Applying a typology of management accounting change: A research note

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Abstract

This study, covering 65 French manufacturing companies, replicates Sulaiman and Mitchell's study [Sulaiman, S., Mitchell, F., 2005. Utilising a typology of management accounting change: an empirical analysis. Management Accounting Research 16, 422–437]. Apart from the similarities, some differences due to cultural and macroeconomic factors are noted. The findings advance understanding of how national cultures and the macroeconomic context influence the nature and location of change in management accounting and control systems (MACS). In addition, this study refines S & M's typology by separating output modifications into two dimensions, information representation changes and information frequency changes. This extension enhances examination of the heterogeneous nature of change in MACS. Finally, this study seeks to examine the factors (top management support, levels of complexity/simplification and degree of resistance to change) contributing to the success of the changes made.
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1. Introduction

Since advocacy by Hopwood (1983) in Europe and Kaplan (1983) in the USA, the study of change in management accounting control systems (MACS) has become an increasingly popular research topic. Using a range of methods, researchers have examined the motivations, constraints and consequences of change in management accounting (MA) (e.g. Innes and Mitchell, 1990; Scapens and Roberts, 1993; Ezzamel, 1994; Malmi, 1997; Vaivio, 1999; Burns and Scapens, 2000; Granlund, 2001; Lukka, 2007). Yet researchers largely neglected identification of the volume and location of MA change until Libby and Waterhouse (1996). Moreover, the nature of change has frequently been taken for granted by researchers (Quattrone and Hopper, 2001). Sulaiman and Mitchell (2005) were the first to develop a typology of change in MA (addition, replacement, output modification, operational modification and reduction) in order to study both its nature and location. The results of their research in Malaysian companies show that various types of change are represented in all MA sub-systems, with the exception of MA reduction, which was not observed in any of the companies surveyed.

The purpose of this research is to replicate and extend S & M's study in French manufacturing companies. Similar results are evident in the location and nature of change although some differences are apparent, which can be explained by national cultures and macroeconomic factors. Two extensions to S and M are also introduced. First, this study refines S and M's typology by separating output modification into two dimensions, information representation changes and

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Table 1
Profile of sample firms

Number of employees	Number of firms (France)	% (France)	% (Singapore)	% (Canada)
0–149	10	15.38	27.95	33.33
150–299	24	36.92	27.95	29.16
300–499	11	16.92	11.82	16.66
450–999	10	15.38	16.12	4.16
>1000	10	15.38	16.12	16.66
Total	65	100	100	100

information frequency changes. We find it relevant to separate changes in information frequency, which are required for rapid responses in the face of greater competition (Gordon and Miller, 1976), from changes in the representation of information, which are introduced to improve internal communication (Moores and Yuen, 2001). This extension enhances examination of the heterogeneous nature of change in MA. Second, this study sets out to examine the factors contributing to the success of the changes made. We especially want to assess top management support (Innes and Mitchell, 1991; Shields, 1995; Innes and Mitchell, 1995; Krumwiede, 1998; Innes et al., 2000), the level of complexity/simplification (Sulaiman and Mitchell, 2005), and the degree of resistance to change (Johnson and Kaplan, 1987; Argyris and Kaplan, 1994; Shields, 1995).

2. Empirical analysis

2.1. Data collection

The study was designed to compare our findings with those of Libby and Waterhouse (1996) in Canada, Williams and Seaman (2001) in Singapore and Sulaiman and Mitchell (2005) in Malaysia. After advance testing with controllers and financial officers, our questionnaire was sent in March 2006 to a sample of 320 manufacturing companies with more than 100 employees, to conform to the L and W (1996) and W and S (2001)[1] sample selection criteria. After two follow-up letters and calls, 74 replies were obtained. One firm was eliminated as it has fewer than 100 employees. Two respondents with less than 4 years of service in their positions were also discarded, as were six incomplete questionnaires. This yielded a final aggregate sample of 65 firms, or a 20% response rate for the study. A profile of the final sample is given in Table 1. Sixty-six percent of respondents are controllers, 30% are chief financial officers and 4% are plant managers. 78% of companies that responded to the questionnaire belong to a group. The existence of possible response bias between the early and late responses was checked by a *t*-test: no significant differences were found in the results. Furthermore, the *t*-test reveals no significant differences in terms of size between respondents and non-respondents.

2.2. Results regarding change location

Table 2 reveals that the average annual number of changes in French companies (1.40) was higher than in Singaporean companies (1.23) but lower than in Canadian companies (1.48) and Malaysian companies (1.90). Although the average annual number of changes and their distribution between location vary, change locations are broadly similar: controlling, decision-making and planning comprise the top three in all four studies. Costing and directing therefore appear to be the slowest changing sub-systems despite the prominence of costing innovations such as ABC, life cycle costing and quality costing. This confirms that new costing models spread slowly in France (Mévellec, 2003).

2.3. Results regarding the nature of change

The significant responses accorded to both information frequency and information representation changes (Table 3) provide justification for the refinement made to S and M's typology (2005). Apart from the general similarities in

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[1] No size constraint was indicated in the study conducted in Malaysia.