Management accounting information and the needs of managers Perceptions of managers and accountants compared

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Abstract

The study builds on prior research on information user perceptions and the roles of management accountants. Perceptions of management accountants and managers in the same organisations regarding information supplied by the management accounting function were compared and differences highlighted. Perceptions of managers were also sought regarding desired changes in the information supplied and desired future roles of management accountants.

Consistent with prior literature in MIS and accounting, the findings showed evidence of preparer–user perception gaps. Major contributors to those perception gaps were identified as an imbalance between technical and organisational validity, functional differentiation and an inherent tension between the simultaneous requirements of independence and involvement. Managers' views of desired future roles for management accountants provided consistent indicators as to how those gaps can be narrowed. The study also exposes inaccuracies in management accountants' perceptions and sets out implications for the design and reporting of future research.
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1. Introduction

Arguments put forward by Kaplan (1984, 1988, 1990) and Johnson and Kaplan (1987) triggered off a major discussion regarding the relevance of management accounting

practices. Attention was focused on the paucity of empirical findings regarding the practice of management accounting. Anthony (1989, p. 18) highlighted this lack of empirical evidence, arguing that 'information about management accounting practices is abysmally poor'. He criticised the assumption often implied in the literature that a specific technique such as labour hour based overhead absorption is widely used, in circumstances where there is little or no statistical evidence to indicate how many companies use that technique. He also highlighted the lack of information about new techniques. Although there has been a significant increase in the number of published studies since then, many of those studies were based on surveys of accountants and the findings are typically reported as evidence of techniques used (e.g. Drury et al., 1993; Innes and Mitchell, 1995; Clarke et al., 1999; Innes et al., 2000). A more appropriate interpretation would view the findings as indicating what techniques are used by accountants and what information is *perceived* to be used by managers. The primary focus of this study is on the perceptions of managers regarding their own information requirements and their perceptions of the effectiveness of management accountants in meeting those requirements.

2. Background

The importance of information user perceptions has been well recognised in the management information systems (MIS) literature and 'importance to the users' has been put forward as the primary consideration in evaluating the effectiveness of an information system (Lucas, 1975). It has been recognised that designers and users of information systems have fundamentally different motivation and attitudes that may lead to very different perceptions (Olson and Ives, 1981; Salaway, 1987; Green, 1989; Newman and Robey, 1992). However, previous studies have focused mainly on the perceptions of users (Goodhue, 1998), and the perceptions of systems designers/analysts have usually been missing from this line of research (Weitzel and Graen, 1989; Rao et al., 1992).

It has also been shown that users and preparers may differ significantly in how they evaluate an information system (McKeen et al., 1994; Doktor et al., 1979). From the preparer's perspective, success is achieved when the system works, or attains 'technical validity' (Schultz and Slevin, 1975). For the user, a system is successful when it helps enhance job performance, or attains 'organisational validity'. It has also been found that where preparers identify strongly with users' requirements, users and preparers are more likely to share the same perceptions of system effectiveness (Dickson and Powers, 1979).

Not surprisingly, therefore, successful implementation of system innovations has been found to be strongly associated with acceptance and use (Lucas, 1975; Robey, 1979), increased user satisfaction (Bailey and Pearson, 1983; Doll and Torkzadeh, 1988) and perceived usefulness (Leonard-Barton, 1988). Perceived usefulness, in turn, has been shown to be positively associated with actual use (Schultz and Slevin, 1975; Robey, 1979).

The first major work on the use of accounting information by managers was by Simon et al. (1954) and user perceptions have become increasingly prominent in accounting studies during the last decade (e.g. Bruns and McKinnon, 1993; McGowan, 1998;