		HN	26			interps/team yes,not a fee tr of fin peop
IF	15		reporting monthly mgt accs		work with the people not jst report		involved various projects	quite senior key str decis ctrl high up		IF	15			Communicat ion, can't dis aster, interp Comm clearly
IN	16		feed data tell u how shaping up	Approachable				use skills, diff stages fin adv		IN	16			
JF	18		Weekly a/c Mthly a/s					All of them Str then op	Got to under std a/cs, co baramoter	JF	18		educ-don't spoon feed	
JN	17		Act costs v budget Cash flow	bus requires speak 3/4 times a day		Fully integrat people mgt	Receptive to dept needs	Bit of everyth more str than Ops/all 3		JN	17	Sales most dominant	yes,not easy 9-5 disregran	Interpersona skills distain fin info
KF	20	not just acc wider scope	Mgt a/cs Reporting	Sit in on sales strat ops meeting chat/meet	we always sit down together	we all work together		All levels know behind nos		KF	20		Educ-yes fin implicat affects bus	Strong communicate
KN	33	fairly broad brush, lots balls juggle						not just FC role, mgt		KN	33			Interpersona essential
LF	21		60% no crun other func liase manu	interacts		manu, mkt able get on get job done		Projects financial aspect	Middle mgrs Sen mgrs Less ops	LF	21		maybe,don't want pseudo MA confid in	
LN	22		Keeps score Referee, mth reps, vs act		sh be open receptive to dial othr depts			Middle Tactical CFO not invol		LN	22		they should mgrs sh not be afraid	Interps impor how position in the co
MF	23						Listen to prod & sales side ideas on board	Str and ops		MF	23		Educ non-ac mgrs, how fi communicat prod, term	
MN	34			meetings incl fin, week, 2 weeks			explain bring people on board			MN	34			interps/team have to,keep it togetr,good
NF	24	Not cubby- holed, not anyone area	Control follow up, down, catch up?	Only tied 5 days a month	Noses into sales, ops	Listen to diag opposite pos it, Fin on all take on boar teams	Projects	Strategy lev MA operati anf help str		NF	24	prod more best able to ctrl	try to do ongoing	Ability to com msg underso as intend- gp
NN	35		Follow up instrum,up flag, mgt a/c				Good listner	Top level interaction team discus		NN	35			Good commr
OF	25		Mgt a/cs Needed for sen mgt	Monthly meetings		it is a people business	Good listner	Strat an ops		OF	25	Sales more so, front end no sales? Nc	Explain lay mans lang part of role	
ON	32	every area permeate through	I prep sales rep myself don't give me	can approach them, good relationship			Listen, come back, deal wit peopl, reasonbl			ON	32			
PF	27	Everything Broad	Accs/Budge		Sitting down with mgrs working bud		Lot of projects	Strat, Tact Ops less	understand accts	PF	27		Brought mgrs costs/budg	Interpersona skills needed cult-open,ee
PN	28				other areas stk ctrl, purch sales, get on			Str and op		PN	28		show us rep that we need and vice versa	Good commr

Appendix D3: Section of grid on consequences (FMs with OMs)

Mgr F/NF	1	2	3	4	5	6	7	8	9	Mgr F/NF	10	11	12
AF1	Consequences												
1	Early problem detection	more knowledge	Ctrl easier understand	stronger positions-1 no you can	Helps comm know you understand	Can show you issues	Become IT & a/cs xpert	Enablers, no conflict doers, out&ab changing per	AF1	1			
AF2		know issues drivers, key factors	grass roots						Can be conflict	AF2	13		
AN1		know more about info							conflict have to mng	AN1	12	Would fall apart w/out	Rely on accs kick into shape
AN2									conflict yes underst ow oth roles+bus	AN2	19		Double edge sword - sell & ctrl
BF1									Always a bit	BF1	2		Element of keeping guy square
BF2		aware of changing factors			Share info both ways				Two hats challenge at times	BF2	5		
BN1									Conflict yes definitely 2 roles	BN1	3		
BN2									No tension accept roles ctrl shared	BN2	4		
CF									Conflict yes somtimes	CF	6		
CN					interaction- fin know wher we're coming				Not conf, a bal needs to be maintned	CN	9		
DF									mini-conflicts part of bus personal rela	DF	7		Jury lookin for money quizzed, inter
DN		Better understanding, data analysis, inter			More interac less conflict understand				No conflict Fin intergrity upheld, code	DN	31		
EF									balance role split less risk	EF	29		
EN									Conflict addr as role split VP pressure	EN	8		
FF	hearing there is prob here, there	more invol more ctrl, mor know of bus							best bud mai mgr, not sure big co aloof	FF	36		
FN									More purist big co, not a compromise	FN	10		juggling act risk taker comm decisi
GF		Understand decisions better info							No, may hav with nos, not subjective	GF	11		
GN		More info							Can't imagine unethical	GN	30		
HF									Conflict, alwve risk, strong personality	HF	14		
HN									have 2 b pro ind and inv logic conf-pro	HN	26		
IF									std bac, say no, ethics, respect u	IF	15		
IN			ctrl better have underst						cert extent know bound worse no inv	IN	16		
JF	in there, else find out late past post	Know whats happening, no mushroom far							Conflict-can be, sale to dodgy cust	JF	18		
JN									ind people mgt skills not aloof	JN	17		
KF					2way - help them and give u info				? Can be if not right I say it	KF	20		
KN		understandin comes from being involv							inv best way head round i need b strong	KN	33		
LF									conflict, ther is, no compromise	LF	21		
LN		greater under whats involved insights bus							don't see coi part of job	LN	22		
MF		Proper info both-wat we prod, what is & they want happening	unders bus						Conf-would be but woukd think there is	MF	23		
MN									it is conflict but ctrl at en inv, corp ctrl ind	MN	34		
NF			Benefit of understand business						no conflict eas to be obj when you know	NF	24		
NN									honesty+kno bus, sh not be 2 involved	NN	35		
OF									conflict no build trust fin help bus	OF	25		
ON									Should be able to juggle	ON	32		
PF		Know what to expect in accounts								PF	27		
PN									Does at times, mng t need both	PN	28		

Appendix D4: Section of grid on antecedents (OMs only)

Mgr	1	2	3	4	5	6	7	8	Mgr	9	10	11	12
F/NF	Antecedents								F/NF				
AN1			Commer Mgr	Env > Mgr	Size - no			culture chng	AN1		Automation	Perf sys	Centralised
12			Area Mgr	reactionary	of accts			bottom up	12			targets -	no diff
								ideas				no basis	e-mail/phon
AN2	Group FA		Co philosoph	more intern				conducive to	AN2	Info mgt/EIS			Loc- need
19			CEO/Gp ecx	Env than ext				ctrl - FC job	19	cost/effect			to be seen
			acc/crt emp					easier-room					in d bushes
BN1	Report off	Sarbanes	Top down	Env>HO>Fin			single point	Does, no hih	BN1				Loc-not prob
3	site	Oxley		Env regulated			of contact	grnd, open,	3				available
	HO			costs, comp				dialogue					responsive
BN2	Corp entity	Sarbanes	All senior	Was vol, NP			standal dept		BN2	Excel, reps	Integration	MBO	
4	huge influen	Oxley	mgrs	now costs			don't tink lines		4	process 1st	important	here	
			Gen Mgr	E>mgt>MA			c/fun teams			IT enabler	on-line	what/how	
CN	Strong	Fiduciary, CG					7 fun depts	team spirit	CN	Strong IT		Shared goals	
9	mandate	piece, we av					new, teams	patient-	9	focus, under		impact on	
		SoX 4 ctrl					interaction	centred		FC, try max		each other	
DN	Ext finance	Sarb Ox	Mgr myself	Env-Corp	Fin dept 8		MAs alloc	Compliance	DN	IT very influe			Loc- Ops Mg
31	Rep structur			Env-FC Me	Big		to bus units	culture, US	31	in theory			Need fin bac
	gone crazy			Comp/costs				nos, no excus		more time			Fin accessib
EN	Internal strut	Legal		Cost control	large MNC		Lrg co, Ls ctr		EN	Oracle Finac			Loc-not a
8	Corp rules,	Statutory		Not prof, Env	more corp ctrl		Roles split		8	Global sys			factor at all
	regs,ctrl			Competiven	rules,regs		Acc ser/BP			visit to all			
FN								Yes	FN	Yes			
10								control cultur	10				
								ethics code					
GN	MBO, raise		Mgr myself	Econ Condit			MD and six	diff ways of	GN	IT - info to			Loc-not
30	own funds		Spotlight	Tight, need			Mrgs, not	working, set	30	make dec			really, small
	DIY		MD Strat	micro mgt			equal resp	culture-no		part of proc			co
HN	more rep,	Sarbanes	Mgr myself				create bounc	Culture influe	HN	SAP more	just add nos		
26	ctrl, top deci	Oxley					dept, org, yet	MD formerFC	26	info, not man sys can do			
	micro mng						very struct	multiskil ethos		more MA tim	that 4 u		
IN	Plc status		Myself/fact	Markets,				Culture-huge	IN			Forecasts	loc yes
16	gp demands		mgr, mktng	economics				accs not	16			Budgets	it does
			absol huge					hindern projs					over there/C
JN			Sales, Prod	Tight mrg,				Culture - no	JN	2nd, meet			Loc-no,
17			MD, ind dem	info needs to					17	req, industry			integrated
			of people in	b razor sharp						techno-phob			
KN			MD big influ	Market	momentum				KN	fin has big		Business plan	
33			gen equal		not in MNEs				33	say in sys		4 yr, sav ops	
			area of exper		activ visible							gen income	
LN	Public co,HO	Audits	this co struc	No, shd,hapy				culture-low	LN	integr, freed up			it does, influe
22	Driven by no	Government	me, poss not in	ignorance				style acc, cti	22	time, more data			all dept, 3 bld
	Qtr, hlf yr, yr	those issues	rep in prev c	some comp				hoard not disp		better analys			not right way
MN	5 bros		faily even	Mkt place					MN	IT no, was ad		profit it make	Loc no
34	family bus		keel						34	hoc, comput		no financing	
			MD							closer look			←
NN	HO reporting	Statutory	biggest issu	Env, yes				cash strap	NN	oversee MIS			Sh not be loc
35	format	govt	ops, main	even had a				no point	35	build MIS,			away, benef
		influences	focus	cust herself				culture		duplication			commun
ON	Priv co, so MD		MD huge	something				cost, don't	ON	IT no impact			well position
32	bigger co		influence	hapns, crisis				replace	32	on role			in middle
	spend more			mkt plc, Ecomy				culture					accessible
PN	Parent co		MD huge	External mkt	size affects		Flat structure		PN	IT archaic			Loc ok
28	was family		infl, myself	way mkt is	role, small				28	I do reps for			merging dept
	now profit		diff in depts	going, 4x	work together					fin			1 bld good

Appendix E

Phase Two NVivo7® Analyses

Appendix E1: Listing of NVivo® free nodes created early in process

Free Nodes			
Name	Sources	Referen	
Bonus	2	2	
Challenging done by finance mgr	1	3	
Change job	1	1	
Changing role	1	1	
Collaborative DM process	1	1	
dependency MA your obj	12	13	
dependency others MA their obj	11	13	
dependency others your obj	11	11	
Do it myself	5	7	
feel about involvement	12	14	
Fin Acc Stat	1	1	
Future role centralise	1	1	
Future role more involved	2	2	
Future role of MA p2	10	11	
general role S perceptions	12	12	
Goal visibility	1	1	
Goals and objectives	7	11	
Goals ind	7	7	
Goals ind+site+corp	16	17	
Goals timeframe	8	8	
Good mgr relationship	1	1	
Good mgr relationship ext for MA	1	1	
Hierarchy	1	1	
Hit the budget	1	1	
HO mgt link	1	1	
Inv activities most	19	24	
Inv early	2	2	
Inv easiest	2	2	
Inv hardest	7	8	
Inv influences barrier p2	9	11	
Inv influences bring closer p2	11	17	
Inv influences distance p2	8	12	
Inv influences extent	25	62	
Inv influences extent mgrs seek p2	12	17	
Inv influences extent u provide p2	12	15	
Inv influences promotes inv p2	8	8	
inv MA seeks it	1	1	
Inv purpose	12	22	
Inv restricted	13	17	
Inv sought bus know	4	4	
Inv sought interested	1	1	
Inv sought team member	1	1	
involvement unsure why	1	1	
IT system	6	6	
IV annoy them	1	1	
IV enjoy	1	1	
IV fire fighting	1	1	
IV incidental thing	1	1	
IV pushier	1	1	
IV stronger	1	1	
IV time	1	1	
IV trust	1	1	
job title	24	24	
Jobs unfinished	1	1	
MA perception of expectations	12	17	
Managers priorities	1	1	
MCS motivation	21	23	
MCS steer behaviour	20	22	
Measures	3	6	
Mgr background in finance	8	10	
Mgs dont see black and white	1	3	
Mismatch greatest	12	12	
Month end service impact	4	4	
Often see	12	13	
Often talk	12	12	
Pleased least with inv with MAs by MAs p2	11	17	
Pleased least with inv with MAs by Mgrs	10	12	
Pleased most with inv with MAs by MAs p2	12	17	
Pleased most with inv with MAs by Mgrs	10	11	
Pleased u MA most and least with inv p2	12	12	
Procedures for job	1	1	
Qualifications	13	14	
Report to	9	9	
reporting cycle time	1	1	
Restricted inv	7	7	
role importance	1	2	
Role sender 1	12	13	
Role sender 2	12	13	
Role sender 3	12	12	
Role sender 4	7	7	
Role sender 5	5	5	
Role senders other	3	3	
Sell role	24	36	
team and individual	20	20	
time in job know it	1	1	
Time in job months, years	23	23	
time in job slow change	1	1	
What finance can do	1	1	

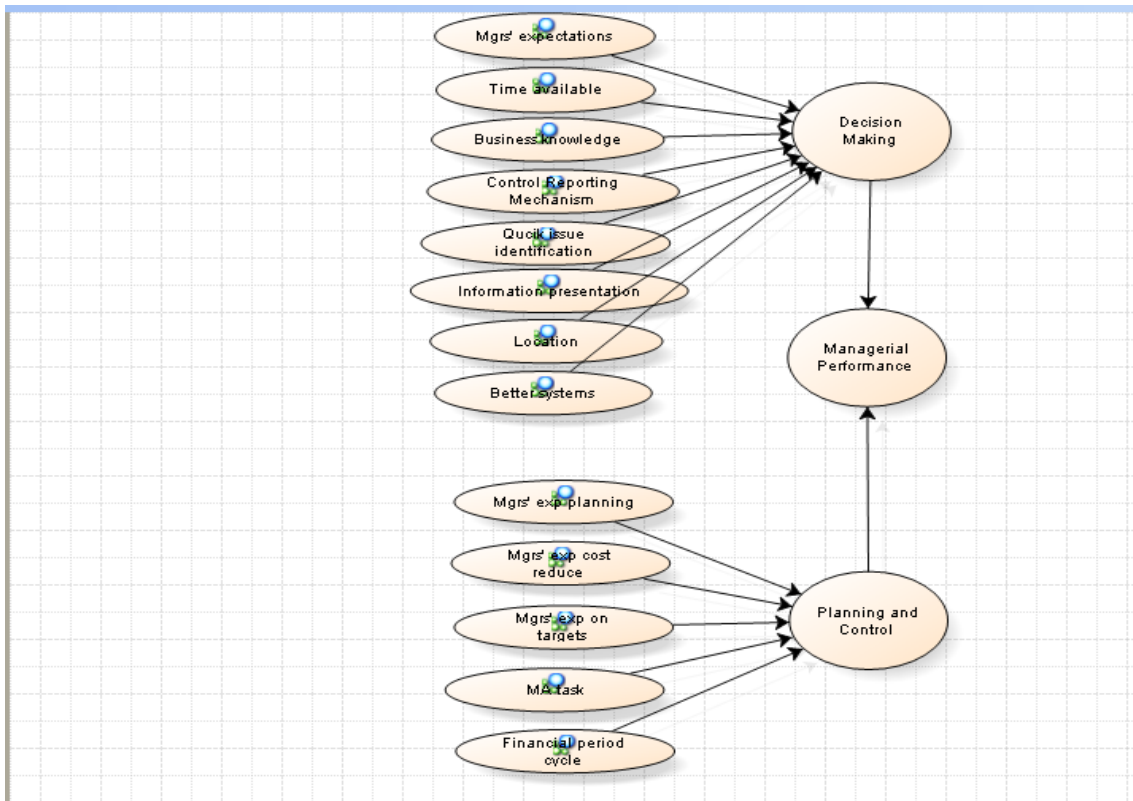
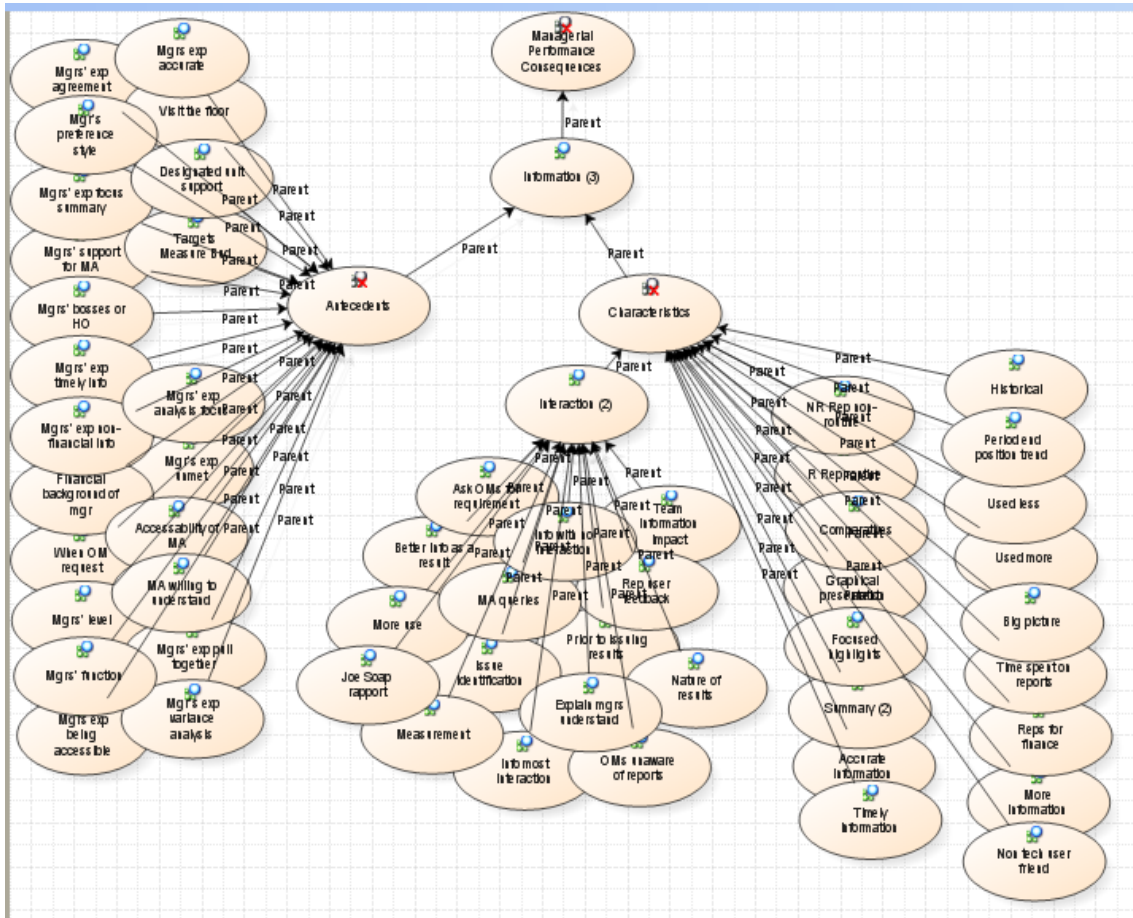
Appendix E2: Listing of NVivo® tree nodes created later in process

Tree Nodes					
Name	Sources	References	Cre	Modified	
Ant and Char associated with mgr support	0	0	10/	07/03/2009 14:22	
Antecedents that do not support mgrs					
Name	Sources	References	Created	Modified	
FM influence	4	9	17/07/2008 14:49	19/07/2008 07:03	
HO requirements	4	11	16/07/2008 15:09	19/07/2008 07:16	
MA task	11	22	23/04/2008 09:33	16/07/2008 17:17	
Month end shut down	4	5	16/07/2008 17:25	19/07/2008 07:00	
SDX Ctrls	2	9	16/07/2008 19:39	17/07/2008 16:06	
Time available	7	12	16/04/2008 12:16	17/07/2008 15:00	
Too much reporting	5	10	14/07/2008 15:49	19/07/2008 07:12	
Antecedents that support mgrs					
Name	Sources	References	Created	Modified	
Access to information	1	2	09/07/2008 16:25	14/07/2008 07:35	
Accessibility of MA	2	2	30/04/2008 17:25	17/07/2008 15:00	
Better systems	1	1	16/04/2008 12:20	16/04/2008 12:23	
Business knowledge	5	6	16/04/2008 12:16	17/07/2008 15:00	
Control Reporting Mechanism	1	1	16/04/2008 12:19	16/04/2008 12:27	
Designated unit support	1	1	30/04/2008 15:27	01/05/2008 14:55	
Financial background of mgr	4	6	30/04/2008 17:34	01/07/2008 13:36	
Financial period cycle	2	3	23/04/2008 09:30	17/07/2008 15:00	
Information presentation	1	1	16/04/2008 12:21	15/07/2008 11:45	
Location	1	1	16/04/2008 12:18	16/04/2008 12:27	

Tree Nodes					
Name	Sources	References	Cre	Modified	
Characteristics that do not support mgrs	0	0	0	07/03/2009 14:25	
Name	Sources	References	Created	Modified	
Daunting	1	1	14/07/2008 11:19	14/07/2008 11:19	
More customer acc	1	1	14/07/2008 16:16	14/07/2008 16:16	
Solution presentation	1	1	15/07/2008 11:32	15/07/2008 11:33	
Excess info	2	4	14/07/2008 15:37	15/07/2008 12:19	
Querying me	2	8	10/07/2008 10:40	16/07/2008 15:28	
Historical	1	5	16/07/2008 15:07	16/07/2008 15:35	
Not sharing info	2	4	14/07/2008 07:32	16/07/2008 15:36	
Systems poor	1	1	16/07/2008 20:26	16/07/2008 20:26	
Meddling	1	1	17/07/2008 07:22	17/07/2008 07:22	
Need to understand MA role	3	7	10/07/2008 10:40	17/07/2008 14:55	
Cyclicality	1	2	17/07/2008 15:05	17/07/2008 15:39	
Jargon	2	2	16/07/2008 15:13	17/07/2008 16:02	
Dpp project support	3	4	10/07/2008 13:40	17/07/2008 16:43	
Sheet presentation	3	4	10/07/2008 21:32	17/07/2008 17:36	
Too little influence	4	9	10/07/2008 10:42	19/07/2008 06:24	
More analysis	2	6	16/07/2008 20:29	19/07/2008 06:59	
More proactive push	6	22	14/07/2008 15:52	19/07/2008 07:09	
Unhelpful Characteristics	0	0	14/07/2008 15:05	04/02/2009 08:22	
Characteristics that support mgrs					
Name	Sources	References	Created	Modified	
NR characteristic	1	1	06/07/2006 11:08	24/02/2007 11:56	

Tree Nodes					
Name	Sources	References	Cre	Modified	
Consequences	0	0	28	05/05/2006 12:36	
Name	Sources	References	Created	Modified	
Ambiguity capital funding	1	1	28/03/2009 09:21	28/03/2009 09:21	
Ambiguity career	1	1	28/03/2009 09:21	28/03/2009 09:21	
Ambiguity fixing probs	1	1	28/03/2009 09:21	28/03/2009 09:21	
Ambiguity forecasts	1	1	28/03/2009 09:22	28/03/2009 09:22	
Ambiguity from fin mgr	3	4	28/03/2009 09:21	28/03/2009 09:21	
Ambiguity HO	2	4	28/03/2009 09:21	28/03/2009 09:21	
Ambiguity involvement	3	3	28/03/2009 09:21	28/03/2009 09:21	
Ambiguity IT Admin	1	2	28/03/2009 09:22	28/03/2009 09:22	
Ambiguity reports Mgt Accs	2	2	28/03/2009 09:22	28/03/2009 09:22	
Ambiguity with projects	1	1	28/03/2009 09:21	28/03/2009 09:21	
Conflict control and involved	14	15	28/03/2009 09:21	28/03/2009 09:21	
Conflict do things differently	26	42	28/03/2009 09:22	28/03/2009 09:22	
Conflict HO local mgt	4	4	28/03/2009 09:22	28/03/2009 09:22	
Conflict not involved	3	3	28/03/2009 09:22	28/03/2009 09:22	
Conflict other dep info wrong	1	1	28/03/2009 09:22	28/03/2009 09:22	
Conflict views on role	10	11	28/03/2009 09:22	28/03/2009 09:22	
Conq Sox or audit	2	3	28/03/2009 09:21	28/03/2009 09:21	
Conq whip cracker	2	2	28/03/2009 09:21	28/03/2009 09:21	
Control impact	18	23	28/03/2009 09:22	28/03/2009 09:22	
Control quality	19	19	28/03/2009 09:22	28/03/2009 09:22	
Stress excess expectations	1	1	28/03/2009 09:22	28/03/2009 09:22	
stress interaction	13	13	28/03/2009 09:21	28/03/2009 09:21	
stress methood	4	4	28/03/2009 09:21	28/03/2009 09:21	

Appendix E3: Working with models



Appendix E4: List of memos and queries

Copy of FINAL.nvp - NVivo

File Edit View Go Project Links Code Tools Window Help

New

Sources Coded

Code At: Name In Free Nodes

Look for: Search In Memos Find Now Clear Options

Memos

Name	Nodes	References	Created	Modified
A analysis Memo	1	1	04/04/2006 10:34	31/05/2009 06:26
A analysis Memo (2)	0	0	28/03/2009 09:17	31/10/2007 07:46
AA Data Analysis Process	0	0	28/03/2009 09:17	22/09/2007 15:10
AMA1	0	0	28/02/2007 08:35	19/07/2008 07:25
AMA1 (2)	0	0	28/03/2009 09:17	03/05/2007 11:00
AMA2	0	0	28/02/2007 08:35	19/07/2008 06:28
AMA2 (2)	0	0	28/03/2009 09:17	28/02/2007 09:31
AMA3	0	0	28/02/2007 08:36	17/07/2008 16:04
AMA3 (2)	0	0	28/03/2009 09:17	28/02/2007 08:53
AMA4	1	1	28/02/2007 08:36	17/07/2008 07:56
AMA4 (2)	1	1	28/03/2009 09:17	07/05/2007 08:55
BMA1	0	0	28/02/2007 08:36	17/07/2008 06:27
BMA1 (2)	0	0	28/03/2009 09:17	28/02/2007 09:30
BMA2	0	0	28/02/2007 08:36	16/07/2008 19:21
BMA2 (2)	0	0	28/03/2009 09:17	28/02/2007 09:29
BMA3	0	0	28/02/2007 08:36	14/07/2008 13:27
BMA3 (2)	0	0	28/03/2009 09:17	28/02/2007 09:29
BMA4	0	0	28/02/2007 08:36	10/07/2008 13:14
BMA4 (2)	0	0	28/03/2009 09:17	28/02/2007 09:27
CMA1	0	0	28/02/2007 08:37	09/07/2008 16:16
CMA1 (2)	0	0	28/03/2009 09:17	28/02/2007 09:31
CMA2	0	0	28/03/2009 09:17	28/02/2007 08:37
DMA1	2	2	28/02/2007 08:37	02/07/2008 19:52
DMA1 (2)	2	2	28/03/2009 09:17	07/05/2007 09:04
DMA2	0	0	28/02/2007 08:37	02/07/2008 12:14

33 Items

start C:\Documents and Se... List of Appendices and appen... NVivo Mgr perf information 06:51

Copy of FINAL.nvp - NVivo

File Edit View Go Project Tools Window Help

New

Sources Coded

Code At: In

Look for: Search In Results Find Now Clear Options

Results

Name	Sources	References	Created	Modified
Txt Control (2)	12	63	04/02/2009 08:50	04/02/2009 08:50
Txt Interaction Involvement Participation	39	950	28/03/2009 09:17	28/03/2009 09:18
Txt meeting	39	321	28/03/2009 09:17	28/03/2009 09:18
Txt head office	38	369	28/03/2009 09:17	28/03/2009 09:18
MA image DM	14	56	28/03/2009 09:17	28/03/2009 09:18
Txt head office [Co C, D and E]	12	123	28/03/2009 09:17	28/03/2009 09:18
accounts cycle	12	345	28/03/2009 09:17	28/03/2009 09:19
Txt partner	5	16	28/03/2009 09:17	28/03/2009 09:19

8 Items

start C:\Documents and Se... List of Appendices and appen... NVivo Mgr perf information 06:51

Appendix E5: Research log excerpts

Memos

Name	Nodes	References	Created	Modified
A analysis Memo	1	1	04/04/2006 10:34	23/05/2009 12:05

A analysis Memo

04/04/2006 - 09:34:36

The salesperson role may be applicable when someone joins the organisation first (AMA1)

The extent of financial knowledge that the non-financial manager possesses may have implications for how welcome the MA is (SAMA5) (BMA3)

Also the greater the financial expertise of the non-financial manager the higher the expectations they have of MA (AMA1, BMA3)

04/04/2006 - 09:39:19

The aim of the study is to investigate the antecedents, characteristics and management control consequences of management accountants' roles in large manufacturing firms

Refinement of grid that maps high/low involvement sought by managers against the type of involvement provided by the MA (to contribute/to control) give four possible role profiles:

1. Engager
2. Uninvited guest
3. Salesperson
4. Outsider

Memos

Name	Nodes	References	Created	Modified
A analysis Memo	1	1	04/04/2006 10:34	30/05/2009 18:57

A analysis Memo

24/07/2006 - 14:12:02

NVIVO analysis

- created sets for MAs and for Managers
- Explore nodes and sort by number of passages coded to reveal most codes passages e.g.
 1. Inv infl extent
 2. info of HO
 3. inf mgt
 4. conflict do diff
 5. sell role
 6. more inv

New antecedents - activities as antecedents eg month end

Antecedents analysed into nature, strengths,

Involvement by activities and purpose, what influences involvement in it

Do a search of dependency of others on MA to identify consequences

From reading BMA3 transcript - Planning Acc

4+yrs

Actv - bud, forecast (8 a yr) , what-ifs, alloc of costs

Ant - US major, detailed Q, dont trust us,
 - can mat- plans, headcount, costs, new programs, machines

Memos

Name	Nodes	References	Created	Modified
A analysis Memo	1	1	04/04/2006 10:34	30/05/2009 18:57

A analysis Memo

09/02/2007 12:05

CMA

- police versus partner - depends, police for monthend, budget and audit, partner for scrap, save the company money
- as a process - police first, detect problem then partner to solve it
- similar comments regarding flexibility and fin vs non-fin focus (m end - financial, during month - could be either)

13/02/2007 09:44

DMA1

Non-routine reports are more strategic and routine are more middle management

Had Divisional backing for an ad hoc report on storage - could ring any manager - managers behind it

more standardised formats from the Divisional level upwards

'you don't get recognised for doing the routine stuff'

14/02/2007 11:43

EMA(2)

- routine normally reporting on the past, non-routine is something going forward
- routine debtors listing done once, like to make it routine

Memos

Name	Nodes	References	Created	Modified
A analysis Memo	1	1	04/04/2006 10:34	30/05/2009 18:57

A analysis Memo

To analyse how the characteristics associated with roles of MAs relate to the consequence of managerial performance

To develop a framework that elucidates the relationship between the consequence of managerial performance and associated antecedents and characteristics

17/07/2008 07:18

Reviewed all the OM scripts again manually making notes, more focused reading, filled in memos and created new nodes under help and hinder managerial performance

23/07/2008 09:05

Need to explore how specific ant and char listed in P1 impact on managerial performance

Ant in P1 were to the roles of MAs but in P2 we are trying to associate these with managerial performance ie it is not what are the ant to managerial performance BUT how are the ant to the roles of MAs associated with mgr perf

Appendix F

Phase Two Analysis Tables

Appendix F1: Initial summary themes table for AM1 and AO1

MA	Antecedents	Characteristics	Consequences
AM1 and AO1	<ul style="list-style-type: none"> • Big - problems in production • Big - direction she will get from the financial controller (S) • Strength – well it is production, that gives us our profit, all starts there, costs...HO/Mgrs tug of war, diff wants, drop for Europe • Strength – fin calendar and m/e – won't get near AMA1, AOP, Strategic planning (S) • Mgt - production problems, scrap, stock, freight, quality, business unit, reports, projects, cost reduction, lab prod, tension HO and BU/GM • Mgt – FC priority (S) • HO - have to drop everything • HO – loyalties to fin rep, no of reps doubled (S) • Education – basics from practice • Environment-cost • Job spec-start • Professional training-basics • FC/Ops /Ops/Ops • Cost focus • Culture – needed yesterday • Fin Mgr – first, delegate, trust us more • Fin Mgr – takes priority, major influence (S) • Own influence – not great extent, what mgrs want • Doc – job doc before, look at old stuff, spec at start, changed slightly • Loc – last office on block, away from everyone (S) • Rep – hit budget <p>MGT EXPECTATIONS</p> <ul style="list-style-type: none"> • Ad hoc • E – access to AMA1 on a timely basis • A - get commitment, 	<p>INDIVIDUAL</p> <ul style="list-style-type: none"> • Committed • Disorganised • Get on with people • Like numbers • More involvement <ul style="list-style-type: none"> • Accuracy (S) • Business knowledge (S) • Effective (S) • Interaction(S) • Interested (S) • Interpersonal (the benchmark) (S) • Open (S) • <u>Could push more</u> • <u>Reactive, mgr instigates</u> (S) • Trustworthy (S) • Respected (S) • Respects confidentiality (S) • Good working relationship (S) • Team player (S) • Wants to learn (S) <p>REPORTS</p> <ul style="list-style-type: none"> • 60/40 R/NR • Prefer NR if not busy • R may ignore some months • NR more interaction • R: Capital expenditure report – spend • NR: Broken Mould – savings • Things going good don't hear • Mgrs go first to where relationship built up • You dislike/like – don't have info, too busy / getting non-financial information, big picture • Like – the info, inventory, capital, improvements brought in • Dislike – spend control, take time to get back • Barrier – time, theirs, our 	<ul style="list-style-type: none"> • Production and outsourcing decisions • more information to everybody... given to the management to help them make decisions • we are more aware of what is going on so when we look at our P and L... • If we weren't so involved a lot of the costs would go crazy • Ambiguity – fixing problems, • Ambiguity – FC, set task and then find out it was sorted last week, no prioritising, • Ambiguity – budget 8 changes before head office happy, it is the environment, market, company, many changes • Ambiguity – inventory problem, they put it off, too many involved • Conflict do diff – FC analyse things diff e.g., was margin, now cost, HO vs. Ops, cut costs vs. more cost • Conflict HO – caught between HO and Ops, HO priority, drop everything • Conflict diff role views – asked to do things, or not asked, whose spec? • Conflict – other department's information wrong • Stress – year-end, month-end • Stress – head officer requests, calls, local head office tension • Stress interaction– European managers, not what they want to hear, know internal managers-easier, stress the whole time with Europe

	<p>pushes out, m/e first, has to queue(A)</p> <ul style="list-style-type: none"> • Cost reduction projects E – financial benefit, payback, prioritise, investment/return, have for next meeting A – done in good timely fashion • E – inventory, accurate and timely info, forecasting remainder A – tracks actual, puts pieces together, does a very good job • Financial metrics (reviews) E – collects info, timely, with comments for plant mgr, I am responsible for some A – puts data together and will come to me looking for commentary on it E – maintenance budget, big, miss-coding, now just budgetary control A – weekly meeting with AMA1 and meets maintenance manager 1 or 2 as well, it is very good 		<ul style="list-style-type: none"> • Stress m/e – now 12 Tues, I only notice a lot of things at month end but no time to check • Stress most – m/e and budget • Stress – SAP std upload y/e, budget not finalised til end Nov • Stress – diff projects time to time, need to work on quickly • Stress much - sometimes • Conflict do differently – green no enquiry, information prior to meeting, should accountant work for ops? (S) • Yes (early detection) (S) • have a good relationship there, she will critique, ask why you are doing that (easier to challenge) (S) • No information, poor decisions (S) • timely reporting of external metrics (S)
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Appendix F2: Views of OMs about influence on roles

	Managers' views			
<i>MA</i>	<i>Amount of MA influence on OM</i>	<i>OM pays attention to MAs' recommendations</i>	<i>Amount of OM influence on MA</i>	<i>MA pays attention to OMs' recommendations</i>
1 (AM1)	Little bit more	Ok, may ignore at times, v busy	About right	Take it very seriously
2 (AM2)	About right	Pay attention, cost big issue	Fine, he is responsive	He would, up front if time a problem
3 (AM3)	Grand, happy	Hypothetical, all cost, hit budget, other criteria	Not much influence but needs met	Delighted when asked about costs
4 (AM4)	About right, puts it to us	Would and have done	About right	Close attention to it
5 (BM1)	About right	Reasonable	Not enough, more value add	Quite a lot of attention
6 (BM2)	About right	If made sense, consider, discuss	About right	Think he does
7 (BM3)	Bordering too little	Very high, trust judgement	About right but needs to challenge back	High
8 (BM4)	Too little	Not enough, quiet, poor reaction	Need to explore, could help	High, very conscientious
9 (CM)	Do with little more	Attempt to address reasonable requests	Cross dept but about right	Very open to it
10 (DM1)	About right	50/50 but if work straight away	About right	50/50 personal, work, would be done
11 (DM2)	About right	Address it but maybe not all speedily	Bordering too little	Would adequately address it
12 (EM)	About right	yes	About right but not influence, info flow	Take it seriously

Appendix F3: Views of OMs about MAs doing things differently

Management Accountant	Role Influencer	Managers' quotes regarding doing things differently
Operations Accountant (Site A) AM1	Supply Chain Manager AO1	<p>...if you are red there is a huge steward's enquiry. So for green I would like to have the same</p> <p>...if we had that information prior to that (cost reduction meeting) we could get some of the work done prior to the meeting but it is only a very small thing.</p> <p>AMA1 works exclusively for the financial controller right, should you have an operations accountant that works for the Business Unit Manager and the Supply Chain Manager and the Maintenance Manager and the Engineering Manager, yes, I don't know</p>
Operations Accountant (Site A) AM2	Operations Manager AO2	<p>I would like AMA2 him to take a more active role in cost, a more active role in leading cost reduction</p> <p>Happy enough with that (review meetings), like it is a lot better than it used to be and it was poor enough</p>
Financial Accountant (Site A) AM3	Business Unit Manager AO3	<p>...in some ways it (reviewing costs) is only done as an after thought or when the pressure is off. It is...there is nobody kind of resourced to focus on it</p>
Financial Accountant (Site B) AM4	Plant Manager AO4	<p>I would have to say no I think he has done exactly as I say he took the initiative of going out and seeing the process which I have never seen</p>
Capital Projects Accountant BM1	Project Manager BO1	<p>I think that the key for us always is the flexibility of systems...I think it is more what the finance function and what they can and can't do at times and that is a small bit frustrating at times but I mean that is the regulatory environment...you have got to row with it</p>
Management Accountant BM2	Planning & Business Partner BO2	<p>he is good at his job but sometimes he is a little bit quiet, he could be a little bit more I suppose not forceful in his opinions but kind of stand up and say look lads I think this is how it should be</p>
Planning Accountant BM3	Production Director BO3	<p>I think he is an extremely capable individual and he probably just needs a little bit more confidence in his ability to actually, to go after opportunities to influence</p>

		Just flag to me, push back to me and say look BSMA3 what you are asking me to do here is just too much...
Financial Accountant BM4	Packaging Production Manager BO4	...would be good for the lads to understand the processes more... Because to be honest I don't know enough only through the queries that I am getting from BMA4... what do you do all day BMA4?
Financial Accountant CM	Operations Director CO	I think it is constantly improving. I would say that they are doing it but they were not sharing it in the past because they were not asked for it, the previous operations, well there was no operations director before I came, the previous production managers I don't think... didn't... didn't have the same perspective
Supply Chain Management Accountant DM1	Commercial Manager Supply Chain DO1	the capex is fine, it is a pain the... for everybody and people always complain about it Again more aggressive in looking for change, savings and all that
Management Accountant – Branches / Trading division DM2	Commercial Manager DO2	I would say one shortcoming with DMA2 is if maybe he was more people... if he was... he probably maybe annoys some people, maybe that is a personality thing and that is probably the shortcoming... it is maybe in terms of leadership, can raise the issue and often times the execution of or coming up the result he might be able to present that better maybe often times Budget - No he probably annoys us all in... and I would say... to meet deadlines Projects - No, actually he would be quite good at that
Financial Services Manager EM	Production Manager EO	Use more user friendly jargon, some of the stuff that is... see he understands, I can confuse the living crap out of him like he can confuse me like if started talking, I normally try and break it down and make it simple but sometimes it doesn't work because when you are coming from an area that you totally understand what you are talking about it can be very difficult to put it into layman's terms likewise he is trashing out all the figures

Appendix G

Managers Influencing MAs

Appendix G: Summary of managers influencing the roles of MAs

MA	1 st influencer	2 nd influencer	3 rd influencer	4 th influencer
AM1	Financial Controller	Supply Chain and Maintenance Manager	Business Unit Manager	Operations Director
AM2	Financial Controller	Operations Manager	IT Manager	Head Office
AM3	Internal Control Manager (Head Office)	Financial Controller	Business Unit Manager	Accounting Practices
AM4	Financial Controller	Head Office	Plant Manager	
BM1	Project Manager	Management Accounting Team Leader	Financial Controller	
BM2	Management Accounting Team Leader	Financial Controller	Planning / Business Partner	Inventory Managers
BM3	Financial Controller	Management Accounting Team Leader	Production Director	Technical Support Manager
BM4	Management Accounting Team Leader	Financial Controller	Packaging and Production Manager	Production Director
CM	Finance Director	Head Office	Managing Director#	Operations Manager
DM1	Commercial Manager, Supply Chain	Financial Controller	Production Manager	Development Manager
DM2	Financial Controller	Direct Reports(2)	Commercial Manager, Region	Sales Managers
EM	General Manager Operations (Financial Controller)	Sales Director*	Technical Services Manager	Production Manager

#This influencer was equated with the first influencer as CM noted that ‘the MD...doesn’t actually come to me that often with queries, he would tend to go to the financial controller’ and ‘so I might not necessarily know that the query is coming from [the MD]’.

*Sales Director in Company E declined interview request

Note: Managers identified with bold text in the shaded box represent the OMs interviewed in the study, and with the exception of the Sales Director in Company E, also represented the OM that the MA identified as most influencing the MA.

Appendix H

Phase Two Reports

Appendix H1: Phase two listing and description of routine reports

MA	Ref.	Report Description
AM1	R1	<u>Analysis of capital projects spend</u> - Listing and analysis of capital project budgets, commitments and expenditure.
AM2	R2	<u>Labour productivity</u> - actual productivity against our budget productivity.
	R3	<u>Output per employee vs. budget</u> - output per employee versus plan.
	R4 a-b	<u>Operating supplies from stores</u> - top 25 operating supplies by value and by volume.
	R5	<u>Manufacturing cost summary</u> - head office cost of goods sold analysis versus plan and forecast with variance commentary.
AM3	R6 a-b	<u>Operating supplies from stores</u> - top 25 operating supplies by value and by volume.
	R7	<u>Department cost centre report</u> - budgetary cost centre report for AO3, actual versus budget year-to-date by item listing.
AM4	R8	<u>Department cost centre report</u> - budgetary cost centre report on maintenance, actual versus budget year-to-date and last year.
	R9	<u>Analysis of electricity cost</u> - analysis of electricity costs between price and usage.
	R10	<u>Analysis of gas cost</u> - analysis of gas costs between price and usage.
	R11	<u>Inventory report</u> - inventory value report versus plan for major inventory categories.
	R12	<u>On-time delivery report</u> - on-time delivery performance, part of a weekly scorecard, key metric...others included parts per million, overdues, cost of poor quality with issues and action comments.
	R13	<u>Conversion cost report</u> - site conversion costs (productivity) vs. forecast.
	R14	<u>Overtime analysis</u> - analysis of direct and indirect overtime.
	R15	<u>Expense tooling report</u> - monthly analysis of tooling costs.
BM1	R16	<u>Project commitment report</u> - analysis of project spend by quarter vs. budget, last year, invoiced, total committed and uncommitted.
BM2	R17	<u>Inventory report</u> - summary of value and units of major inventory categories.
	R18	<u>Sales report</u> - listing of customers, quantities, prices...(for internal group and head office use).

BM3	R19	<u>Spending performance vs. forecast</u> - monthly spend broken out into different programmes... against our last forecast.
BM4	R20	<u>Work orders variance analysis</u> – batch variances - yield, mix, burden, method.
	R21	<u>Purchase price variance analysis</u> - product analysis of purchase price variance.
CM	R22a-b	<u>Inventory report</u> - analysis of inventory categories versus budget in units and values.
	R23	<u>Department cost centre report</u> - cost centre budget report for departmental managers, month and year-to-date.
	R24a-b	<u>Scrap report(s)</u> - analysis of scrap in units and values and KPI graph.
DM1	R25	<u>Performance indicators</u> - KPIs for production sites A and B.
DM2	R26	<u>Gross margin reports</u> - analysis of gross margin for the month and year to date for product categories versus budget and last year.
	R27	<u>Adjusted net profit</u> - analysis of profit adjustments across business units.
EM	R28	<u>Quarterly report</u> - management report containing financial, management and business unit performance information and commentary.
	R29	<u>Flash report</u> - forecast of the month's performance for head office by 20 th of month.
	R30	<u>Management accounts</u> – monthly profit and loss, balance sheet, cash flow, commentary, and comparatives.

Co.	Provider	Ref.	Report Description
A	General Manager	R31	Plant performance on 18 critical indicators (mostly non-financial) for head office versus the annual plan.
B	Team Leader	R32	Management accounts for site operations.
B	Team Leader	R33	32 KPIs versus target with traffic light status indicator for each metric and certain metrics 'bonusable'.
D	DO1	R34 a-c	Three sets of management accounts for different business units – profit and loss, and expense analysis.

Appendix H2: Phase two listing and description of non-routine reports

MA	Ref.	Report Description
AM1	NR1	<u>Analysis of broken parts/cost savings</u> - analysis of all costs associated with a particular scrap item to quantify the savings on it.
AM2	NR2	<u>Inventory reconciliation and material usage analysis</u> - detailed reconciliation of inventory and usage analysis with summaries and commentaries across business units.
	NR3	<u>Absenteeism and floats</u> – analysis of absenteeism and floats.
	NR4	<u>Personal protective equipment usage</u> - cost per employee of protective equipment following introduction of restricted access.
AM4	NR5	<u>Overhead absorption rates</u> - calculation of fixed and variable overhead absorption rates for labour and machining.
	NR6	<u>Analysis of standard costs</u> - listing of product items and analysis of change in standards i.e., new year's standards vs. last year's standards.
BM1	NR7	<u>Forecast depreciation analysis</u> - analysis of movements between budget years.
	NR8	<u>Analysis of purchase orders</u> - analysis of project purchase order amendments.
BM2	NR9	<u>Release of a revaluation calculation</u> - calculation of a stock revaluation by item.
	NR10	<u>Costing of new products</u> - calculation of standard costs of new products.
BM3	NR11	<u>Overhead allocation methodology for batches</u> - allocation for business units.
CM	NR12	<u>Inventory adjustments</u> - analysis of adjustments to inventory.
	NR13	<u>Budget analysis</u> - listing of individual items in prior budgetary spend.
	NR14	<u>Recycling project report</u> - analysis of recycling cost saving opportunities.
DM1	NR15	<u>Storage proposal</u> - analysis of proposal for an alternative storage facility.
	NR16	<u>Customer order proposal</u> - analysis of order and fixed and variable costs.
EM	NR17	<u>Analysis of debtors balances</u> - list of debtors' credit limits and monthly balances.

Appendix I

MAs' Activities

Appendix I1: Major activities making up the roles of MAs

MA	Major activities	MA	Major activities
AM1	<ul style="list-style-type: none"> • All the costings of all the parts • Budget process • Capital projects • Maintain the asset register • Projects • Cost reduction • Control of inventory • Month end • Ad hoc stuff 	BM3	<ul style="list-style-type: none"> • Budgeting and forecasting • Cost centre reviews • New product plans – what-if scenarios
AM2	<ul style="list-style-type: none"> • Month end • Budget • Forecasts • Standard costs • Project work 	BM4	<ul style="list-style-type: none"> • Standard costing • Tolling • Month end • Inventory • Variances • Work orders
AM3	<ul style="list-style-type: none"> • Statutory reporting • Internal controls • Monthly reconciliations • Payroll • External links • Business unit manager • Budgets • Costing • Reporting • Cost reduction 	CM	<ul style="list-style-type: none"> • Month end • Weekly reports • Banking • Asset registers • Cost control • Capital projects • Enquiries from the States
AM4	<ul style="list-style-type: none"> • Month end • Costs • Cost reduction • Standard costing • Improving systems • Projects • SOX 	DM1	<ul style="list-style-type: none"> • Doing accounts and reporting • Presenting them to various management teams • Cut costs • IT development
BM1	<ul style="list-style-type: none"> • Asset register maintenance • Capital project management • SOX 	DM2	<ul style="list-style-type: none"> • Report accurately the accounts • Advise...better informed decisions • Project work • Ad hoc
BM2	<ul style="list-style-type: none"> • Tracking inventory • Reconciliations • Sales and cost of sales • Project work 	EM	<ul style="list-style-type: none"> • Monthly management accounts • Statutory accounts • Internal audit • Budget • Overseeing debtors, creditors • Signing checks • Reviewing the work

Appendix I2: Activities associated with interaction between MAs and OMs

MA	Activities identified by MA	Activities identified by OM
AM1	<ul style="list-style-type: none"> • Cost reduction projects • Capital projects • Head office reporting • Maintenance 	<ul style="list-style-type: none"> • Cost reduction projects • Inventory • Financial Metrics • Variance analysis • Materials • Maintenance • Ad hoc
AM2	<ul style="list-style-type: none"> • Operations meetings • Individual meeting with manager • Cost reduction projects 	<ul style="list-style-type: none"> • As per MA
AM3	<ul style="list-style-type: none"> • Working with AO3 on pricing and budgets • SOX working with all managers 	<ul style="list-style-type: none"> • Budgeting
AM4	<ul style="list-style-type: none"> • Cost reduction teams • Setting standards • New product development 	<ul style="list-style-type: none"> • Cost reduction teams • Product development
BM1	<ul style="list-style-type: none"> • Engineers -individual projects • Project creation, close and maintenance 	<ul style="list-style-type: none"> • Individual project reporting • Reporting and forecasting on a monthly basis
BM2	<ul style="list-style-type: none"> • Inventory • Reconcile the sales, cost of sales, our standards 	<ul style="list-style-type: none"> • Inventory • Sales (inter-site), new items set-up, cost rollings
BM3	<ul style="list-style-type: none"> • Long range plans, budgets and forecasts • Cost centre reviews • New programmes coming on line 	<ul style="list-style-type: none"> • As per MA
BM4	<ul style="list-style-type: none"> • Work order yields and methods • Put on different teams say... .. Material Review Board • Production meetings 	<ul style="list-style-type: none"> • As per MA
CM	<ul style="list-style-type: none"> • Costs...every month....against budget • Stock...weekly review 	<ul style="list-style-type: none"> • The KPIs, so scrap, inventory, freight in, freight out costs • Project costing
DM1	<ul style="list-style-type: none"> • Capital expenditure procedures • Annual business plans • Meetings 	<ul style="list-style-type: none"> • Monthly accounts first • Capital expenditure • Annual business plan • Meetings: both accounts and...managers meetings
DM2	<ul style="list-style-type: none"> • Accounts...meeting the sales people • Projects 	<ul style="list-style-type: none"> • Monthly review of accounts • The budget and then the business plan
EM	<ul style="list-style-type: none"> • Production variance analysis • Sales reports with price and volume and mix and customers • Formal quarterly meetings...other months...in the office with them 	<ul style="list-style-type: none"> • Variances • Annual budget and then there is the five year plan