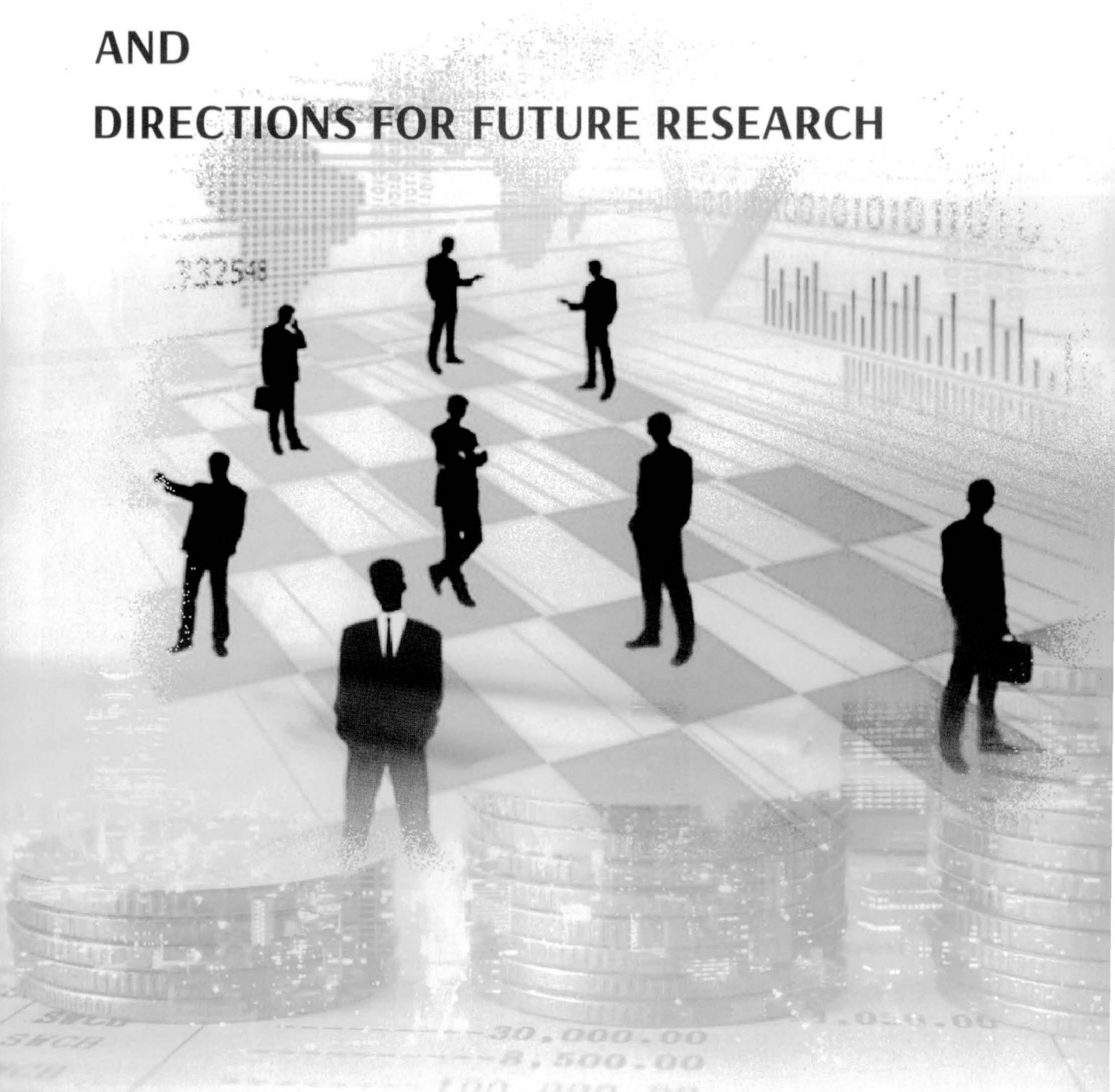


DEVELOPMENTS IN GLOBAL MANAGEMENT ACCOUNTING: RESEARCH PRACTICE GAP AND DIRECTIONS FOR FUTURE RESEARCH





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The accounting environment has changed dramatically over the past decade. Chief financial officers (CFOs) are suggesting that the management accountant should aspire to move from “counter of wealth” to “creator of wealth and influencer of strategy.” We have become less transaction focused and more directed toward decision support and performance management activities.

With CFOs continually looking for greater efficiencies and ways to add value to the business, it is important that Management Accountant embrace digitisation and look for ways to further develop their own skill set to accommodate the change. According to a 2017 survey by Robert Half Australia, technology is the single biggest factor impacting the finance function today and in the future. Globalisation and technological progress are making this more complicated. Successful organisations have effective management accounting functions. It is the combination of competent people, clear Principles, well managed performance and robust practices that make a management accounting function effective.

The changing roles of Management Accountants have redefined them as corporate decision makers, business consultants, business partners and analysts. Management accounting has always been an area dedicated to support decision making processes, thus taking into account dynamic changes in the business environment as well as technological advances there is a strive to change the practice of management accounting and the role played by the managerial accounting professionals

Management accounting change and the changing roles of management accountants have dominated both the professional and academic research literature in recent years. The field of management accounting research is dynamic and constantly evolving. Therefore it is beneficial to step back at times and observe the key themes and patterns that are emerging.

Management Accounting Development

Modern management accounting practices are constantly changing, which establishes a need to update our collective understanding every now and then.

Since Johnson and Kaplan (1987) first alerted the accounting community to management accounting’s apparent loss of relevance to management and other information users, there has been a plethora of (particularly) prescriptive research suggesting changes to management accounting systems, techniques and practices. In other words, there has not been sufficient change in management accounting techniques to match the changes in the organisational environment, and to support the growing demand for information. Recommended ‘solutions’ to the relevance problem have included innovative costing and information frameworks such as Activity Based Costing, life cycle costing; target costing; quality costing; functional cost analysis; throughput accounting, strategic management accounting; shareholder value techniques; Balanced Scorecard, Key Performance Indicators, Economic Value Added, and Benchmarking.

More recently, Scapens et al. (2003) carried out an investigation regarding the changing nature of management accounting. This study presents four changes in the broader business environment that have had impact on management accounting in recent years: (i) globalisation and customer focus; (ii) technological change; (iii) changing organisational structures; and (iv) fashion and other internal factors, such as ‘a feeling at top-level management that change is necessary’ and ‘changing management information needs’.

In 2012 M. Fraser refers to five basic areas that should be of interest to specialists in management accounting in the future [Fraser 2012].

1. Good accounting goes beyond compliance and is about providing useful information to management and

strengthening accountability processes.

2. Managerial accounting specialists should improve investment appraisal techniques, because managers may be missing opportunities if accounting specialists do not use the full range of available investment assessment tools.
3. Performance management system should be revised, because various economic conditions and different organizational strategies require different thinking and behavioral patterns.
4. Management accounting tools should be developed to better understand cost drivers in the organization. Management accountant should perform the role of financial advisor to support manager in decision making.
5. The emphasis should be placed on planning, budgeting and forecasting. There are important aspects in forecasting – sharing it and having those who own it simultaneously accountable for it. Moreover, good communication is also required.

Much more extended look at the development trends in the field of management accounting as proposed by Gary. Cokins. He described seven major trends that would characterize the development of management accounting in the next decade [Cokins 2013; 2014].

- 1) Expansion from product to channel and customer profitability analysis,
- 2) Management accounting's expanding role with enterprise performance management,
- 3) The shift to predictive accounting,
- 4) Business analytics embedded in EPM methods,
- 5) Coexisting and improved management accounting methods
- 6) Managing information technology and shared services as a business, and
- 7) The need for better skills and competency with behavioral cost management

An essential turning point is the ongoing digitalization.

Big data, data analytics and business analytics (Cokins 2013; Krishnan 2015; Schneider et al. 2015) combined with the intensely networked world are rapidly changing the business environment, business models as well as organizational structures that also affect the accounting practices & Future area of research.

Because Management Accountants are normally deeply involved in PBF (planning, budgeting, and forecasts), it is important to be aware of how big data, risk measurement and different techniques can be used to improve performance. CFOs must deploy techniques such as rolling forecasting with moving targets (that reflect real-time changes in external factors) in combination with tools within predictive and prescriptive analytics if they should make empowered decisions. New skills and new ways of using data are important. Only this can retain their influence. They also need to know about statistical modelling, data mining, advanced predictive analytics, and risk forecasting techniques.

The Research-Practice Gap

Although management accounting tools and techniques are developed to solve practical problems in organizations, there is a lot of criticism of management accounting research for not having an impact on practice. A range of management accounting techniques emerged, for example: Activity Based Costing (ABC), Balanced scorecard, economic value added, costs of quality reporting, strategic management accounting (Adler et al., 2000; Tan et al., 2004) , yet allegations persist that a gap exists between management accounting education and practice in contemporary management accounting.

A big frustration has been – and is still of big concern - that few research findings and results have never been used in the practical world (Kaplan, 1998; Kasanen et al., 1993; Merchant, 2012; Otley, 2001; Rautiainen et al., 2017). The basic problem for management accounting has been that – in spite of a huge number of researcher, paper, articles, conferences, and journals - not much impact on society and on practice have been documented. Much discussion in the management accounting literature has centered on the need to direct greater attention to the practical relevance of academic research.

In recent times a number of commentators have indicated that accounting research has become insufficiently innovative and increasingly detached from practice. Differing views about the engagement of academic research with practice also emerged in discussions. For example:

“Practitioners are simply not interested in academic research and how academic research can help them.

“Academics do not seem to be interested in engaging with practice and practitioners.”

“I think practitioners question the relevance of academic research; if it were relevant, academics would make themselves understood.”

“Some academics choose practically relevant topics suggested by practitioners, but these academics are in the minority.”

“Academics are considered elitists as they speak with their own jargon; they use complex mathematical formula; they shut out potential practitioner readers by doing this; the aim of the game is to publish at all ends, not to disseminate knowledge or improve practice “

Many suggestions have been advanced to bridge the gap between research and practice :

Both academics and practitioners would benefit from a closer relationship – academics might gain access to data and more logical explanations, enhance their reputation, and incorporate actual data into their research and teaching, while practitioners might receive ideas contributing to the efficiency and effectiveness of their organizations

Academics should attend practitioner conferences and events to interact with practitioners, and practitioners should interact with the academic community to learn about their research agenda and why they research certain topics

Academics could develop research questions in line with the need of practitioners. They might include the implications for practice in each paper and conduct research with practitioners.

Practitioners should be educated on how to read, interpret and use accounting research.

Several related motivations or objectives for practice-oriented research include desires to (1) gain increased understanding of why organizations use certain techniques and practices, (2) gain increased understanding of how and which techniques used in practice impact organizational performance, (3) inform practitioners, (4) increase the

applicability of accounting textbooks, coursework, and programs.

Role of Professional Accounting Bodies

This is occasionally evident, for example, through collaboration between professional accounting bodies and academics to produce sponsored research, sponsored specialised conferences and public policy contributions. Professional accounting bodies perceive the gap between academic research and practice in management accounting to be of limited concern to practitioners. The two most significant barriers to research utilisation by practitioners are identified as: difficulties in understanding academic research papers; and limited access to research findings. In acting as a conduit between the worlds of academia and practice, professional bodies have an important role to play by demonstrating the mutual value to both academics and practitioners resulting from a closer engagement between management accounting research and practice. Nevertheless, management accounting is an applied field that could be expected to provide tools and techniques for practitioners.

Arguably there are signs that times are changing. Internationally there are sporadic signs of improving interactions between the accounting profession, higher education providers and academics. This is witnessed by the inclusion of academic work in professional publications; research funding provided by the accounting profession; and the commissioning and publishing of research on contemporary issues facing accounting academics by the accounting profession. Academics and practitioners need to work together to create new academic discourses and practice in emerging area of management accounting.

Directions for Future Research

In any discipline research ideas can grow from a variety of sources. Management accounting research over the last decade has made tremendous head way in the form of relevance of topics and strictness of methods. However, one of the challenges facing researchers today is continuation of this momentum and the selection of innovative and relevant topics.

In the present economic scenario, to appreciate the depth of application of management accounting in managerial decision making and governance, it is necessary to carry out an IMA style sample surveys [Raef Lawson (2012) , Douglas & Larry (2012)] to identify the business interest and research gap.

The direction of development of management accounting research is in line with the shift of paradigm of management accounting in practice supported by development of technology. The direction will lead to the new strategy that moves to contemporary management accounting. From a research agenda Management Accounting Research has seen improvement in incorporating issues of importance to practice, however, basic research and theory development are still needed. Of necessity is still the building of theories and frameworks that explain and predict which firms will adopt specific methods. Academics are key players in developing innovative accounting systems and documenting the benefits and costs from those systems. Within the area of Management Accounting Research topics can be found in the following sources: the existing literature, existing literature in related and other fields, and topics and challenges important to management. For researchers, the difficulty arises in choosing areas that are of high priority to practicing managers etc.

Evolving Smart and digital Technology Innovations involving big data, blockchain, AI and robotics applied or applicable to a wide set of Management accounting, as well as the changing social, cultural, economic and political contexts in which we live and work, can be expanded in future Management Accounting Research.

To sum up, in the field of management accounting the literature has focused particular attention on what seems to have contributed to generating a gap between theory and practice, namely on those factors which have affected the impact of management accounting research by limiting it. This research has been pivotal in offering strategies aimed to eliminate those barriers which would prevent management accounting research from becoming more impactful. Despite this, some new avenues of research can be identified in light of what management accounting research has already highlighted and of what has been accomplished by researchers in other disciplines. **MA**

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