

THE METAMORPHOSIS OF IRISH MANAGEMENT ACCOUNTING: A MANUFACTURING CASE STUDY

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ABSTRACT

Management accounting literature has debated the changing nature of the role of management accountants and the information they provide, and has suggested ways of developing a more meaningful role in the future. This study explored dimensions of management accounting and observed the activities occurring therein. The research site, located in the Southeast of Ireland, was a subsidiary of a large multinational enterprise. In-depth interviews with one financial and six non-financial senior managers were the main source of primary data. The findings present generally favourable perceptions of management accounting information and the management accountant, with a combination of traditional roles and emerging roles. Opportunities for future role directions and research are noted.

INTRODUCTION AND BACKGROUND TO THE STUDY

It is generally accepted that management accountants operate in a dynamic and rapidly changing environment. The change drivers frequently cited include intensifying competition, globalisation and rapid technological progress. Further, there is evidence that the rate of change is accelerating; 300 management accountants in a US telephone survey noted that the rate of change between 1995 and 1999 had been much more rapid than in the previous five years (Siegel, 1999).

Over the last two decades, the relevance of management accounting has been strongly questioned in the context of the demands of the changing business environment (Kaplan, 1984; Johnson and Kaplan, 1987; Drury, 1996). In light of these criticisms, much of the recent management accounting research has investigated what management accounting techniques are being deployed. The research suggests the continued use of traditional management accounting techniques or slow and cautious adoption of more modern techniques (Drury, Braud, Osborne and Tayles, 1993; Bromwich and Bhimani, 1994). In an Irish context, the findings have consistently shown similar caution (Clarke, 1992; O'Dea and Clarke, 1994; Pierce and O'Dea, 1998).

More recently, the literature suggests that change has taken place in management accounting not in terms of specific techniques per se, but rather in how they are used (Burns, Ezzamel and Scapens, 1999). Accounting activities such

as budget preparation, performance evaluation and variance analysis are set in a broader organisational context as managers themselves perform these activities (see also Scapens, Turley, Burns, Lewis and Southworth, 1996). Ezzamel, Lilley and Willmott (1997) note that accounting change has occurred in terms of what accounting is done and how it is done and that these changes have been underpinned by technology change. Further, they report a notable decline in the number of accounting staff employed. Burns et al. (1999) also note how downsizing has been an element of management accounting change. Thus it could be suggested that management accountants may now have less representation in terms of numbers, though this does not necessarily mean that their role is diminishing.

There is a suggestion that information technology, particularly large multi-user database systems such as Enterprise Resource Planning (ERP), poses a threat to management accountants. Burns, Scapens and Turley (1996) note that accounting knowledge has become 'decentered' and that non-accounting staff, or quasi-accountants, control and access information directly themselves (see also Scapens et al., 1996). Further, McKinnon and Bruns (1992, p. 220) note that 'management accountants have lost control of part of the information territory' not just because of the technological developments, but 'because they do not meet the needs of operating managers'.

Against the background of the changes cited above, a study of the role of the management accountant in Irish manufacturing industry appeared warranted. This study focuses on the dimensions of management reporting which reveal the meaning of the management accountant's role in the organisation.

The paper begins with an exploration of the literature concerning the role of management accountants. This is followed by a description of the research methodology employed. The findings are then presented and a discussion of their implications follows. The conclusion incorporates possible directions for further research in the area.

LITERATURE REVIEW

Against a background of criticisms concerning the relevance of management accounting, the literature suggests possible routes to enhance the management accountant's role in organisations.

Commercial awareness

Scapens et al. (1996) suggest that management accountants need a sound commercial awareness of the business in which they operate and the ability to relate this to their accounting measurements. They emphasise that unless the management accountant is a very active member of management, other managers may take over some of their roles (see also Burns et al., 1996; Burns et al., 1999).

Flexibility, focus and partnership

Pierce and O'Dea (2000) found that most managers perceived management accountants as deficient in essential characteristics such as flexibility, maintaining a broad focus and being a business partner. Flexibility relates to the speed with which changes are made, while a broader focus may be achieved through such measures as the incorporation of external benchmarking information. Being a business partner is achieved through working more closely with other functions to gain that important awareness and understanding of the business; perhaps it also entails a mind-set change. In an attempt to understand the comparatively low adoption rates of activity-based costing in Ireland, Clarke, Hill and Stevens (1999) posit that perhaps management accountants in Ireland function more as book-keepers than innovative business partners. Similarly, Mendoza and Bescos (2001) found some evidence to suggest that the management accountant's move to the business partner role was not straightforward. The career structures of managers and management accountants were found to be lacking in essential exposure to responsibilities in their opposite roles; that is, their respective career paths rarely crossed over. It could also be suggested that alternative educational routes (for example, a straight professional qualification versus a degree-based qualification) may contribute to explaining a variation in the extent to which business partnership positions are adopted by management accountants.

Orientation shift

The UK longitudinal case studies undertaken by King, Lee, Piper and Whittaker (1991) recorded a shift in the orientation of management accountants. They noted, over a five-year period, that management accountants moved away from a 'historian' and 'watch-dog' role to a role that embraced teamwork and providing advice. In relation to meeting management information requirements, King et al. concluded that management accountants need to 'take a more proactive, visionary and service-orientated approach' (1991, p. 50).

Non-financial reporting

Drury et al. (1993), in their comprehensive UK survey of management accounting practices noted that over 50 per cent of respondents agreed or strongly agreed that more focus should be placed on non-financial indicators (NFIs). Jazayeri and Hopper (1999) found increased use of non-financial measures in their UK case study and noted that these non-financial measures were not just in the production area but also in other areas such as customer performance and innovation. Hoque and Alam (1999) noted in a case study of a New Zealand construction company that management had to refocus the management accounting system to one that included both financial and non-financial aspects. In an Irish context, a number of studies have noted the increasing use of NFIs (Clarke, 1992; O'Dea and Clarke, 1994; Pierce and O'Dea, 1998). The literature suggests an increasing likelihood that the reporting of management accounting information will be complemented, perhaps dominated, by NFIs.

Determining the information needs of management

In a study of UK companies, Scapens et al. (1996) reported that it was primarily the information needs of management that determined the content and structure of management reports. Since, given the potential effects that the continuously changing nature of business can have on management's information needs, those needs are likely to evolve then, as McKinnon and Bruns (1992) note, management reports must be 'organic' in nature. The literature thus suggests the need for management accountants, as producers of management reports, to be actively involved in determining and articulating these needs.

In light of this task, Mendoza and Bescos (2001) developed an explanatory model of managers' information needs. The model incorporated managerial variables (function, career path and objectives), corporate variables (performance, private or public sector status) and managers' individual strategies in choosing and using information. The managers studied were generally satisfied with the information provided to them, but over two-thirds indicated that they were missing valuable information such as information on the firm's strategy and information on customers and competitors. The findings suggest that some change is required in the provision of management accounting information, while greater flexibility in tailoring it to individual manager's needs is also desirable.

Role of information technology (IT)

A CIMA (1998) survey of members and employers, cited in Matthews (1998), indicated that IT would place demands on the management accountant's skill set in the following five years. Included here are skills in systems design, development and management, and input into an organisation's information strategy. More recently, Burns and Yazdifar (2001) reported in their UK survey that IT was the primary force for change in management accounting roles and, looking forward to 2005, skills in IT/Systems Knowledge was ranked second (after Analytical/Interpretive) in the top 10 skills anticipated to be important for management accountants.

This focus on IT systems may be justified, as IT tools may enhance accounting information systems (AIS). Furthermore, as AIS are subsumed into integrated organisational-wide systems, such as ERP systems, there may be a greater need for management accountants to understand, and have skills in, the technologies that are decentring accounting information.

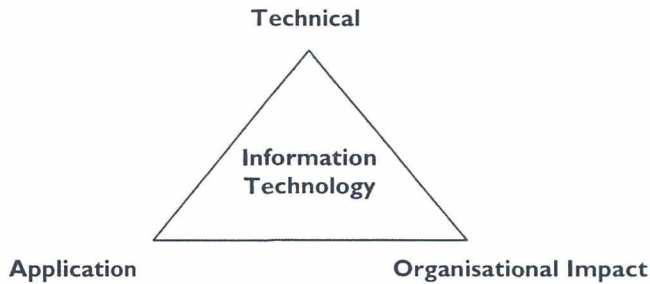
Christiansen and Mouritsen (1995, p. 234) recognise the critical importance of management accountants' involvement in IT:

Participation in, and understanding of, the use, design and implementation of computer technology must be a highly prioritised area if the management accountant wishes to maintain his/her position in the future.

They also note that IT has created new roles for management accountants through electronic data interchange (EDI), as this new supply chain information has to be carefully managed and analysed. By extension it can be argued that

internet technologies offer further role opportunities. It should be noted, however, that a purely instrumental or technical approach to IT by the management accountant will most likely be ineffective. Studies of ABC implementations, for instance, have highlighted the significance of behavioural and organisational factors (Bhimani and Pigott, 1992; Shields, 1995). While the management accountant may exploit new technologies, it is suggested that he/she also consider the specific application and its organisational impact (see **Figure 1**).

FIGURE 1: APPROACH TO IT



Thus, in summary, the management accountant is operating within a rapidly changing environment that is challenging many of the traditional practices of the profession. These changes include new organisational structures, improved production methods and particularly technological developments, against a background of intensifying and global competition. The increased adoption of ERP systems (Scapens, Jazayeri and Scapens, 1998) has diffused management information and posed a serious threat to the future role of management accountants. The need to participate actively in the management team, apply accounting skills with a sound business understanding and intimately embrace IT developments seems imperative. If these concerns are not addressed, by 2010 the finance function may have disappeared (KPMG, 1998). While this is an extreme view, it heightens the motivation for change in the role of the management accountant.

RESEARCH QUESTIONS

This study examined the nature of management accounting reporting in a manufacturing facility. The role of management accountants in management reporting and more generally in other accounting and business activities was also investigated. The study addresses the following research questions:

Q1: What management accounting information was reported to managers?

The objective of this question was to ascertain what management accounting information was formally provided to senior managers. The subsidiary question of

how the management accounting information was delivered and presented to managers was also investigated.

Q2: What were senior managers' perceptions of the management accounting information reported to them?

This question sought an understanding of what value managers placed on the management accounting information provided to them.

Q3: What role did management accountants play in reporting management information?

The objective of this question was to establish the nature and extent of management accountants' involvement in management reporting. It included understanding the relative importance of management accounting information as a source of information. Further, the extent to which management accountants attempted to determine managers' information needs was investigated.

Q4: Within the general role of management accountants, which dimensions were considered to be most important?

The aim of this question was to investigate managers' views of the general role of management accountants in the company. It included examining the extent of involvement of management accountants in broader business activities and the expectations placed by non-financial managers on management accountants. Traditional and emerging management accounting roles were explored and the interaction between management accountants and information technology was investigated.

RESEARCH METHODOLOGY

The research strategy adopted was a single case study. Jankowicz (1992, p. 158) describes the single case study as one in which issues are investigated 'as they affect a relatively complete organisational unit'. Thus the role of the management accountant was explored in the context of a single organisation. The single case study was deemed an appropriate methodology to employ as it had a number of benefits (which are set out in this section).

Management accounting and the case study method

The higher incidence of case study research in the management accounting literature has been observed by Scapens (1990). He notes the increasing use of the case study method, and other writers in the field have commented on the appropriateness of this research methodology to management accounting research.

Contextualisation

The research question could be investigated in a 'real life context' (Yin, 1994, p. 13), i.e. the role of management accountants could be investigated in the actual work environment in which they operate and interact on a daily basis. Further, it permitted some scope for observing characteristics of the organisation, such as culture, use of technology, office layout, proximity of finance function to other functions, that may be related to the management accounting function.

Holism

Management accounting is an activity that permeates the entire organisation. Understanding its role requires a holistic perspective and the single case study method allows this (Gummesson, 1991). Thus, in addition to gaining the management accounting perspective, a more complete picture is possible through obtaining the views of the managers served by the management accounting function. Scapens (1990, p. 271) notes, in relation to this holistic perspective, that 'it is inappropriate to study their individual parts taken out of context'.

Depth of enquiry

As Remenyi, Williams, Money and Swartz (1998) note, a much deeper level of enquiry is attainable through the case study method as compared with other research methods. While questionnaires may permit a greater breadth of enquiry they do not facilitate in-depth investigation.

SITE SELECTION

The site selected for the study was a large subsidiary of a multinational engineering group located in the Southeast of Ireland. The primary data collection took place in June and July 2000. At that time the company had 310 employees and turnover of €42 million. A preliminary interview was arranged with the Logistics Director, a qualified management accountant who previously had senior responsibility for the finance function, and a firm commitment was given at the outset to allow full access to relevant personnel. However, the Logistics Director stated that it would not be possible to arrange an interview with the Managing Director due to foreign business engagements at the time. It must be recognised that the Managing Director's views could have made a valuable contribution to the study. This highlights an operational difficulty with the case study method. As the company required anonymity in the research, it is referred to as Company A in this paper.

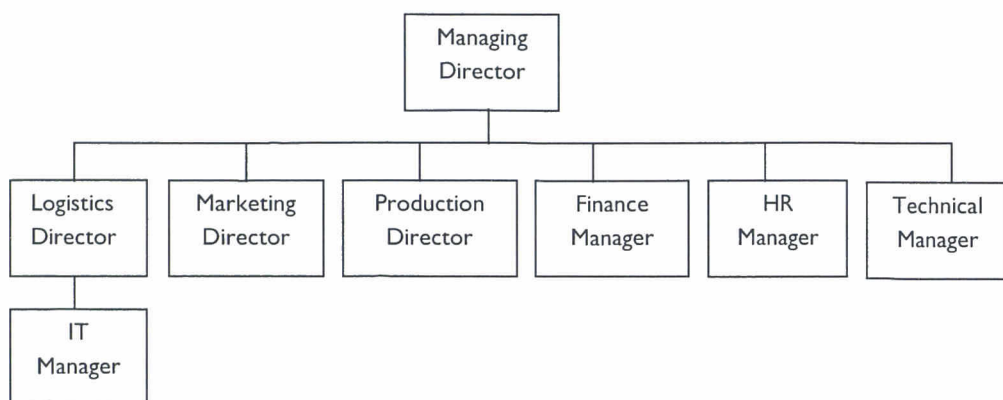
PRIMARY DATA COLLECTION

The primary data collection technique employed was the in-depth interview. For the case study method, interviewing is one of the most important data collection techniques (Remenyi et al., 1998). Yin (1994) reports on how interviewing allows

the interviewer to gain important insights from the respondent's point of view. Other ancillary data collection included copies of management reports, computer print outs, presentation slides and observations of on-screen reports.

Figure 2 illustrates an organisation chart of the senior management team of Company A. All employees who reported directly to the Managing Director were interviewed. In addition, due to the importance of the role of information technology in management accounting, the IT Manager was also interviewed.

FIGURE 2: ORGANISATION CHART OF SENIOR MANAGEMENT AT COMPANY A



Although directors and managers made up one executive team, the directorship positions reflected greater seniority than management positions within the organisation. A brief profile of the interview candidates is provided in Table 1.

TABLE 1: SUMMARY OF RESPONDENTS' DETAILS

Respondent	Job title	Two key responsibilities
LD	Logistics Director	<ol style="list-style-type: none"> 1. Logistics – sourcing, inventory control, shipping 2. Information Technology
FM	Finance Manager	<ol style="list-style-type: none"> 1. Reporting to head office 2. Managing the finance function
PD	Production Director	<ol style="list-style-type: none"> 1. Manufacturing 2. Manufacturing support activities
MKD	Marketing Director	<ol style="list-style-type: none"> 1. Marketing 2. Sales
ITM	Information Technology Manager	<ol style="list-style-type: none"> 1. Running the IT department 2. Customer order processing
HRM	Human Resources Manager	<ol style="list-style-type: none"> 1. Industrial relations 2. Training and development
TM	Technical Manager	<ol style="list-style-type: none"> 1. Managing new product development 2. Managing the quality system

In presenting the research findings, the interview candidates are referred to by the abbreviated reference provided in **Table 1**. It should be noted that the LD was previously a senior financial manager in Company A and so had a financial and non-financial perspective to offer.

FINDINGS

Findings are presented under the following headings:

- 1. Management accounting information reported to management
- 2. Users’ perceptions of reported management accounting information
- 3. Management accountants and management reporting
- 4. Perspectives on management accounting roles.

(1) Management accounting information reported to management

Management accounting reports for senior managers were divided between summarised weekly and monthly reports. Large reports appeared to have disappeared as the PD reported:

We have condensed, I suppose, both the number and format in which we receive them [i.e. reports].

Approximately two years ago, the company made a shift from paper-based reporting to reporting through a public folder on electronic mail titled “Company A Info”. These reports could be accessed from any networked PC. The one-page reports were spreadsheet-based and could be read on screen or printed if required. **Table 2** below lists the management accounting reports that were posted to Company A Info.

TABLE 2: LIST OF MANAGEMENT REPORTS POSTED TO COMPANY A INFO

Weekly management reports	Monthly management reports
Product 1 On-time delivery	Absenteeism
Product 2 On-time delivery	Inventory turnover
Product 1 Direct delivery	Material cost development
Product 2 Direct delivery	Customer complaints handling time
Over-dues [orders]	Cost of poor quality
Inventory level	Unit cost index
Order intake	Progress on (supplier) HUB set-up
Invoicing	Progress on vendor consolidation
	Summary of income statement by month*
	Trend diagrams (orders received and invoicing)*

All reports in **Table 2**, excluding the income statement, were presented in chart form. It is apparent from **Table 2** that reporting “is very much non-financial” (FM). Managers did feel that the important measures were being captured and highlighted for the company.

I would say that these measures that we have are very important in terms of giving us the information that we’re looking for. (PD)

These reports typically charted the actual performance against a cumulative and/or a rolling 12-month target. The trend diagram had additional comparative information. The non-asterisked reports were referred to as the performance reports, while the asterisked reports were referred to as the management accounts. The management accounts were two single page reports prepared by finance as part of a larger head office report.

It is not the full reporting pack. We tend to circulate to the managers information that is of relevance, so even though a monthly report could be 10 pages the managers would get two or three of them. A quarter could be 25 to 30 pages but the managers would only get five. For year-end there would be two lots of packages, probably 100 pages. (FM)

The performance reports were straightforward charts requiring the input of one figure every week or month and the LD described the process as follows:

The IT department produces most of the base data and then the graphs are done by two people, one in finance and one is the boss’s [managing director’s] secretary.

The transition to electronic reporting was still in progress. In addition to the Company A Info reports identified above, some managers still received other reports in a hard-copy format from the finance and IT departments.

(2) Users’ perceptions of reported management accounting information

Managers had positive perceptions regarding management accounting reports. The performance reports, predominantly non-financial and graphical in nature, were perceived as of a high quality and timely.

...certainly the quality of information has improved. Presentation has improved and so I think there has been a major improvement, certainly, obviously you can continue to improve. (MKD)

These are the reports that are issued on a Monday morning on a weekly basis but if you wanted you could have them issued on a daily basis. (PD)

Managers were asked to identify their most and least useful management accounting reports. An **Appendix** contains managers’ comments in relation to the reports they found most useful. Apart from the MKD and the TM, managers

appeared to value highly reports that were well presented, summarised and simplified. The MKD and TM had a preference for detail, wanting to identify the specific customer or specific product of interest. Thus, the ability to aggregate and disaggregate was important to managers. It was also apparent that managers regarded budgetary comparisons as important, since only the reports chosen by the TM and PD excluded budgetary information. A further support of this finding lies in the fact that the TM made his own budgetary comparisons separate to the report. In contrast to the most useful reports, most managers struggled to identify reports that they found least useful.

I'm not getting any reports, that I can think of, that I don't need. (TM)

The FM attributed this to the nature of Company A Info and to a review of reports carried out by the finance department when the company last upgraded its IT system.

With Company A Info you read what you want to read. If you don't want to read it it's just left there. So we don't tend to circulate a lot of rubbish reports that people don't need. When we went to Version 6 [ERP system upgrade] we looked at what reports people were getting, stopped them for a while to see who had asked for them and that cut down on a lot.

The least useful reports were also eliminated by managers, who simply stopped reports that were no longer of any use to them. The MKD succinctly stated the prevailing consensus on such reports.

The least useful ones – I gradually dropped them anyway, so I'd say there are none really.

Interestingly, the LD identified the monthly management accounts as the least useful report, which was a little unusual as the HRM found it the most useful, and most other managers found it useful, albeit not the most useful. However, the LD, with his financial background, could arguably provide an informed comment on the report. He felt strongly about this report and raised a number of criticisms concerning it:

Historical information and probably going back too far...there have been so many adjustments made they are often not so good...it is information for head office and it is not necessarily in the type of format that we would use to run the business on a day-to-day basis.

All managers had a similar view of the role of the monthly management accounts. Typically managers used the report to monitor costs and overall performance and profitability.

We look to see really how the profit and sales are doing, especially the profit. (MKD)

Even the LD who classified the management accounts as his least useful report recognised its important role:

It highlights problems with overheads so you can jump in and tackle them, so it is necessary...don't get me wrong – you need the financial reports.

A number of managers indicated that some of the information was not being presented for the first time.

I would already see the sales result in other reports. (TM)

The first indication of that [absenteeism] was directly on a Monday morning with supervisors and team leaders and that sort of thing. (HRM)

There was evidence that the management accounts were not very decision sensitive, as management meetings were not organised around this report and few queries appear to arise following its issue.

...if they are available for the group internal management meeting here, I would tend to go through them because I wonder if they are looking at them themselves because I get so little comment back. (FM)

Overall the monthly management report provided managers with a financial summary of business performance up to the end of the last month.

Although only one manager could think of a least useful report, most managers identified areas where there may have been scope for improvement of management accounting reports. The TM saw a role for greater analysis and explanation of reports.

...proper analysis of reports to make them more meaningful would be useful. Maybe a bit of drilling down...to understand more of the information behind it, and the consequences.

Another area for change highlighted by the TM was the need for a better understanding of the relationships between different reports.

...the interaction of reports, where one report impacts on another, the linking to see the cause and effect...we often draw a very crude conclusion here. We see inventory going down and over-dues going up and vice versa and people say "is there some link here?".

Further, there was a reporting orientation towards internal and short-term information with an absence of benchmarking information.

Definitely getting more internal than external...(HRM)

I think that there should be more links so that we can benchmark... we talk about benchmarking other companies but we should benchmark internally first and we are starting to do it between subsidiaries that are producing similar products. (LD)

Short term we're very good. Long term I'd say we're weak in terms of management reporting. There's very little, there's nothing I can think of in a management report that looks past this budget year. Everything is relating to this week, this month or this year but there's very little...I can't even think of anything that is looking out to 2001, 2002. There's no strategic reporting I can see. (TM)

The findings show a generally high level of satisfaction with weekly and monthly management accounting reports. Managers however did note the scope to enhance management accounting information further.

(3) Management accountants and management reporting

Management accountants were perceived as playing an important role in management reporting, although it was recognised that the role extended beyond the mere provision of management information:

The management accountant's job as I see it is to, number one, provide accurate, up to date information in a format that's easy to use. That's number one. Number two...the management accountant should probably advise what has to be done. (MKD)

There was also a recognition that management accountants, and the tools that they employed to provide information, represented one piece of a bigger jigsaw of decision support for management:

...I know some of the key reports that are there and some of the tools that they [the management accountants] use to provide that information. To me they are just a component of an overall bigger picture... so the management accountant's pack is just one element of a more business orientated total management tool. (ITM)

Similarly, the PD noted the existence of many management reports that did not originate from the management accounting function:

...financial reporting is only one aspect of the overall reporting of the company because...there are dozens and dozens of reports coming out, the vast majority of which are non-financial...not even originating, or even ever going near the financial department.

It was evident that management reporting was not exclusively within the traditional ambit of the management accounting function. In fact, management reporting in Company A gravitated towards the IT department, as most of the base data came from there. Many managers accessed the ERP system directly, or had reports written for them by the IT department.

In relation to report content, the FM and the LD noted the importance of determining management's information needs:

...talking to the managers...what information would they like to have that we are not providing? Rather than saying well this is what we provide, is this OK with you? 'Cause anytime we've asked that, they've said yes, it is. (FM)

...if they [the managers] can identify what they really need then you can design specific reports to meet their needs. (LD)

However, the FM recognised the opportunity to improve on understanding managers' information needs.

...we probably haven't asked so much...no, we definitely wouldn't have asked.

This comment was supported by other managers who could identify information that they needed but did not receive – for example, the LD needed information on supplier performance, while the MKD required information on customers. It was interesting that neither manager recognised the cost implicit in information acquisition. In summary, the findings suggest an opportunity for more involvement by management accountants in determining the information needs of management.

(4) Perspectives on management accounting roles

There was a general perception that the lines of demarcation between the management accounting function and other functions had become more fluid:

...years ago you know the financial house in the goldfish bowl [sic], never seen in the manufacturing areas. This is a thing of the past, and that's a very good thing...becoming more integrated... there was an insular type of structure, it's not there now...I think it's changing. (HRM)

However, despite the increasing integration of management accountants with other non-financial functions, there appeared to be a desire for greater integration. One manager commented on the need for the management accountant to get more involved in the day-to-day operations of the business and particularly to understand in detail the nature of the company's products.

...too many accountants don't understand how the product is put together and are purely interested in producing figures, and the management accountant of the future has to get involved in how the product is made, what it is made from, and to understand that side of the business. (LD)

The MKD, having identified the continuing management reporting role of the management accountant, suggested that while the role had control aspects it wasn't central to running the business:

I suppose it [the management accountant's role] tends to be...a referee function, as opposed to a player function.

The TM explained the importance of integrating an understanding of the business with management accounting skills:

...if they [management accountants] don't have the knowledge of the business underpinning their financial knowledge, they [won't] be successful [in their role].

In addition to the importance of greater involvement in the business, one manager pointed to their need to be involved in traditional costing activities – but in a project context. These projects typically required analysis of the cost makeup of a product in terms of where value is added and where it is not.

The role here is very much around...cost reduction projects...a key part of the business. There are ten projects going on at the moment. (LD)

The FM's own views reflected the expectations of other managers as she commented:

...we're no longer number crunchers only – I mean you have to hone in on the various things that are going on around the place. We definitely have more links with other areas. All the information isn't just flowing into us...it is a bigger picture.

Further, the FM noted the number of changes that had already taken place in the finance department:

...we've restructured, reengineered and [done] things differently and thought about it and actually cut down on a lot of work.

The central role of IT to the management accountant was apparent. The FM continuously worked with the company's ERP system, the head office's reporting software and PC programs, particularly spreadsheets. The FM suggested that they could get information quicker if they were trained to run queries on the ERP system themselves, rather than going via the IT department. The findings also show that the ITM responsibilities were within the ambit of the LD and not formally affiliated with the finance function. A number of IT projects (EDI, intranet development) were underway that could impact on the management accounting function, so it was interesting that no manager specifically referred to involving the management accountant in IT developments.

DISCUSSION

The findings show a number of perspectives on the reporting of management accounting information and the role of the management accountants, ranging from

traditional activities such as management reporting and costing through to new activities rooted in a wider organisational context.

The reporting of management accounting information at Company A appeared to be streamlined with the monthly management accounts contained on two pages. Further, managers appeared generally satisfied with the chart-based performance reports. In contrast to the criticisms of management accounting information in the literature (Johnson and Kaplan, 1987; McKinnon and Bruns, 1992), perceptions of management accounting information were generally very positive. Further, many of the reports related to non-financial indicators such as on-time delivery, quality, customer satisfaction, which concurs with the growing body of literature noting the increasing adoption of such measures. Managers did highlight the need for more report explanations, report linkages, benchmarking and strategic information, all of which seem like plausible avenues for management accountants to explore.

The finance department was not the exclusive custodian of management information, nor was it fully responsible for its dissemination throughout the organisation. This concurs with the views of Burns et al. (1996) and Scapens et al. (1996) on the 'decentering' of accounting knowledge. Both the ITM and the PD noted the origination of management information from non-management accounting sources and perhaps this represents a serious challenge to the future reporting role of management accountants. Countering this, recognition must be given to the limited scope of the finance department to undertake the dissemination of all management information. In contrast, the MKD perceived the primary role of management accountants as "number one, provide accurate, up to date information". Thus, it could be suggested that there is still a role in reporting for management accountants, albeit one that is being eroded. Further, the MKD's comments suggest that data integrity is fundamental in the provision of management accounting information.

The findings show the role of the management accountant extending beyond management reporting to include more business involvement together with an in-depth business and product understanding. This role expansion is in line with the views expressed in the literature (Burns et al., 1996; Scapens et al., 1996; Burns et al., 1999; Pierce and O'Dea, 2000). It is interesting to note that alongside the continuing reporting role emphasis is still placed on costing (see the LD's comments on the importance of cost reduction projects in the business). This suggests that traditional management accounting techniques may be relevant to businesses in the current environment, in contrast to the criticisms by Kaplan and his colleagues (Kaplan, 1984; Johnson and Kaplan, 1987). The overall perceived role of management accountants appears to be a hybrid of traditional (reporting and costing) roles and emerging (greater and broader business involvement) roles.

The role of the management accountant, from the perspective of both the financial and non-financial manager, is located more broadly in the business and includes acting in an advisory and monitoring capacity. This is in line with the views of King et al. (1991). However, the MKD perceived the management accountant as a "referee" rather than a "player". The findings suggest that the

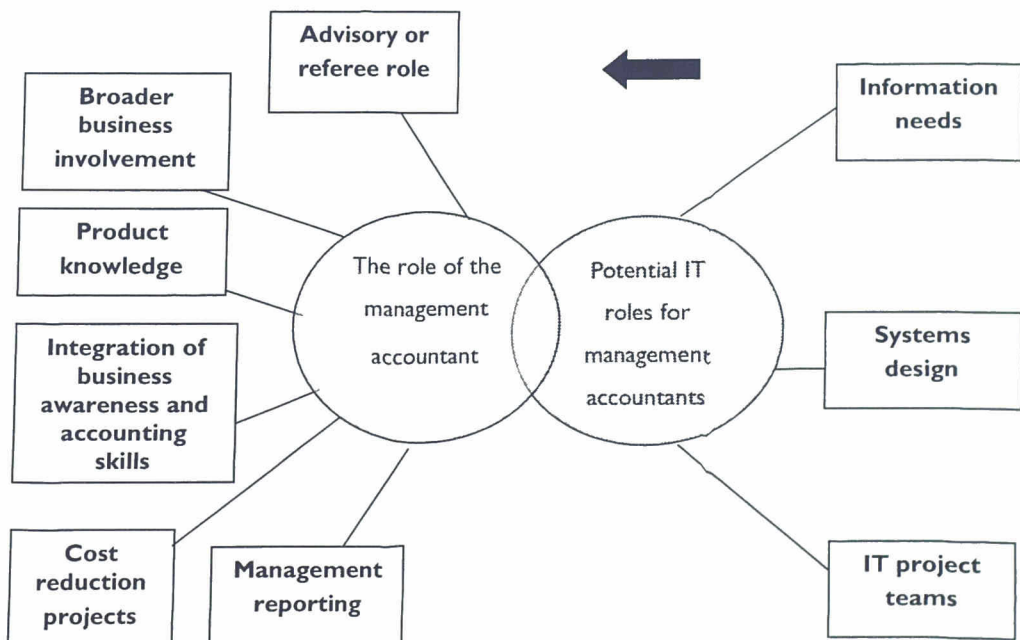
exact nature and extent of management accountants' involvement in the wider business context is somewhat vague. Further, as these views reflect increasing demands on management accountants, do management accountants gain recognition in return? Perhaps it remains incumbent on management accountants to define their roles in the specific organisations in which they find themselves.

IT played an important role for the management accountant in terms of management reporting locally, and centrally to head office. This is consistent with the literature which identifies computers as playing a central role for the management accountant (Christiansen and Mouritsen, 1995). However, the findings are out of line with the literature regarding the need for the management accountant to be involved in IT developments (Christiansen and Mouritsen, 1995; Matthews, 1998). The findings show the management accounting function somewhat isolated from IT developments. It is suggested that there may be an opportunity for, as well as a threat to, the role of management accountants here.

CONCLUSIONS

The study reports a broadening of the role of management accountants from the perspective of management accountants themselves, and from the perspective of non-financial managers. The left section of **Figure 3** illustrates the dimensions of the role of management accountants as identified by the interviewees. The findings present the management accountant as occupying a role comprised of traditional and emerging roles.

FIGURE 3: THE ROLE OF THE MANAGEMENT ACCOUNTANT



Management accountants may have an opportunity to contribute positively to the IT developments in organisations. Potential roles for management accountants include determining managers' information requirements, systems design for the benefit of the business as a whole (and not just for accountants) and involvement in IT projects such as EDI and internet technologies (see right section of **Figure 3**). It is recognised that there may be a training need for the management accountant in the particular IT skills required. There may also be resource implications in dedicating management accounting effort to IT.

There are a number of potential trajectories that could be suggested for further research. It would be worth replicating the study in other multinational enterprises and also indigenous firms. Further research into the nature of the management accountant's broader business involvement may prove fruitful – the implications for management accountants being "players" rather than "referees" and the question of how the interests of users are served through the management accountant's business involvement. There has been relatively little research into the nature and processes of management accounting change and perhaps longitudinal studies may prove a useful method for further research. Finally, the authors recognise the methodological limitations of conducting a case field study at a particular point in time.

The study suggests possible opportunities for enhancing the role of management accountants in practice. The findings call for more business involvement and suggest that, although some traditional roles continue, there are new roles for management accountants to pursue. The implications for educationalists from the finding that a number of traditional management accounting practices were deployed and highly regarded in the study (that all relevance is not lost) may be that the divergence between management accounting practice and the discipline as recorded and taught in educational course material is not as great as often hypothesised.

In summary, the study highlights a role in transition, a "metamorphosis" in Irish management accounting in a manufacturing firm. The management accountants in Company A, having "restructured, reengineered...and [done] things differently and...actually cut down on a lot of work" (FM), were recognising and embracing the challenges of greater business involvement with perhaps the exception of IT developments. As management accountants retained some traditional roles as well as embracing the emerging ones, it could be suggested that their role was expanding without a commensurate expansion in accounting staff while systems were allowing more information to be provided.

APPENDIX: MANAGERS' MOST USEFUL REPORTS

Report & user	Characteristics of report that make it useful
Material cost development (LD)	<ol style="list-style-type: none">1. "It gives me at a glance exactly how we are doing."2. "It is a relatively simple report."3. "Presentation is key to the report."

Report & user	Characteristics of report that make it useful
Order invoicing report (FM)	<ol style="list-style-type: none"> 1. "It is one page, everyone understands it and it comes in first thing Monday morning." 2. "I know if our sales volume is up to budget then we will have good results whereas if our sales are slack and we are well below budget then it is going to have a very direct impact on the bottom line."
Order invoicing report by customer (MKD)	<ol style="list-style-type: none"> 1. "Tells me how each customer is doing against budget and plan." 2. "Going into details...doing great on this, bad on that, you have to go into detail."
Customer order summary by product (PD)	<ol style="list-style-type: none"> 1. "All the information is summarised...what I'm looking for in each instance is on one page rather than fifty pages, that makes it an awful lot easier" 2. "Gives me at my fingertips all the basic information that I need to know about the business for this week and for the next couple of weeks."
Weekly reports on company A info (ITM)	<ol style="list-style-type: none"> 1. "Its presentation is simple and straight forward and easy to read." 2. "I can get the information from the screen in a couple of seconds and then shut it down and move on." 3. "It's a handle on how the business is growing and progressing on a weekly basis."
Monthly management accounts (HRM)	<ol style="list-style-type: none"> 1. "It is useful for me in terms of my own, if you like benchmarking, I've been with the company a good while now" 2. "Bottom line, you see what I have to target is capacity costs...indirect costs"
Sales statistics report (TM)	<ol style="list-style-type: none"> 1. "It gives me a view of what numbers of products for each type of product we make are being sold, and our contribution levels, what our unit costs are like, what our contribution levels are like, so you can see how popular different products are, if there's a trend." 2. "I can see are we below or above targets"

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