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Management Accounting
Issues in interpreting its nature and change

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Abstract

Studies in the area of management accounting change have proliferated in the past few years. It seems then time for systematizing the analysis of management accounting change along some key dimensions which can prompt some further reflection. This paper proposes to organize such reflection along these dimensions: the agents and object of change; the forms and ratio of change; the space and time of change; and the interplay between change and stability. This systematization, the paper argues, will help us to relate a reflection on the process of change with the nature of management accounting itself. Studying change entails a reflection on *what* changes and studying what changes implies a reflection on the nature of management accounting and its ability to become what is not, i.e. its *change*.

Keywords: Management accounting; Change and stability; Nature of management accounting; Heteromogeneity

1. Introduction

> "I definitely agree we need to improve our processes of integration within [MEGOC], we shall communicate better and engage more effectively in day-to-day operations . . . at present, despite the six common strategic imperatives, each business line is a kingdom on its own, we know that . . . However, I have heard we are introducing a new system called Balanced Scorecard that run within the SAP's platform [MEGOC's Enterprise Resource Planning system] and allows us to monitor the achievement of our strategic imperatives along four different perspectives of analysis. Let's see what it is like, and its impact on the job as I wouldn't like to change my existing working practices

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because someone on the Board has fallen in love with the flavour of the month during a training course in London . . .” (Operating Manager).

Middle-East Gas and Oil Company (MEGOC) is a large corporation operating in the oil and gas industry. The company is owned by the national government and the revenues generated constitute a large part of the GDP of that country.[1] In 2002, following a call from the government for companies to take some action to improve the local economy and increase the revenue generated for the country, MEGOC’s executive management board redefined the strategic direction of the company “to significantly increase its contribution to the country’s revenue needs and [. . .] consistently promote the development of the local economy” (MEGOC’s mission statement).

One of the concerns evoked by MEGOC’s operating manager relates to whether change is good to have or should be resisted. He also questions the novelty of the proposed new technical solution, the Balanced Scorecard (BSC) in this case, asking whether it is the result of transitory fads and fashions or of more profound reflections on effective organizational needs for such a new system, and on its effects on the corporation and its employees.

The quote reported above and the brief description which followed it are illustrative of many of the themes that the literature on management accounting change has been addressing in these last few years, and that we also intend to recall and systematize in this paper, which opens the second *Management Accounting Research* Special Issue on Management Accounting Change.

In doing so we believe that the first building block of our systematizing effort concerns the issue of *what* and *who* drives management accounting change and whether this is some hidden structural force, some clear individual agency, an opaque combination of the two or even something else. The operating manager rightly evokes ideals which are often mobilized for prompting change: ‘integration’ (see Busco et al., 2006; Dechow and Mouritsen, 2005; Hansen and Mouritsen, 1999), various ‘imperatives’ and slogans (see Quattrone and Hopper, 2001, 2005, 2006), and so forth. Are these the drivers of change? Are they the result of broader environmental, contextual and institutional forces (see, for instance, Baines and Langfield-Smith, 2003; Carmona et al., 1998) or the product of individual visions which are translated into the framing attempt of the Balanced Scorecard (see Bloomfield and Vurdubakis, 1997)?

Addressing these issues and offering some material for reflection is the first building block of the systematization we intend to offer in this piece (see Fig. 1).[2]

[1] This is the disguised name of a company, the analysis of which will be used for illustrative purposes along the whole paper. The insights from the MEGOC case are based on a longitudinal study conducted by one of the authors. From May 2003 to December 2005 we had the opportunity to collect empirical evidence through interviews, observations, participations in meetings and internal workshops. Overall, we conducted 32 interviews with managers and employees operating in various Divisions of MEGOC. The company is divided into seven major Divisions (or business lines): *Exploration and Producing*; *Gas Operations*; *Refining, Marketing and International*; *Engineering and Operations Services*; *Law*; *Finance*; and *Industrial Relations*. These business lines are headed up by Corporate Heads at the Senior Vice President level, and all report to the President and CEO. In addition, support functions such as Corporate Planning, Information Technology, Human Resources and Management Services (where the internal consulting department is located) also report directly to the President and CEO of MEGOC.

[2] This figure has been used by one of the authors in other papers (e.g. Quattrone and Hopper, 2001) but with different poles of interaction. What seems interesting though is that whatever issue one intends to study from a constructivist perspective, this is always made of various concepts which appear as being in opposition and in need of being rethought under different terms. We begin in this paper by looking at issues of ‘agency’ in studying management accounting change, but this is done only for illustrative purposes and to follow the linearity of the paper for agency is indeed part also of the other poles constituting the figure which are not sequential but all affecting issues of management accounting change.