

Roles, authority and involvement of the management accounting function: a multiple case-study perspective

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Abstract

Recent techniques and shifts in the environment are often foreseen as leading management accountants to adopt a business orientation. However, empirical evidence pointing to fundamental shifts in the roles played by management accountants remains relatively scarce. We explore this paradox and give sense to the various roles played by the management accounting function by focusing on how management accountants are involved in and endowed with authority in decision-making situations. Using data we gathered from 73 interviews in ten multinational companies, we identify four styles adopted by the management accounting function: the discrete, the safeguarding, the partner, and the omnipotent management accounting functions. We show that each style can be associated with a specific role: discrete control of managerial behaviour, socialisation of managers, facilitation of decision-making, and centralisation of power. Some of these roles—facilitating local decision-making or discretely controlling managerial behaviour, for instance—have been under discussion in the literature for many years now. Our detailed analysis of management accountants' work reveals that these roles can be associated with both unexpected benefits, such as fostering creativity, and unforeseen drawbacks, such as drift in governance. Furthermore, our findings bring to light other, unexplored roles—centralising power or socialising managers, for example—providing us with a more enriched understanding of

management accounting practice. From this in-depth analysis of management accountants' styles and roles we move on to discuss the authority they hold and the independence/involvement dilemma they face in the workplace.

Key words: management accountant, role, business partner

Introduction

Management accountants have long played multiple roles variably described as scorekeeping, attention-directing, and problem-solving roles (Simon, Kozmetsky, Guetzkow & Tyndall, 1955). Whereas scorekeeping and attention-directing roles typically focus on compliance reporting and control-type issues respectively, the problem-solving role centres on providing business unit managers with relevant information for decision making (Hopper, 1980; Sathe, 1982). These roles respectively match two commonly held images of the typical accountant: the bean counter and the business partner (Friedman & Lyne, 2001; Granlund & Lukka, 1998b; Vaivio, 2006; Vaivio & Kokko, 2006).

A number of scholars view these two roles as being in conflict (Emsley, 2005; Hopper, 1980; Indjejikian & Matejka, 2006; Maas & Matejka, 2009; Sathe, 1978; 1982; 1983). Others suggest that the problem-solving role has become more predominant as business unit managers face increasingly uncertain environments where new and different information is needed to manage uncertainty (Burns & Scapens, 2000; Burns & Yazdifar, 2001; Friedman & Lyne, 2001; Granlund & Lukka, 1998b; Vaivio, 2006). Since the late 1980s, the literature has examined how these roles have changed (Emsley, 2005; Järvenpää, 2007). Reasons for role change are typically linked with business-oriented management accounting innovations, such as strategic management accounting, activity-based costing, strategic cost management, life cycle costing, competitor accounting, customer profitability analysis, economic value added measurement, balanced scorecards, and Japanese target costing (Friedman & Lyne, 1997). Business orientation has also been fostered through implementation of modern financial and operational control systems and software empowerment (Burns & Scapens, 2000; Colton, 2001; Granlund & Malmi, 2002; Jablonsky & Keating, 1995; Siegel, Sorensen & Richtermeyer, 2003). Lastly, the decentralization of management accountants, who increasingly report to their respective business units, is a key element fostering this business

orientation (Granlund & Lukka, 1998b; Järvenpää, 2007). Literature foresees new management accounting techniques and changes in organizational and business environments having a huge impact on management accountants' roles, yet empirical evidence on fundamental shifts in these roles remains relatively scarce (Burns & Baldvinsdottir, 2005). Most research still empirically discerns the bean counter phenomenon (Vaivio, 2006: 69). For example, Järvenpää (2001) reports a broadening of the management accountant's duties to include participative business orientation, but a number of features relating to a bean counter profile can still be identified in the study's interview data. Another survey conducted by Malmi et al. (2001: 498) could not gather enough evidence to conclude that "a major shift from bean counters to business partners has occurred". Järvenpää (2007) identifies the conditions under which management accountants become business partners, suggesting that such a move is neither universal nor easy to implement. We draw two possible explanations from these mixed findings: either historical lag explains the gradual diffusion of this new role within organizations or we may conclude that not all firms need business partners. We argue that comparative analysis is required to understand why management accountants' roles are, or are not, business-oriented and to show what consequences this entails. In this paper, we investigate the following question: to what extent might normative claims about business partners accurately reflect their roles in practice? Specifically, we give sense to these roles by focusing on two points: the authority delegated to the management accounting function and the involvement/independence dilemma this entails.

The findings we draw from our in-depth qualitative research—its limitations notwithstanding—compel us to question the model of a single management accountant role. Our research is based on twelve case studies in ten firms in which we carried out seventy-three interviews with both management accountants and operational managers. Double triangulation of sources and methods (annual reports, corporate documents, and non-

participating observation) has confirmed the reliability of these findings. In-depth analysis of each case and inter-case comparisons provide a layout for our typology of management accounting functions in which each style is associated with both organisational benefits and risks. Further examination reveals a dominant role for each management accounting function: the discrete management accounting function plays a role of discretely controlling managerial behaviour; the safeguarding management accounting function plays a role of socialising managers; the partner management accounting function plays a role of facilitating decision-making; and the omnipotent management accounting function plays a role of centralising power. This paper raises the question as to how much authority the management accounting function should be granted as well as the involvement/independence it should have in relation to operational managers.

The remainder of this paper is structured as follows. First, we discuss the roles of the management accounting function and investigate both the concept of role and the management accounting function as a staff support. We then develop the theoretical framework we use to analyse the roles of the management accounting function. In section 3, we explain our fieldwork methodology and section 4 presents our typology of roles played by the management accounting function. In section 5, we discuss these roles in light of the ongoing debate regarding the authority and independence/involvement of management accountants. The final part of this paper presents our conclusions and the research implications of our analysis.

1. The Roles of the Management Accounting Function

Roles, benefits and risks of the management accounting function

Two roles played by the management accountant are commonly highlighted: the role of bookkeeper and the role of decision-making facilitator (Emsley, 2005; Hopper, 1980; Indjejikian & Matejka, 2006; Sathe, 1978; 1982; 1983). Each of these roles may be associated with both benefits and risks (Sathe, 1983).

The bookkeeper management accountant must “ensure that the financial data of a business unit is fair and that internal control practices comply with procedures and the company’s policy” (Sathe, 1983: 31). The benefit tied to the bookkeeper is that this role ensures accurate information and financial reporting about an entity and its activity (Maas & Matejka, 2009). The risk is that the bookkeeper may be seen as an ‘outsider’, thereby making any ‘before the fact’ control difficult to achieve (Sathe, 1983).

The role of aiding decision making makes mid-level operational managers the primary clients of management accountants. Here, the accountant’s main task is to provide managers with data required for self-control (Hopper, 1980: 402). The benefit associated with this style of management accounting function is its contribution to business decision making (Granlund & Lukka, 1998b). However, the management accountant’s involvement can also stifle operational management initiative and creativity (Sathe, 1983).

According to Sathe (1983), a firm has no other choice but to count on the local management accountant to be an effective local guardian. Yet, management accountants are increasingly required to develop a business-oriented role (Järvenpää, 2007; Granlund & Lukka, 1998b). Is the role of ‘policeman’ consistent with the role of active participant in the business decision-making process? Can the accountant effectively wear both hats at the same time, one requiring a degree of involvement with affiliated management and the other a degree of

independence from the same? This question has become even harder to answer since Mouritsen's (1996) research found that accounting departments' work is relational. Building on Simon et al.'s (1955) and Hopper's (1980) theses that issues of involvement–independence relate to decentralisation–centralisation, Mouritsen's findings suggests that organizational structure only marginally influences the work of accounting departments. Rather, accounting departments' work should be explained as a relationship between them and other managers in the firm (Mouritsen, 1996: 298). It varies according to organizational circumstances but with the important caveat that management accountants' positions are not 'determined' by themselves. Instead, the work they produce results from the interplay between the aspirations and expertise mobilized by accounting departments and the responses to their actions from top management and line functions. The work carried out by accounting departments is the product of interrelationships between situated managers (Mouritsen, 1996: 285).

The Concept of Role

Most research on management accountants' roles focuses on studying their individual characteristics. Surveys of management accountants in both the USA (Siegel & Sorensen, 1999) and the UK (Burns & Yazdifar, 2001) indicate a broadening of roles and the importance of both analytical and social skills in these roles. Coad (1999) argues that management accountants can live up to demands for more pro-active involvement and role innovation as long as they possess or can develop a learning goal orientation. Byrne and Pierce (2007) show that a number of individual characteristics—including business knowledge, interpersonal and communication skills, IT skills, technical skills, flexibility, personal qualities, monitoring skills and organisational influence—help explain management accountant roles (Byrne & Pierce, 2007). Management accountants can exert considerable influence over how their own roles are designed and a management accountant's ability to

shape his role is linked to his individual attitudes, personality and initiative (Byrne & Pierce, 2007).

These studies take management accountants as individuals. However, to fully understand an individual management accountant's actions and behaviours and the actual role he plays in a given organisation, we should account for his belonging to a group (the management accounting function) (Anthony, 1988). To a large extent, the function's overall positioning can explain the role played by management accountants themselves (Järvenpää, 2007). For example, Järvenpää (2007), using a case-study approach, examines how corporate culture affects and facilitates the management accounting function's growing business orientation in an organisational context, demonstrating that accounting practices are woven into an organisation's cultural fabric and into a broad range of diverse practices that make up its business orientation. These findings suggest that management accountants belong to the management accounting function and that their individual positioning and role are determined, to a large extent, by the positioning of the management accounting function within the organisation.

The concept of role enables us to tie together individual and organisational levels (Katz & Kahn, 1966: 171) as often done in both sociological literature (Hughes, 1958) and in the field of psychology (Thomas & Biddle, 1966). According to Katz and Kahn (1966), the concept of role lies at the heart of any analysis of an organisation, at the crossroads between sociology and psychology. Role binds together the macro and micro dimensions inherent in all human organisations, being "at once the building block of social systems and the summation of individual demands" (Katz & Kahn, 1966: 171)¹. However, role cannot be observed in a

¹ Contrary to Katz and Kahn's wishes, the great majority of research focusing on role and using concepts defined by Katz and Kahn (notably, role conflict and ambiguity of roles) has tended to pertain to the field of psychology, quickly dropping the sociological dimension present at the outset (House & Rizzo, 1972; Jackson & Schuler, 1985). Recent research on management accountants has also taken this route (Maas & Matejka, 2009). Such a psychological reading of role conflict is measured on a scale, thereby assuming that roles played by individuals within organisations are identified beforehand in a comprehensive manner.

direct way. According to Katz and Kahn (1966: 173), what “is organized are acts—the behaviors of people acting on materials, acting on machines, but above all interacting with each other”. We understand role by simply observing interactions and activities. Understanding the role of a social group, therefore, requires us to study interactions within this group and with other groups, as well as studying the activities of members who make up the group.

The Management Accounting Function as Staff Support

Similar to IT services or logistics, the main purpose of the management accounting function is to support staff. For over sixty years, a rich and varied body of literature has focused on the role of support staff and examined their centrality (Koontz & O'Donnell, 1974). This research stream addresses two overriding issues: the suitable degree of authority to grant such functions within the organisation (*i.e.* the authority dimension: what should their impact on decision making be?); and the interests they serve (*i.e.* the client dimension: whom do they serve?).

The nature of a staff function's authority is very different from classic authority arising from hierarchical relationships because it is by nature functional (Koontz & O'Donnell, 1974). Most often, authority is limited to the ability to provide information or advice to operational managers. The functional quality inherent in the management accountant's position precludes his holding any sort of hierarchical authority (Bessire, 1995: 43). Although often real, any influence he may exert over organisational decision making is indirect and may be tainted with ambiguity. Support staff may also play a role of informing upper echelons in the hierarchy, resulting in top management decisions to supervise the work of operational managers (Etzioni, 1964). A staff function's degree of authority therefore impacts the room for manoeuvre open to operational managers. That said, any authority granted to the management accounting function is generally sanctioned by top management, which “can

decide to empower accounting departments to engage in organizational activities, or it may decide not to” (Mouritsen, 1996).

Mintzberg (1983) provides analysis based on the notion of staff function clients. His analysis splits staff functions into what he calls the “*technostructure*” and what he calls support staff. The role of the technostructure is to analyse working practices and to standardise procedures, results or classifications, thereby serving the purposes of top management. The role played by support staff is to provide services to operational managers. Ultimately, the role a staff function plays is broadly determined by its main client—whether senior management or operational managers². Management accounting literature views this issue as a dilemma between involvement and independence (Sathe, 1982; Anthony, 1988) and tends to argue that, when reporting to operational managers, management accountants have greater involvement in local decision-making processes. In contrast, when management accountants report to senior management, they have greater independence in relation to operational managers.

2. Theory Development

In light of the above, we propose an analytical framework to study management accountants’ activity and their function’s positioning. We specify their activity by examining their tasks, relationships and image (Wrzesniewski & Dutton, 2001) and we analyse their position from two perspectives. This first is the authority functional managers hold, as manifest in their influence over decision making (Etzioni, 1964; Koontz & O’Donnel, 1974); the second is who the staff function’s client is, *i.e.* the individual or group of individuals they are serving (Mintzberg, 1983).

Granlund and Lukka (1998a) assert that environment and organisation structure influence the work carried out by management accountants and impact they have on decision-making.

² However, although the distinction seems clear in theory, ambiguities remain in the very analysis Mintzberg provides: the “accounting department” is given as an example of a staff support function, yet “accounting” itself falls within the technostructure. The same applies to the management control function.

Moreover, it has been shown that the role management accounting plays and the position management accountants enjoy are culturally grounded at the national (Ahrens & Chapman, 2000; Granlund & Lukka, 1998a) and organizational level (Burns & Scapens, 2000; Dent, 1991; Järvenpää, 2007).

The notion of dominant logic can be useful in understanding the importance of organizational culture in shaping the management accounting function (Bouquin, 2001: 115). The basic components of a dominant logic are the premises, beliefs and assumptions shared by managers at all levels of an organisation (Lampel, 2000). It manifests in two dimensions of managerial cognition (Lampel, 2000): information processing and sense-making (Weick, 1995). By stealth, dominant logic diffuses within the organisation wherein it establishes local meaning frameworks to guide strategy implementation, institutes routines (Washington, 2004), and “interacts with organisational systems and structures” (Bettis, 1995: 8). Dominant logic may therefore influence the positioning of the management accounting function. Specifically, we may view the work carried out by management accountants as being “simultaneously both influenced by and influencing its context formed by its relations to and with others in the firm” (Mouritsen, 1996: 299) and the position of management accountants as reflecting “forms of interaction between the parties involved in producing, communicating and consuming accounting” (Mouritsen, 1996: 300). Likewise, an organisation’s dominant logic influences and is partly determined by both the activity of management accountants and the positioning of the management accounting function (see Figure 1).

<Insert Figure 1 about here>

Ultimately, by examining dominant logic, management accountants’ activities and their function’s positioning, we may better understand the roles the management accounting function plays in the organisations we study in this paper. These roles combine positive and

negative effects at organisational level with motives for satisfaction and dissatisfaction at individual level.

3. Methodology

Research Design

Like Anthony (1988), we take the management accounting function rather than ‘the individual management accountant’ as our unit of analysis. Here, function refers to a department or service within an organisation comprising a set of management accountants. Simply put, individual management accountants, taken as a group, make up the management accounting function.

The purpose of our research is to describe various roles played by the management accounting function. A strategy of using quantitative methods may run the risk of making lesser-valued aspects of the management accounting function harder to discern. Hughes (1951a; 1951b; 1958) has demonstrated that a person’s occupation is a key element of his social identity and respondents may well be tempted to project a more flattering self-image than reality warrants (Mouritsen, 1996). Provided they are applied with care, qualitative methods are more suitable than quantitative methods to enable us to understand the work management accountants carry out and to question the view commonly held by consultants in this matter (Vaivio, 2008).

To understand the roles management accountants play, we set out to combine the variety of contexts we have studied, as does Byrne and Pierce (2007), with the depth allowed by case-study methodology, as developed by Järvenpää (2007). Specifically, we have drawn up multiple in-depth case studies, *i.e.* rich empirical descriptions of particular instances of a phenomenon (Yin, 1994). A case-study approach is well suited to theory refinement (Keating, 1995) and can serve to clarify debate around shifts in management accountant roles. Presenting multiple case studies allows for comparison and replication to ascertain whether

emerging findings are consistent in several cases and to broaden the scope of research questions (Eisenhardt, 2007). However, case selection should be performed with care.

Research Sites and Selecting Respondents

We carried out data gathering in two phases, with an initial exploratory phase of twenty-two interviews. Our aim was to build up knowledge of our research object, carrying out interviews in different industries purposefully to shed light on both similarities and differences. At this stage, one important finding brought out the critical role played by decentralised management accountants, thereby contributing to our knowledge of the role of the management function overall (Hopper, 1980; Granlund & Lukka, 1998a; Järvenpää, 2007). A nexus of tensions between the loyalty they owe to general management and the relationships they must build with local management, decentralised operational management accountants embody the broader issue of the management accounting function within their respective organisations. In contrast, management accountants located in head offices who handle reporting/financial issues encountered far fewer conflicts of loyalty than their decentralised operational counterparts. To construct a typology, we therefore decided to focus the main thrust of our analysis on the tasks, relationships and image of decentralised operational accountants and to deduce from our findings any elements enabling us to position the management accounting function as a whole on our typological grid.

With the goal of delving deeper, we conducted a second phase of research with seventy-three interviews within the framework of twelve case studies (see Table 1). The findings we present in this paper are drawn from this second phase.

<Insert Table 1 about here>

We selected our case studies to cover and compare a relatively large range of industries. During case study selection, we eliminated any undesirable variations to ease case comparisons (Eisenhardt, 1989). We examined only very large, multinational firms—all firms

in our sample generate more than 60% of their turnovers in export markets and own production units outside their home countries. They are mainly industrial mass producers, facing uncertain environments and managing product portfolios that include products in both growth and maturity lifecycle stages. These listed firms disclose their incomes at least twice a year and are widely viewed as successful companies (see Appendix 1). All but three of the interviews (with exceptions in Beauty or not Beauty, Luxury) were conducted in France. Nine subsidiaries have head offices in France, two have dual head offices in UK/Sweden and UK/Netherlands, and one has its head office in Switzerland. All firms in our sample can be viewed as performing well, disclosing net profits (at least for 2003 and 2004) and widely seen as being among the leaders in their respective markets.

We did not select cases to be representative of a particular population but to highlight the relationships and logic shared by several constructs (Eisenhardt, 2007). We based our theoretical sampling on “polar types” with maximum variation between cases (Yin, 1994). We sampled extreme cases to bring out contrasting patterns in the data and “to learn about one phenomenon while enabling variation of other potentially moderating variables” (Cooper & Morgan, 2008: 166). Following this logic, we studied six different industries: cosmetics and luxury, personal care, food, auto parts, automobiles and pharmaceuticals. We carried out two case studies in each industry, examining further any cases that stood out in light of the constructs explored in this study. Whenever interviews in one firm brought to light a very different management accounting function from what we had already observed in our sample, we continued interviewing there in order to ascertain this logic. In contrast, whenever our interviews revealed features similar to those of a management accounting function we had previously observed, we stopped data collection. In other words, in each firm we added additional informants until we began to hear the same information again and again, indicating that we had reached what Glaser and Strauss (1967) refer to as “theoretical saturation”. This

approach helped us to discern clear patterns in the “central constructs, relationships, and logic of the focal phenomenon” (Eisenhardt, 2007: 27) and facilitated typology construction.

We renamed the firms according to several factors, including the firm’s overall image linked to its history and its organisational identity, and its industry. For instance, Beauty or not Beauty is a worldwide leader in the cosmetics industry distributing its products both in the mass market and through select distribution channels. Accordingly, we decided to rename it “Beauty or not Beauty”.

Data Collection

We used a variety of methods to gather data, including analysis of archive materials (Internet sites, internal documents, and annual reports), non-participant observation and interviews.

Seventy-three extensive interviews were carried out by one of the two authors of this study during the period 2002-2005. Notably, due to the sensitive nature of the question, we did not ask respondents about the role they *thought* they played, which would have constituted a basic methodological error (Hughes, 1951a). Rather, we chose to interpret roles from detailed and systematic analysis of what management accountants described as their daily activities. Our concern was to leave them some freedom of speech and to encourage respondents to discuss the lesser-valued aspects of their work with confidence. Topics raised during interviewing include the following: general features of the organisation, respondent’s background and experience, history and structure of the management accounting function, management accountants’ daily tasks, the tools they use, the relationships they build with managers and their level of job satisfaction. Each interview lasted between 45 minutes and two and a half hours, was recorded and then transcribed in full. This generated more than 1,200 pages of information in all.

In one case study, we undertook a triangulation of methods (Denzin & Lincoln, 2000) by conducting non-participant observation with the goal of ensuring that discourses were

'consistent' with actions. For three days from 8 a.m. to 8 p.m., we work-shadowed one business management accountant and our observations resulted in a 50-page transcript, allowing comparison of interview data with what we observed. This nurtured our understanding of how relationships between operational managers and management accountants in particular are managed, including the bargaining and repeated attempts to convince and seduce occurring in the context of a management accounting function we categorise as discrete (see below). This approach also allowed us to confirm that our interview method was producing a relatively close representation of what was being observed directly (notably, in a context in which representations of management accountants were hardly flattering).

We also triangulated sources as interviews were being conducted with management accountants and operational managers in one case study. The absence of any variations between the discourses of operational managers and those of management accountants naturally guided our methodological choices. Rather than continue with systematic triangulation, we opted to gather more from interviews with management accountants in a variety of environments so as to broaden the scope of our research.

Finally, we carried out document analysis, gathering annual reports, management accounting job descriptions and job vacancies for management accountants to flesh out our research.

Data Analysis

Wrzesniewski and Dutton's (2001) analysis framework approaches an activity by differentiating between the tasks, relationships and the perception of work involved. Here, we adapt their work to specify management accountant activities.

We coded our data using a grid drawn from our literature review of the management accounting function enriched "in vivo" (Miles & Huberman, 1984). We brought together

information using open coding and then compared management accounting functions in the various firms case-studied.

We used the software NUD*IST Nvivo2 to code all interviews finely according to selected categories. This enabled us to draft the detailed analytical framework for management accountants' activity we propose above (see Table 2):

- Tasks performed by management accountants are split along four axes: zone of competence; tasks tied to measuring performance broadly speaking; internal control; and *ad hoc* analyses.
- Relationships developed by management accountants can be divided into two subcategories: hierarchical relationships and functional relationships. We also draw attention to responsibility sharing with other accountants or operational managers.
- Four components of image emerge. The task-based image—similar to what Wrzesniewski and Dutton call “*the cognitive representation of the task*”; the relational image—the image a management accountant thinks he projects in relationships he builds with counterparts (Friedman & Lyne, 1997; Friedman & Lyne, 2001); the organisational identity; and the ‘traditional’ image, pertaining to stereotypes widely held in society as a whole (Bouquin, 2001).

<Insert Table 2 about here>

Using coding software simplified the transition from individual to comparative analysis. Allowing us to gather and compare different codes for a given organisation (for instance, tasks or the nature of relationships), this facilitated observation of homogeneity (or divergence) in individual discourses within the organisation.

4. Findings

A Typology of Management Accounting Functions

Following the analytical framework presented in Figure 1, we employ four major dimensions to differentiate our case studies: the dominant logic, the activity of management accountants, the positioning of the management accounting function, and the positive and negative effects of structuring the management accounting function at individual and organisational levels. As previously stated, we intensively explored case studies that clearly stood out from the others in these respects and placed emphasis on extreme cases. From our analysis and comparison of various styles of management accounting function, we observed that the role it played significantly differed depending on its authority and its client. From our analysis and comparison of twelve case studies, we discern four styles of management accounting function, each having different practices, benefits, risks and roles: the discrete, the safeguarding, the partner, and the omnipotent management accounting functions. Our findings were presented to around 120 management accountants on continuous professional training courses (executive education) in various teaching institutions. Whether working in organisations with a favourable image of the management accountant or not, the large majority of these management accountants confirmed and validated our interpretation.

To facilitate reading, we provide a textual description for each style and clearly annotate references to the relevant information in this paper (e.g. see ❶ in Figure 2).

The Discrete Management Accounting Function

In the firms Beauty or not Beauty Luxury, Beauty or not Beauty Public, Gastryx, Antalgix and Luxury Lux, we classify the management accounting function as discrete.

A discrete management accounting function serves local management and its authority appears limited. It is associated with a dominant marketing logic and its flexible, barely formalised structures enable an organisation to ‘stick closely’ to market trends. These firms

gravitate towards high-potential growth markets such as luxury products, pharmaceuticals and advertising. Their success relies on innovation, differentiation, and also promotion. Within these organisations, marketing tends to enjoy a major and central position (see ❶ in Figure 2).

At Beauty or not Beauty, the product manager is seen as an orchestral conductor. The one who waves the little baton. You are in charge of your brand or your products, and you coordinate an impressive range of services. (Javier, Product Manager, Luxury)

We product managers are not very involved in financial matters. We are operational and strategic managers: where is our brand going? You set the big strategic directions—you, the product manager who ‘takes the first step’ and who is then followed by others... or not. You may come under some criticism on some points. But you carry on and manage your costs. (Emma, Product Manager, Public, Beauty or not Beauty)

Here, the product manager is portrayed as a mini-CEO handling everything from strategy to operations and still managing his costs; respondents have no hesitation acknowledging they are “not very involved in financial matters”. Yet, their overall philosophy is to avoid delegating too much authority to the management accounting function whose practices could inhibit creative staff (see ❷ in Figure 2).

We were surprised to observe that management accountants in all these firms talked about the concept of “business partners” as if it were the Holy Grail. Working in decentralised structures and taking on board the discourses of human resources departments, discrete management accountants tend to perceive themselves as being at the service of local management, strongly associating their organisational identity with the entity to which they report. Yet, they encounter one major problem in aspiring to this role model. At best, operational managers may not understand the significance of any information or analyses that management accountants provide; at worst, they are extremely reluctant to allow management accountants to interfere in issues they deem strategic (see ❸ in Figure 2).

*There is a “policing” dimension that we need to fight [...]. From the moment I turned up **with my management accountant hat** on in **his** domain of activity, it was: “I’m finishing this off behind closed doors”. **I was the cop that was going to cut into his budgets**, who was going to stop him from working... So, I had to tell him: “Wait, stop. You don’t understand. We’re not here to stop you from working. Quite the opposite. We are a support function so we must share.” (Vincent, Management Accountant Business Unit, Pharma)*

Some management accountants opt to focus on the few (and less interesting) tasks that do not require participation from operational managers. This further bolsters the supremacy of product managers who remain in total command of information and key projects (see ④ in Figure 2). Others try the ‘pedagogical way’ by making product managers aware of financial concerns. Unfortunately, many operational managers simply refer them in response to marketing assistants who perform ‘non-strategic’ tasks such as managing the order book. If a management accountant encourages an operational manager to change work methods or to structure them differently, he is seen as “teaching a lesson”. Experienced management accountants confide that, after several attempts to change things, they soon learned “to stick to their own work”.

*So, I think that **our role is less about straying into technical areas**, especially when we don’t have the competencies. The people we face are doctors and pharmacists; they have more knowledge about our products. Our input is the perception of the outsider, the layman. “Look, I find this... well, unusual.” **But I think we should stay humble in this respect and remember that there is more expertise on the operational manager side.***
(Alain, Management Accountant, Subsidiary, Antalgix)

Operational managers do not perceive collaboration with management accountants as necessary. Consequently, outside of reporting activities, discrete management accountants divide their time and energy between raising operational managers’ awareness of financial concerns (notably, by developing informal relationships) and their main task of enforcing and monitoring compliance with procedures. In addition to reporting, budgetary monitoring is confined to signalling overspend. The resulting image of management accountants is strongly tainted by this coercive, even ‘bureaucratic’ dimension—a black mark in organisations where responsiveness is a watchword. To be accepted, management accountants must remain discrete. Unable to fulfil their mission as it is tacitly prescribed (i.e. to be business partners), they feel compelled partially to reconstruct their activity (see ⑤ in Figure 2). Low visibility in the organisation endows them with a degree of autonomy and they create new tasks for themselves. Consequently, they develop cost-cutting missions or track failures in internal

control independently of any product manager relationships. Some management accountants turn to procuring simple satisfaction from identifying failures—sometimes considerable—in internal control to give them a feeling of purpose. Others declared dissatisfaction and some even left their jobs to take on operational positions.

By keeping the management accounting function at arm's length from operational managers, head office ensures that product managers take full responsibility for product success or failure and that they are subject to as few constraints and procedures as possible to guarantee optimal responsiveness. This management accounting function plays a role of discretely controlling managerial behaviour. The main organisational risks stem from internal control failures and potential financial waste whereas the main organisational benefits of this function include fostering responsibility and risk-taking among operational managers.

<Insert Figure 2 about here>

To conclude, when the management accounting function is organised as a discrete relationship with operational managers, it enables the latter to fulfil their duties in full, to remain responsive and be creative. It can, however, also result in drift in internal control and some wastage.

The Safeguarding Management Accounting Function

In the firms Nationauto, Franceauto and Siegeauto, the management accounting function plays a safeguarding role. Similar to the discrete management accounting function, the safeguarding function holds little authority, but serves head office instead of local managers.

The characteristics of the markets in which these firms operate do not allow management accounting issues to become critical and the “safeguarding” management accounting function is concomitant with the supremacy of engineers and sales forces (see ❶ in Figure 3).

*The sales reps are **permanently reinventing the future**. But they are certainly **not the ones who make the company's future**. The firm's future lies with those who **design the car five years ahead**. (Bruno, Director of Management Accounting, Zone, Franceauto)*

The portion of activity that generates the greatest added value in these organisations is extremely difficult to model (design, research, development). 'Cost issues' should prevail in such low-margin industries, but the oligopolistic power of these firms over their subcontractors allows them to "outsource cost management/killing duties" (see ② in Figure 3). Another significant aspect of these multinational organisations is how French they appear. They follow the model laid down by the French civil service in the way they select and train management elites. Most board members are graduates of *Polytechnique* or ENA, the elite school of administration in France, and all employees are encouraged to demonstrate regular *functional mobility* without limitation (as is the case in the French automobile and petroleum industries). Every three, four or five years, managers in particular are required to change positions and strongly encouraged to switch functions, moving from marketing to human resources or production. This creates an organisation marked by status and stereotypes. In the French automobile industry, engineers traditionally enjoy a favourable image associated with high status (Levy-Leboyer, 1979; Lane, 1995; Porter, 1995). The representation associated with sales representatives is also very clear, even though the legitimacy of this industry's sales force is more recent. In contrast, with ill-defined goals and unspecified added value, definitions of support functions' activities and missions suffer from considerable ambiguity. This is the case for management accountants, as mentioned in the following extract: their stereotypical image remains that of the "French State Treasurer" at the service of head office (see ③ in Figure 3).

What makes a good treasurer? It's a guy with a Cristal stamp who uses it sparingly. You are endowed with the authority to authorise expenditure and you have what we call a Cristal stamp. This is the history of French administration. These stamps incorporate your name, your service number, and a copy of your signature. So if you have the stamp, you sign. Or you can block. The administration wants, **first, there to be no overspend, and secondly, for you to have a small margin at hand to pay back if cuts are needed.** Nobody really cares if the money is well spent or not. (Christian, Project Management Accountant, Central, Nationauto)

Several factors reinforce the pervasiveness of such stereotypes. The size of the organisations, and particularly the highly integrated character of their numerous divisions, makes standardising management accounting positions an extremely sensitive issue. The result is a blurred definition and representation of the duties and roles management accountants should play. Both operational managers and management accountants themselves share similar feelings on this point. Safeguarding management accountants' tasks are fairly typical (see ④ in Figure 3), such as reporting, preparing and monitoring budgets, and mostly respond to the normative constraints of the market. Management control tools barely seem to influence core operational activities and most tasks are performed at a far remove from operational managers. When operational managers perceive a task to be 'strategic' they prevent management accountants from appropriating it, as is the case for strategic planning at Nationauto.

Here, it was the subject of debate. At Nationauto, the plan is kept by marketing, and specifically by the manager of the plan. [...] Here, I'm that manager. [...] But usually, it's given to people from marketing in the entities.

The reason why I have the plan is because I haven't appropriated it. I'm not the one who develops the strategy, but I hold their hands until the end. They are the ones who carry it out and they are quite happy about that. So I leave them the starring role, meaning it is the marketers who present their strategy, but I pull all the strings backstage. I monitor them and, if necessary, I discard some ideas but, in the end, it's always their idea and they are the ones who sell it... (Etienne, Financial Controller, Division, Nationauto)

Likewise, operational managers are reluctant to disclose information to management accountants whom they often perceive as overseers mandated by head office. The knowledge management accountants generate seems in effect to serve the purpose of legitimating decisions made according to criteria and rationales other than financial logic. A large number of management accountants only exert influence when they grant or withhold authorisation for expenditure and see themselves pigeonholed as "treasurers of the French administration". Their struggle to take on recognised tasks is relentless, yet the role of the safeguarding

management accountant remains that of censor of last resort relatively disconnected from daily operational activity.

As soon as we talk to [the sales force] about management, they see it as a brake or as a sanction on what they can do. Perhaps at one time, a field sales rep was not even told how much what he was selling was bringing in. He wanted to sell, sell, sell. Or sometimes, we'd tell him: "Wait, if you sell there... you'll lose money there. You'll earn money here. So go here." And they would stubbornly resist. So, we would sit down with them in these cases and talk, which was always tough. (Emmanuel, Management Accountant, Branch, FranceAuto)

The strict definition of control, synonymous with checks and oversight, takes on its full meaning here. The activity of management accountants therefore remains loosely defined and conditioned by the nature of relationships they succeed in establishing with operational managers, particularly with respect to their network and experience.

*I know a colleague in vehicle engineering who **brings in tools** to help move operational managers forward in the way they manage and it helps us to be more fully accepted by operational managers. **They get the impression that we are bringing them something and that changes everything.** Operational managers accept us better and we feel less useless. But it's not always the case. Personally, I went through a period of financial controller's blues. (Etienne, Financial Controller, Division, Nationauto)*

At individual level (see ⑤ in Figure 3), dissatisfaction felt by management accountants due to the glaring lack of recognition and a common feeling of uselessness is put into broader perspective by the prospects of functional mobility. "Young" management accountants err on the side of seeing their time in management control as a "*sometimes tough but highly enriching learning experience*" and more experienced management accountants capitalise on past experience to shape their activity. From an organisational standpoint, functional mobility fosters individual satisfaction by offering various career paths where individuals do not feel "hemmed in". Mobility additionally grooms a management elite, high fliers sensitised to the complexity of issues and diversity of "professional cultures" that rub shoulders in organisations as large and as composite as those we study here.

*The fact [that a high-flier] spends time in the field and in a position like that, I think, is **an advantage for them**, primarily in their training because I think that going into the field opens up your mind quite a bit. So, even **if you only stay four years**, it's still important on the curriculum vitae, **it can open someone's mind to economic factors really well**. That is not at all negligible. [...] **It is [however] clear that a high-flier is not going to stay fifteen years as a department manager. We are fully aware of that.** (M. Rémi, Director of Management Control, Branch, Nationauto)*

One major drawback of functional mobility is that it hinders recognition of support functions in the long run and high staff turnover is a brake on establishing methodologies and training teams.

In short, these firms base their success on internally selecting and training operational managers who have in-depth knowledge of the organisation. Sidelining the management accounting function may seek to ensure acuity in operational managers' strategic thinking, but it may also lead to sub-optimal financial decisions due to low levels of involvement from management accountants.

<Insert Figure 3 about here>

This safeguarding management accounting function is designed as a staging post on the career path of future managing directors, raising their awareness of the financial dimensions of decisions they will make in future. The major organisational benefit is that it fosters operational managers' creativity and ensures that financial concerns do not have a stranglehold over strategic thinking. The main risks include weakening support functions like management accounting and impacting the decision-making process.

The Partner Management Accounting Function

The partner management accounting function serves local management and holds a high degree of authority. Partner management accounting functions emerge when the need for operational managers to consider financial questions holds a strategic dimension (see ❶ in Figure 4). When overwhelmed by operational issues, managers delegate to management accountants any analysis they deem necessary to decision-making (see ❷ in Figure 4).

We have our say because, today, profitability targets are extremely high for Agape. We have our say, are heard and listened to. That said, we mustn't have any illusions. It is a company with a marketing and sales character. It's an industrial group that manufactures marketed products. (M. Anvers, Management Control Manager, Agape France, Ice Creams)

Here, the dominant logic is marketing, and financial and other conditions must also be met. Operational activity must be understandable and therefore easy to model using control tools, and operational managers must accept to share knowledge of their activity with management accountants and to inform them about their projects and ongoing activity (see ⑤ in Figure 4). Management accountants are therefore involved in tasks to produce information not only for local management but also for head office and for financial disclosure. The organisations in which they work are structured in divisions or as matrices and reporting is one way for the firm to allocate resources and to measure performance (see ④ in Figure 4). Nonetheless, the main client is local management.

*What I like is **the feeling of belonging to a brand**. Here, **we management accountants are really attached to our brands**. I'm working in the washing powder and fabric conditioner business and I know it perfectly well. I master it now. And this gives me some satisfaction, some autonomy. **We really supervise the whole thing and all financial aspects go through us**. (Charlotte, Management Accountant, Business Team Household Care, Mondomarket)*

The information partner management accountants purvey is, broadly speaking, subordinate to the quality of the relationships they succeed in establishing and maintaining with operational managers. Indeed, even when certain conditions are met whereby management accountants can be seen as equals, personal ambitions and strategic challenges recall the fragility of their status.

*If you are just a controller - I take the figures, I look and, if things aren't good, I say so - you will never inspire **the trust of the operational managers**. They will always see you as a controller and you will never really manage to understand the reality and the drivers of the business.*

*In fact, my first choice is **never to break the link with the operational manager**. Otherwise, it means I have to change jobs, or at least positions, because either he has to go or I have to change positions. (M. Namur, Operational Management Accountant, Zone, Agape Beverages)*

Nonetheless, the authority partner management accountants hold allows them to see this relationship as free from all feelings of subordination and based on willing participation,

which they can fully control (see ⑤ in Figure 4). They perceive themselves as co-pilots, gaining satisfaction from “*piloting together, on an equal footing*” and taking an active part in strategic decision making. From a cognitive viewpoint, management accountants are pleased “*to be at the heart of the action*”, a privilege above all privileges for a support function that, by definition, stands on the fringe of the action.

Today, I'm at the source of more decisions that I would ever be able to make as an operational manager. Unless I were in the managing director's position. And that isn't my goal for the time being. (M. Anvers, Management Control Supervisor, Agape France, Ice Creams)

Conversely, the closeness of decentralised management accountants to local management can result in complete “absorption” of the former into the latter. In such cases, management accountants devote most of their time to operational issues and regret not being able to spend more time, nor having the opportunity, to focus on larger financial issues such as taxation or financial engineering. Moreover, they receive a large number of requests from their functional reporting line for analyses and information, which they often deem redundant with regard to what they already provide to operational managers or of no interest in dealing with local emergencies.

Ties established between operational management and the management accounting function are sources of organisational benefit insofar as the organisation faces cost pressures and, simultaneously, sets out to be bold and responsive in its differentiation strategy. However, these firms are increasingly subject to pressure to produce short-term results and, courtesy of their strong ties with operational managers, management accountants may allow themselves to become partners in managing competing and contradictory demands for short-term results from financial markets and for economically and strategically necessary risk-taking going forward in the long term.

*Some situations are really ambiguous. For instance, you stash away some cash, which is something we do very, very often in management control, and you find yourself having a really great December. **You'll kept reserves a little bit everywhere in line***

*with the 60/40 rule, meaning you'll always try to have a 60% chance of reaching your result and a 40% chance of not reaching it, so you squirrel away reserves a little bit everywhere... Your sales may be good, so you find yourself with plenty of reserves. What you try to do in general—and every management accountant will tell you the same thing—is try to keep it quiet and to **keep the nest egg for the following year**. As long as things are going in that direction, it's ok. But once things turn in the other direction, then you have to start ringing the alarm bells; you can no longer afford to stash away cash. (M. Namur, Operational Management Accountant, Zone, Agape Beverages)*

<Insert Figure 4 about here>

In conclusion, when the management accounting function is organised to work in partnership with operational managers, it encourages them to account for the financial dimension in operational decision-making. However, organising the function in this way can lead to inhibiting operational managers, fostering drift in governance and income manipulation. The main risks lie in internal loss of control and the notable outcome that managers may game the budget and manage their earnings.

The Omnipotent Management Accounting Function

We observed the omnipotent management accounting function at work in an auto-parts manufacturer, Equipauto. The emergence of an omnipotent management accounting function goes hand in hand with major emphasis on controlling costs across the entire organisation (see ❶ in Figure 5).

*For me, it's about opting for efficiency. In the automobile equipment manufacturing sector where economic competition is so intense, **putting either marketing or engineering first**, which will make better products that won't sell, is simply not possible. So, we live in a world where it is not simply a question of cutting costs but of crushing them and in which, if we fall asleep at the wheel, we are dead, game over... **If we don't manage the financials, the company cannot survive**. If we want to survive in this environment, we have to have the means. So we put the attainment of financial targets first, **and then with the budget [allocated] we develop [products]**... (Bernard, Branch Management Accountant, Equipauto)*

The emergence of this function also correlates with the appointment of a financial manager as Equipauto's Chief Executive Officer. The goal of top management's policy was "to put power back into its own hands"—sole guarantee of the firm's survival and future success.

Here, the dominant logic is short-term financial logic driven by the activity of management accountants. Developing the authority of the control function is one of the instruments of this power (see ② Figure 5), but it is conditioned by implementation of other organisational devices too, particularly by splitting the structure into independent and competing profit centres.

*Equipauto is a group organised into **eleven branches, ten industrial branches**. [...] Each of the branches is then organised into divisions. At Equipauto, the autonomous entity is the division and the division is a SME that includes all departments. So, the boss of this SME has his R&D, his industrialisation, his finance, his trade, his purchasing—all the departments typically found in a company. He is accountable for everything. The division is the most important entity at Equipauto. (Bernard, Branch Management Accountant, Equipauto)*

A particularly powerful network of management accountants has developed. They are selected and trained by “senior controllers” and career prospects appear unlimited since the CEO himself once held this position. Even when reporting to operational managers, management accountants show flawless loyalty to senior accounting management (see ③ Figure 5).

*The financial controller at Equipauto is relatively well known. **It's a bit like a State within a State at Equipauto. There is a very strong functional network, independent from the reporting line.** Personally, I report hierarchically to my site director, who is a “producer”, and I report functionally to my branch financial controller. **You should know that I owe my “first loyalty” to my functional area. And if I have a problem or a fight between my two “directors”, paradoxically it is the functional director who will win the day.** And this is true at all levels of the company. (Olivier, Financial Controller Site, Equipauto)*

Reporting and budgeting are instruments central to global organisational control, so management accountants continually focus significant amounts of time and attention on these tasks (see ④ Figure 5). One specific feature of the omnipotent management accounting function is the imperative nature of its recommendations. The positions seem to be inverted here: having to account for their actions continuously, operational managers become providers of figures and statistics on which management accountants base their managerial decisions. Investment requests—symbolic tests of engineers’ power—become moments of

truth for management accountants who apply the payback criterion implacably and without appeal.

*It may seem strange and there are those who are shocked by this, because we are not producers. We are told on the outside: "You have no credibility to say: 'No, we are not investing in that.' It isn't your area". And yet we do. We can say to them: "**OK, perhaps industrially speaking, your thing is very good, but with a payback of more than one and a half years, we are not doing it. It's not profitable, so we're not doing it.**" (Olivier, Financial Controller, Site, Equipauto)*

This episode perfectly illustrates the nature of relationships between management accountants and operational managers. Coyly veiled under the term "co-pilot", omnipotence fools nobody within these organisations: in reality, management accountants are perceived as corporate cops. Yet, despite pressures weighing heavily on their shoulders, they seem particularly satisfied (see ⑤ Figure 5) and soon gain access to important responsibilities and actively participate in decision-making. They do not count their working hours and view any sacrifices they make in their private lives as trade-offs for better career prospects, both inside and outside the organisation.

One undeniable organisational benefit is that the organisation is under tension, relentlessly looking to cut costs. However, major drawbacks are associated with the omnipotence of the management accounting function. Financial short sightedness can take hold of top management and an obsession with measurement can distract operational managers from other undetected problems. Since each decision must be systematically argued from a financial viewpoint, operational managers find themselves inhibited.

*At Equipauto, the risk is that, because we are very powerful, **we can abuse this power inadvertently by totally inhibiting the productive departments.** We have producers who will not dare to invest, who make no decisions at all. My predecessor was a little like that, and I have people who come and see me to ask for permission for all their decisions. I'll give you an example: we're going to place a client in a difficult position if we don't do some supplier resourcing because our supplier is insolvent. So, someone comes to see me and says: "I have ten thousand Euros of overspend, what can I do?" [...] We can get to some totally ridiculous reasoning, let's be clear about that. (Olivier, Financial Controller, Site, Equipauto)*

Although this conception may suit routine control of activity, it is ultimately much more complex to manage in a context of innovation.

<Insert Figure 5 about here>

The omnipotent management accounting function enjoys uncontested and incontestable authority placed at the service of head office. Under Harold Geneen's leadership (Sampson, 1973), ITT provides an historical example of an organisation fairly close to the Equipauto model. In both cases, the goal of the director introducing a new organisational structure was to 'break down the feudal ties' within the organisation and to put the power back into the hands of the centre—i.e. 'to divide and rule'. The omnipotent management accounting function's main role is to centralise power in the hands of head office. The organisational benefit linked to this type of management accounting function is to ensure that financials are at the heart of decision-making. Significant risks entailed include inhibiting operational managers, short sightedness (focusing exclusively on the short-term), and obstacles to innovation.

5. Discussion

The above analysis brings us to propose an empirically based typology of management accounting functions and to examine management accountants' authority and involvement/independence in relation to operational managers.

Roles of the Management Accounting Function

As stated above, research on the management accountant's roles tends to analyse individual characteristics (Coad, 1999; Byrne & Pierce, 2007). Studying individual characteristics reveals what management accountants are able to do, their actual capacities and abilities. Our findings suggest that management accountants within a given organisation seem to face the same issues and similar difficulties. Although individual singularities emerge from each

respondent's answers depending on training, personal experience and personality, the overall positioning of the management accounting function broadly determines the individual experiences of management accountants. From our systematic empirical analysis, we can confirm that, to capture the role management accountants 'actually' play within organisations, researchers should not only focus on the individual characteristics of management accountants but also account for the environment in which they work (Järvenpää, 2007).

By comparing case studies, we are able to show in this paper that activities are necessarily constrained and can be partly explained by the dominant logic. We argue that acquiring in-depth understanding of management accountants' activities and environments is a prerequisite to grasping the roles played by management accountants in organisations.

Four styles of management accounting function emerge from our case-study analysis: the discrete, the safeguarding, the partner, and the omnipotent management accounting functions. Two dimensions help differentiate between these four styles: authority—the extent of management accountants' influence over decision making; and the client—the individual or group of individuals the function serves (see Figure 6).

<Insert Figure 6 about here>

For each style, the management accounting function is associated with specific benefits, risks and organisational roles. In light of these benefits and risks, we can draw out four dominant roles in four types of management accounting function (see Table 3). Some roles—facilitating local decision-making or discretely controlling managerial behaviour, for instance—are closely related to roles previously identified in the literature. Here, we identify other, unexpected roles—centralising power or socialising managers, for example—to enrich this view of management accountants.

<Insert Table 3 about here>

Similar to many researchers, Sathe (1982) deems one type of management accounting function to “*perform more highly*” than the others. He calls it the “*strong controller*”, whereas professional literature prefers the term “*business partner*”. Our research shows that some organisations cannot—or perhaps even should not—endow themselves with an omnipotent or partner management accounting function. Each style of management accounting function entails both benefits and risks at individual and organisational levels.

We should note that many of our sample firms adopt a discrete style and that very few follow an omnipotent style. This finding is consistent with Mouritsen’s (1996) conclusions that very few accounting departments (about 5%) hold powerful positions in relation to production and sales/marketing functions. None of the styles suggested by Sathe (1978; 1982; 1983) matches our discrete style. This may reflect specific cultural values—a certain “French touch” in the French subsidiaries of multinational firms we studied—but it remains noteworthy that high-performing and sustainable firms in our sample choose this type of positioning for the management accounting function.

Authority of the Management Accounting Function

Our research suggests that in organisations where the management accounting function holds little authority, management accountants confine their activity to certain technical tasks. Yet in organisations where the management accounting function enjoys significant authority, *i.e.* the omnipotent and partner functions, we show that management accountants are still not exempt from technical tasks. Rather, they tend to cumulate and alternate between the roles of overseer and advisor, as suggested by Granlund and Lukka (1998b). This also confirms Mouritsen’s finding that accounting departments’ “core tasks” relate to ‘bookkeeping’ work. All remaining accounting department competencies are negotiable, since other actors may impose ideas for control to substitute the dominant theories in accounting departments (Mouritsen, 1996: 300). When fully empowered, accounting departments can take part in

management activities or serve management teams and influence the firm's businesses by developing "consulting work".

Furthermore, we show that organisations granting considerable authority to the management accounting function thereby ensure that financial issues weigh in systematically and powerfully on operational decision-making. Yet it would be wrongheaded to imagine that the only way to make certain that financials are accounted for in decision-making is by creating a powerful financial function. Nationauto, Franceauto, Beauty or not Beauty and LuxuryLux are far from being 'out of control' and rigorously account for the financial dimension in their operational decision making. Our findings confirm and illustrate Mouritsen's (1996) intuition about competition for consulting activities. In our case-study firms, top management chose not to empower management accountants to engage in organizational activities, instead leaving sales, marketing, and production staff to organize information flows, management reporting and internal consulting for themselves. To give an example, product managers are systematically obliged to integrate financial issues into their thinking about products as soon as they join Beauty or not Beauty. They may 'think with an income statement in their minds', but they also know that it is not 'cost effective', with either time or savings, to track costs constantly. Others examples include engineers at Nationauto and Franceauto who integrate economic reasoning into their decision making, notably in vehicle development stages, regardless of the fact that the management accounting function holds little authority in these firms. A function holding limited authority can therefore still be compatible with emphasis on the financial dimension in decision-making.

By delegating only limited authority to management accounting functions, these firms implicitly, or explicitly, argue that they are seeking to foster creativity and accountability among operational managers. At the same time, they accept a certain level of organisational and financial slack. Controversially, our analysis suggests that the management accounting

function may actually make managers more irresponsible by inducing them to forget basics: innovating and risk taking (Bouquin, 1998; Moriceau & Villette, 2001). Given the enduring success—or longevity, at least—of the firms deploying such arguments and analyses, such considerations may not be as counterintuitive as they first appear and may even suit certain business contexts.

The Independence-Involvement Dilemma

Our analysis raises the issue of the independence of the management accounting function in relation to operational managers, notably in the context of the “partner” function. According to Sathe (1982), a strong controller manages to reconcile both his control and advisory responsibilities, yet our research suggests that reconciling the two is actually rather difficult to achieve. We can confirm Granlund and Lukka’s (1998a) findings about how difficult it is for an individual to act out both business-oriented and local-guardian roles. One management accountant provides an illustration to show how this independence-involvement conundrum is solved in practice. Operational sales managers come to ask a management accountant if they can use their advertising budgets not to promote the product in the eyes of the final customer, but to ease commercial relationships with intermediaries, offering them discounts. This results in the management accountant becoming involved in accounting manipulation, since he will help using some resources for other reasons than the ones they were aimed to in the budget. In reaching his decision, the management accountant makes an involvement/independence call. He could simply refuse, thereby displaying his independence and implicit loyalty to head office, but he would face the subsequent risk of operational managers simply concealing information in the future and seeing him as a “bureaucrat bookkeeper with no understanding of market constraints and reality”. Alternately, he could agree, going as far as helping operational managers to hide any manipulation. The management accountant chooses to position himself in the eyes of operational managers “as a true business advisor, a full

member of the team, whom they can trust”. Drawn from a French context, our example shows that a business-oriented management accountant’s ability to criticize managerial plans and operations is limited—an observation that moderates Granlund and Lukka’s (1998a) findings relating to Finnish controllers.

Our research confirms that building team relationships requires both physical proximity and psychological affinity (Burns and Baldvinsdottir, 2005). Reciprocal trust appears to be both a prerequisite to a business orientation and a consequence of it. Management accountants often take the first step in this fragile relationship by demonstrating to operational managers that they can share information in confidence. In such contexts, we observe that business-oriented management accountants may hesitate to take the “ethical/independent” path—akin to betraying their operational partners. Indeed, decisions on an almost daily basis serve as many testimonies to the roles management accountants choose to play.

We can view the independence-involvement issue from the perspective of information asymmetry. The management accountant’s independence appears to be a balancing act on the tipping point between ideal independence and real dependence, a realistic trade-off negotiated between operational manager and management accountant (Richard, 2006). Contrary to Sathe (1982), our findings suggest that splitting teams provides no guarantee of improving the reliability of information reported to head office. Although it may promote management accountant independence to a certain extent, informational asymmetry between operational managers and management accountants specialising in reporting may distort the quality of the information the latter provide. Inversely, to strengthen their ties with operational managers, management accountants may even partake in gaming their budgets and managing their earnings (Lambert & Sponem, 2005).

The independence dilemma proves all the more difficult to solve because our results confirm Mouritsen’s (1996), Burns and Baldvinsdottir’s (2005) and Byrne and Pierce’s (2007)

intuitions that greater involvement from management accountants requires management backing. We show that operational managers and management accountants must both agree on changes in the latter's role for any changes to become reality. In both the discrete and safeguarding styles, management accountants aspire to become business partners assisting operational managers in decision making. However, they face operational managers who hold different views and feel that interacting with management accountants means either wasting their time or jeopardising their freedom.

6. Conclusion

This paper's contributions are threefold. First, we develop an empirically based typology of the management accounting functions, drawing on twelve case studies and seventy-three interviews. We identify four styles of management accounting functions: the discrete, the safeguarding, the partner, and the omnipotent management accounting functions. We show that these styles are closely linked to the dominant logic in each organisation and our findings bring to light a variety of roles tied to the management accounting function. Some of these roles—facilitating local decision making or discretely controlling managerial behaviour—have been previously identified in the literature. Detailed analysis of the work carried out by management accountants shows that these traditional roles can lead to both unexpected benefits (e.g. fostering creativity) and unforeseen drawbacks (e.g. drift in governance). It also reveals several unexpected roles—centralising power or socialising managers—and offers a more enriched understanding of management accounting practice. Our research confirms that the 'myth' of the management accountant *business partner*—who is close to and heeded by operational managers—is not as commonplace as we may be led to believe (Burns and Baldvinsdottir, 2005).

Second, our results allow us to examine and provide additional insight into the authority held by the management accounting function and the issue of relationships with operational

managers (Mouritsen, 1996). The majority of management accounting functions we study in this paper enjoy only limited authority. Moreover, when management accountants hold considerably more authority, the organisation focuses decision making on financial issues. However, we also show that it is possible to integrate economic reasoning into operational decision making without delegating significant authority to management accountants. Some firms, for instance, opt to develop operational manager accountability through socialisation. Moreover, our findings suggest that delegating too much authority to the management accounting function increases the risk of operational managers forgetting basics, thereby putting a brake on innovation and fostering risk aversion.

Additionally, our findings touch upon the independence-involvement issue and confirm that combining these two dimensions is rather hard to do (Granlund & Lukka, 1998a). We take this a step further by arguing that satisfying conflicting demands should be viewed as a specific dilemma facing management accountants. Reciprocal trust and close personal ties appear to be *sine qua none* conditions for reducing informational asymmetry between management accountants and operational managers. In daily interaction with operational managers, management accountants are compelled to put their guardian responsibilities on hold and to partake in gaming budgets and managing earnings to ensure strong relationships with operational managers. Our findings show that the dilemma facing the partner management accounting function is particularly delicate. Either it can choose to impose its authority, thereby inhibiting the creativity of operational managers mostly concerned with their bottom lines, or it can be co-opted by operational teams and employed to manipulate income (Lambert & Sponem, 2005).

The primary limitation of this study stems from the cultural specificity of the cases we study. Even though we selected multinational organisations, most of our data was collected in French subsidiaries. Management accounting tools tend to homogenise practices (Granlund &

Lukka, 1998) and yet, from one country to another, management accountants still develop different professional identities and practices (Ahrens & Chapman, 1999; 2000). The second limitation relates to the type of organisations we focus on—large, industrial, multinational firms. We would perhaps draw different findings from SME and/or service-sector case studies, and from collecting data in other countries. The third limitation pertains to the data collection method. Our stated intention was to balance our research’s depth (by using multiple interviews and documentary sources in each case study) and width (by studying twelve different cases). We halted data collection in each case study when we felt we had reached theoretical saturation and then checked the relevance of our findings with organisational members. Although the internal validity of our findings may be high, they suffer from inherent difficulties in externally validating any qualitative study. Generalising our findings to alternate contexts and organisations requires more exploration.

The findings suggest several paths for further research. It would be interesting to develop a longitudinal analysis of the cases we study to observe potential changes in the roles of management accounting functions over time (Burns and Baldvinsdottir, 2005, Järvenpää, 2007). Moreover, our findings compel us to question the contemporary fascination with the *business partner* (Byrne and Pierce, 2007). The image of a proactive accountant involved in all decision making casts a long shadow over representations in the minds of management accountants, operational managers and business students alike. It tends to make the first feel guilty, the second threatened, and the third all too often disappointed by their subsequent experiences in this domain³. One fruitful avenue of research could involve investigating the ways in which management accountants cope with conflicting representations of their roles.

³ This paper is the fruit of similar personal experiences. Both authors have been hired for several management accounting internships during which neither had the feeling of playing the role of a “business partner”.

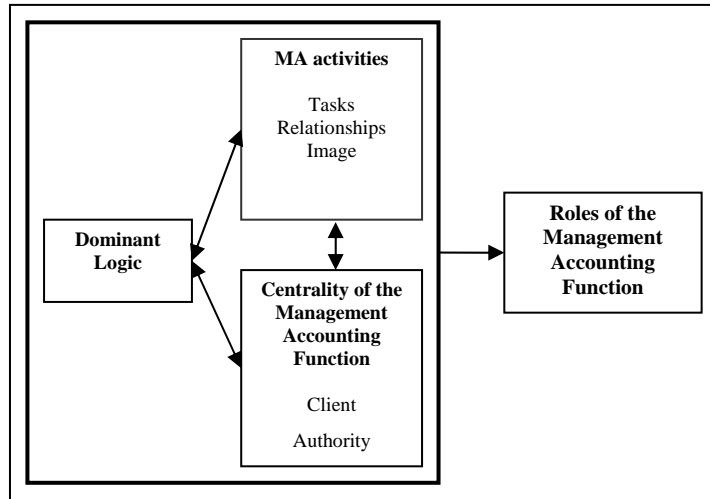


Figure 1 – Analytical Framework of Roles of the Management Accounting Function

Table 1 - Summary of Interviews Conducted in the Case Studies

Business	Firm 1	# of Interviews	Firm 2	# of Interviews
Cosmetics and Luxury	Beauty or not Beauty Luxury	6 MA 2 OM	LuxuryLux	5 MA
Personal Care	Mondomarket Personal Care	6 MA	Beauty or not Beauty Public	1 MA 2 OM
Food	Mondomarket Delicatessen	8 MA	Agape	3 MA
Auto Parts	Equipauto	9 MA	Siegeauto	5 MA
Car Makers	Nationauto	9 MA	Franceauto	7 MA
Pharmaceuticals	Antalgix	6 MA	Gastrix	4 MA
Total		46		27

Table 2 - Dimensions and Features of the Management Accountant's Activity

Activity of Management Accountants	
Tasks	Zones of competencies: accounting, information systems, cash flow analysis
	Measuring performance
	- External reporting to head office
	- Budgeting process and variance analysis
	- Strategic planning
	Internal control, procedures
	<i>Ad hoc</i> analyses, transversal projects
Relationships	Hierarchical relationships
	- Frequency and quality of relationships
	Functional relationships
	- Frequency and quality of relationships
	Sharing responsibility with other management accountants or with operational managers
Self Image	Task-based image: added value, assistance in decision making
	Relational image: from spy to partner
	Organisational identity: attachment to products, to the organisation
	Traditional image: bean counter, overseer, cop

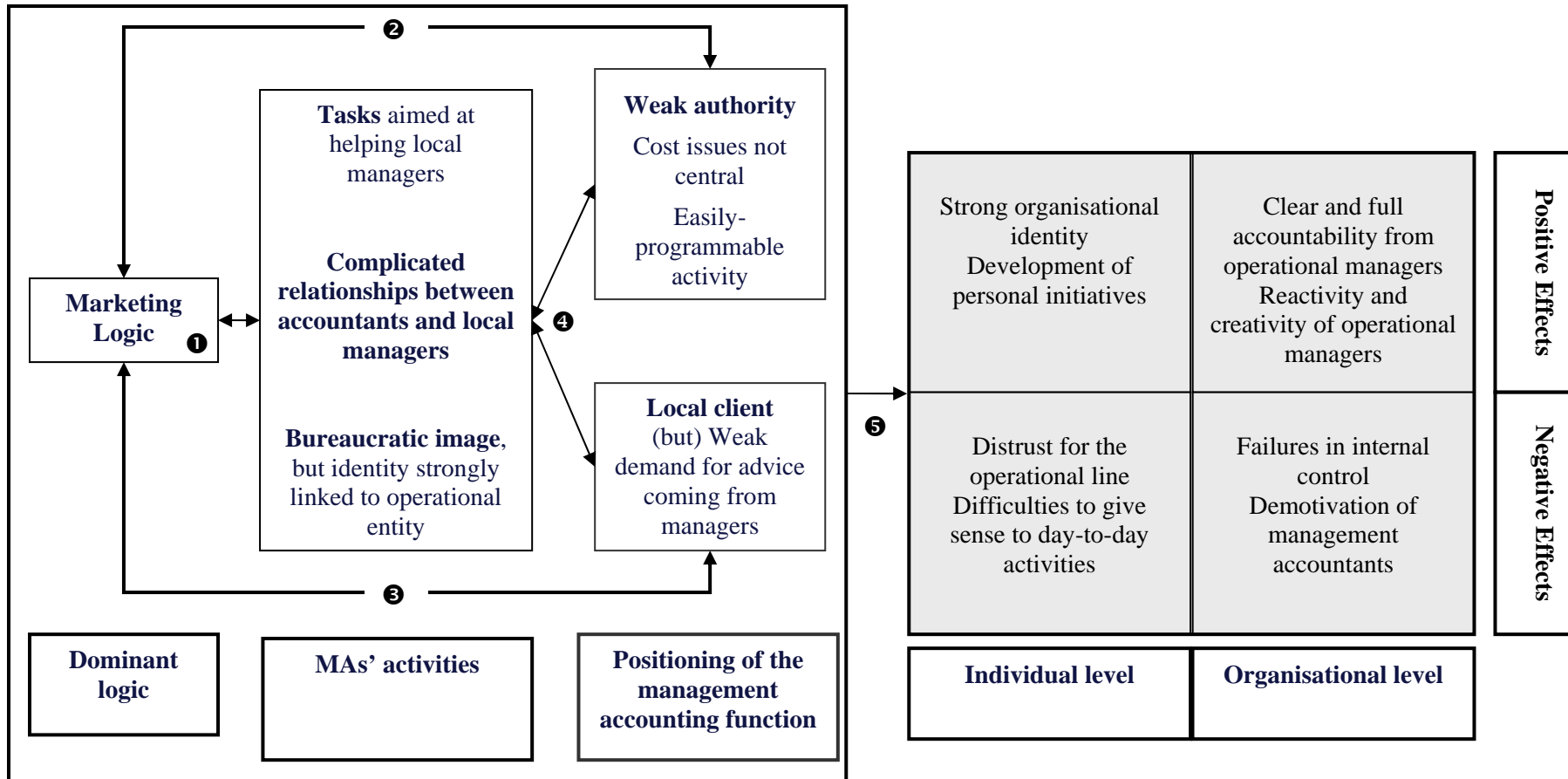


Figure 2 - The Discrete Management Accounting Function

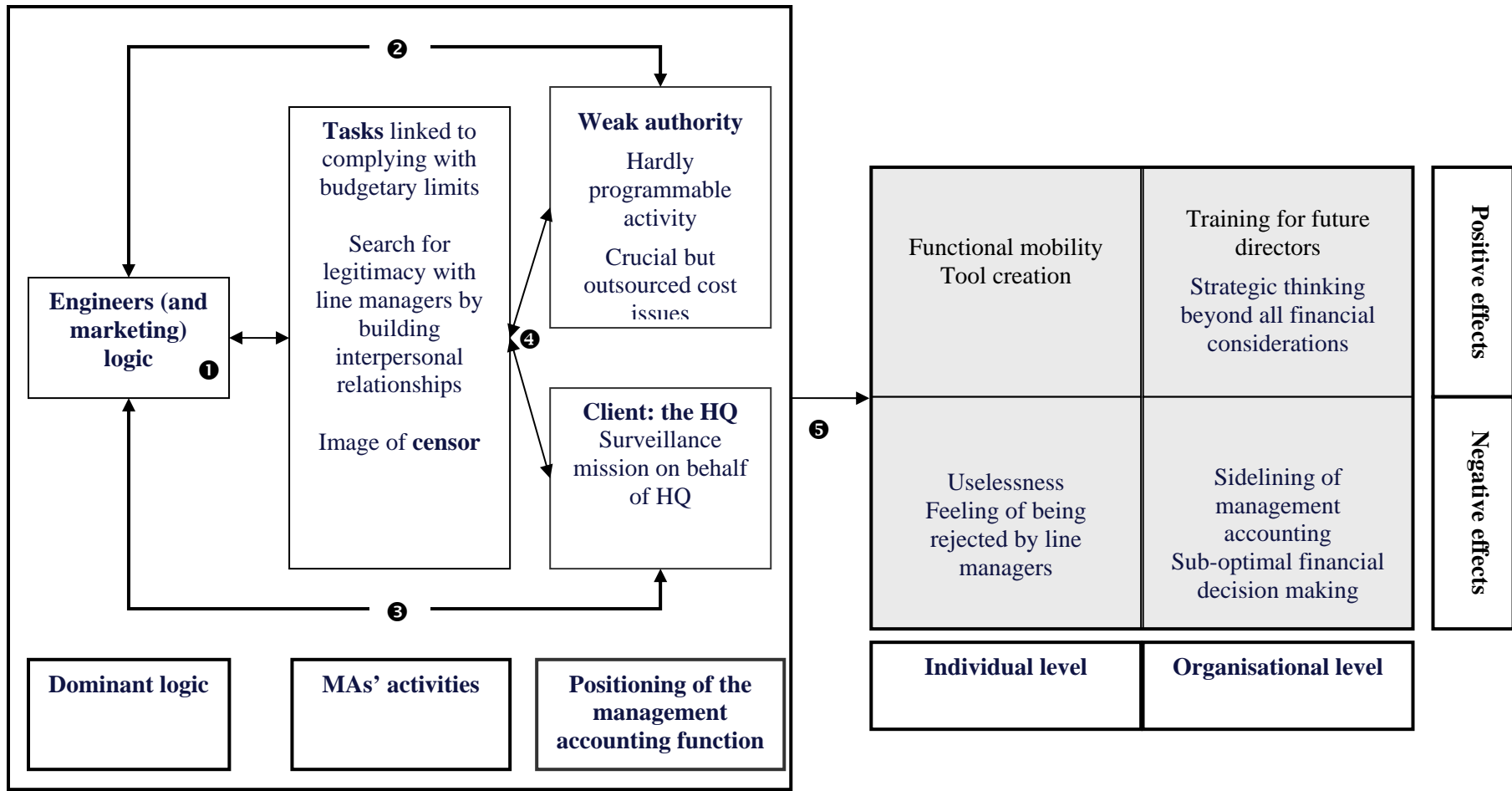


Figure 3 - The Safeguarding Management Accounting Function

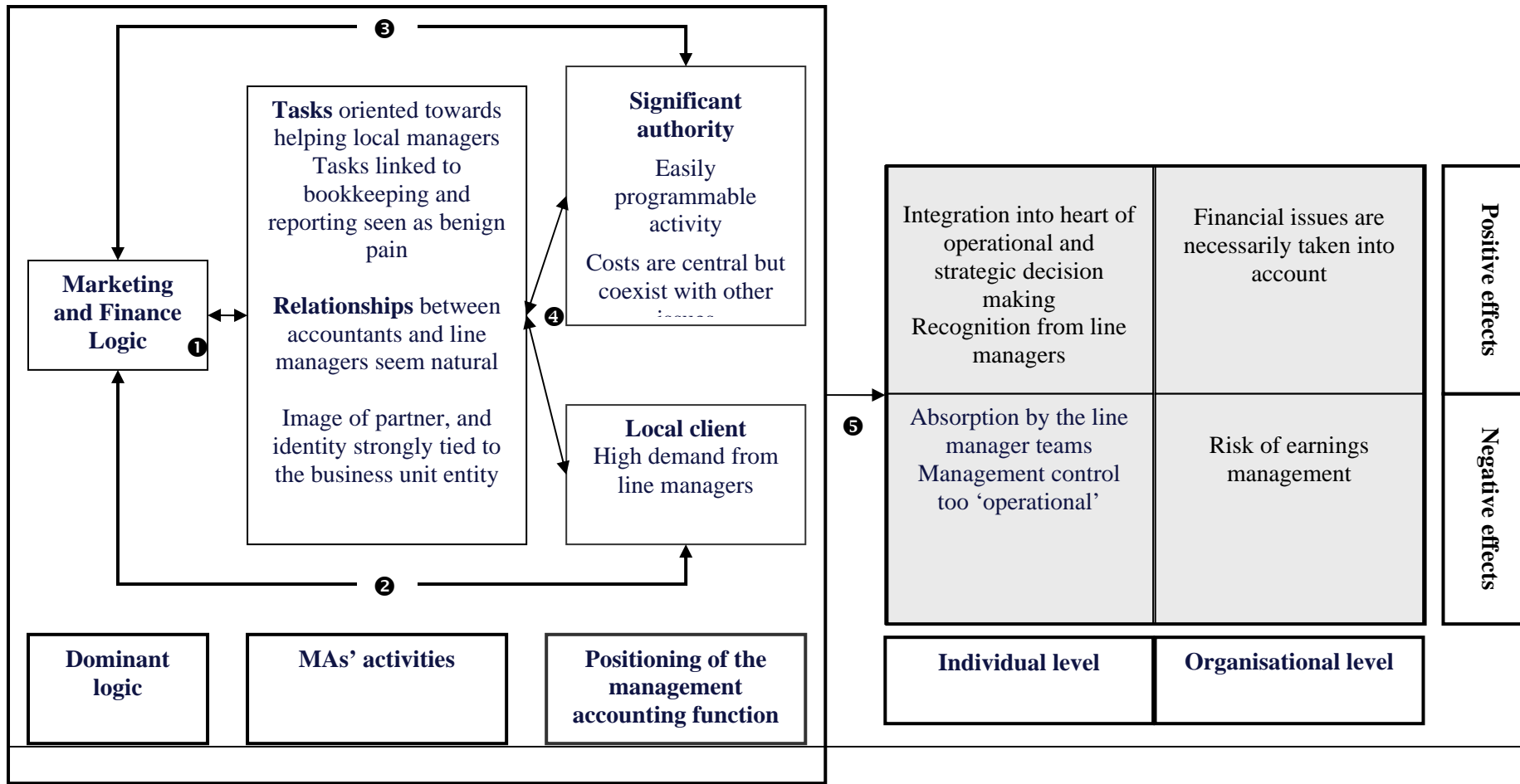


Figure 4 - The Partner Management Accounting Function

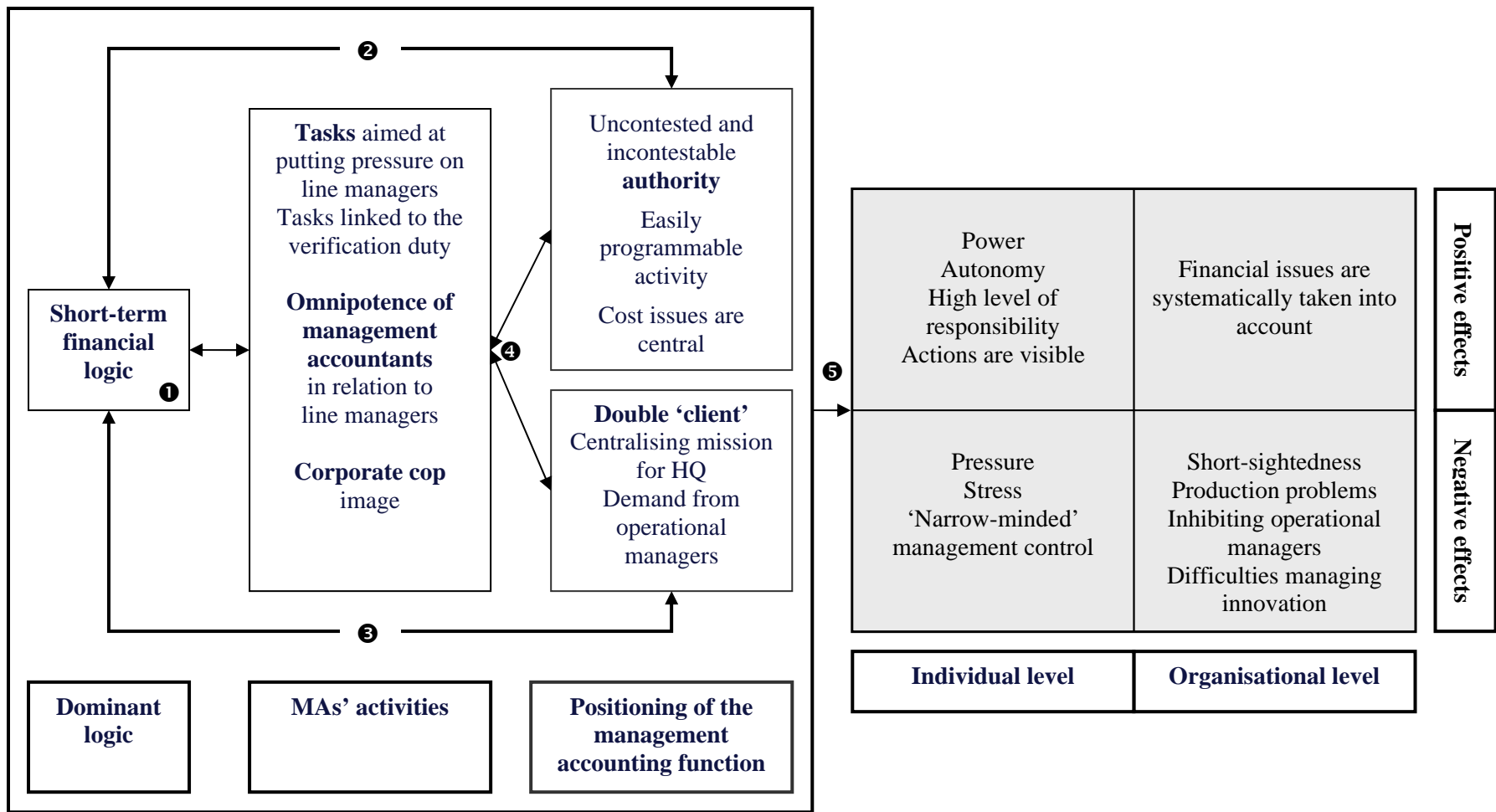


Figure 5 - The Omnipotent Management Accounting Function

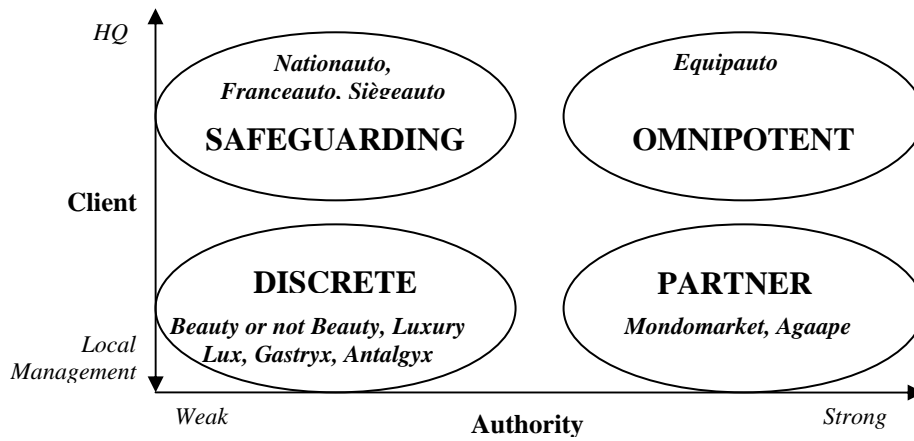


Figure 6 - Styles of Management Control Functions

Table 3 - Summary of Different Styles

	Discrete	Safeguard	Partner	Omnipotent
Authority	Weak	Weak	Strong	Strong
Client	Local	HQ	Local	HQ
Benefits	Managers taking responsibility for the set of issues tied to their scope of action; creativity and responsiveness fostered	Primacy of strategic thinking; socialisation of managers	Financial dimension taken into account	Financial dimension taken into account systematically
Risks	Loss of internal control Financial wastage	Sidelined MA function Sub-optimal financial decisions	Drift in governance	Short-sightedness Inhibiting operational managers
Roles ⁴	Discrete control of managerial behaviour	Socialisation of managers	Decision-making facilitator	Centralisation of power

⁴ Due to our focus on decentralised operational management accountants, we cannot make any clear statements about help provided by management accounting functions in allocating resources at group level. Interviews carried out with the central management controllers (notably, during the exploratory phase) suggest that when the authority of the management accounting function is high, the function plays a role in allocating resources.

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APPENDIX

Appendix 1- Presentation of Case-study Firms

Firm	Sector ⁵	Sub-sector	% Turnover in Exports	Firm's Global Headcount
Antalagyx	Chemicals	Pharmaceuticals	-	60 000
Gastryx	Chemicals	Pharmaceuticals	80	69 000
Equipauto	Vehicles and Equipment	Auto parts Manufacturer	67	70 000
Siegeauto	Vehicles and Equipment	Auto parts Manufacturer	65.5	60 000
Franceauto	Vehicles and Equipment	Carmaker	-	200 000
Nationauto	Vehicles and Equipment	Carmaker	65	132 000
LuxuryLux	Luxury and Cosmetics	Diverse (Luxury)	85	56 000
Beauty or not Beauty Luxury Public	Luxury and Chemicals	Luxury: Cosmetics and Personal Care	70	49 100
Mondomarket Personal Care and Delicatessen	Chemicals and Agrifood	Personal Care And Diverse Food	80	265 000
Agape	Agrifood	Diverse Food	-	230 000

⁵ Labels correspond to French classifications of professional activities (NAF) issued by the INSEE in June 2004 (www.insee.fr).