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*Managers' Views on Management Accounting:
An In-Depth Analysis of Management Accounting Practices
and the Role of the Business Partner*

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List of Abbreviations

ANT	Actor Network Theory
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIMA	Chartered Institute of Management Accountants
ERP	Enterprise Resource Planning
HR	Human Resource
ICV	International Controlling Association
IMA	Institute of Management Accountants
IT	Information Technology
SAP	System Analysis and Program Development
SOX	Sarbanes Oxley Act
SNA	Social Network Analysis

I. Introduction

I.1 Motivation

Managers are traditionally viewed as recipients and customers of services delivered by management accountants¹ based on a separation of labour (Hopper, 1980; Scapens and Arnold, 1986; Allen, 1989; Innes and Mitchell, 1990; Hiromoto, 1991; Burns and Scapens, 2000; Byrne and Pierce, 2007). The quantitative and information profession of management accountants initially developed in order to support managers by analysing large amounts of data and carrying out routine tasks (e.g., Abbott, 1988). Therefore, any changes to management accounting and management accountants, their roles and practices², would have an effect on managers. And indeed, the role of management accountants has shifted from reporting and keeping score of numbers, which led to be labelled as ‘bean counter’ and ‘watchdog’, to having a broader responsibility of advising management and to participating in decision-making (Kaplan, 1995; Granlund and Lukka, 1997, 1998a; Lukka, 1998; Malmi et al., 2001; Burns and Baldvinsdottir, 2005). This new role is understood as ‘business partner’, depicting the proximity to managers and the spanning of a wider range of business activities (Burns et al., 1996; Scapens et al., 2003; Burns and Baldvinsdottir, 2005; Järvenpää, 2007; Baldvinsdottir et al., 2009). Järvenpää (2007) defines “[...] the business orientation of management accounting [...] as the ability and willingness to provide more added value to management, such as decision-making and control, of the companies” (Järvenpää, 2007, p. 100). Although managers have been identified as one set of actors supporting or opposing

¹ The terms management accountant and (financial) controller are used synonymously in this dissertation.

² This study understands management accounting and its practices as calculative practices (Bay, 2011) and views practices as “organized human activities” (Schatzki, 2005, p. 471) indicating the intentional character of action. Likewise, Barnes (2001, p.18) defines practices as “[...] socially recognized forms of activity, done on the basis of what members learn from others, and capable of being done well or badly, correctly or incorrectly. [...] Accounts of order and agreement that refer to practice presume not passive actors but active members, members who reconstitute the system of shared practices by drawing upon it as a set of shared resources”.

changes to management accountants' roles and playing a critical part in determining those (Shields, 1998; Chenhall and Langfield-Smith, 1998; Granlund and Lukka, 1998b; Jönsson, 1998; Johnston et al., 2002; Pierce and O'Dea, 2003; Burns and Baldvinsdottir, 2005; Scapens, 2006; Byrne and Pierce, 2007; Järvenpää, 2007; Baxter and Chua, 2008; Emsley, 2008), managers' perspectives on introducing the role concept of business partner remain unclear. Especially the business partner proclaiming a strong, frequent and confident interaction between management accountants and other organisational members, i.e. increased involvement, would affect managers and evoke reactions. Therefore, managers' interests in and reactions towards change initiatives, like the introduction of a new role for management accountants, need to be better understood.

Furthermore, other actors than management accountants have been found to perform management accounting practices, with managers being amongst them (Burns, 2000; Quattrone and Hopper, 2001; Pierce and O'Dea, 2003; Burns and Baldvinsdottir, 2007; Byrne and Pierce, 2007; Järvenpää, 2007; Jansen, 2011; Pipan and Czarniawska, 2010; Goretzki, 2013). Academic contribution in this field is currently limited to establishing this potential convergence and explaining it with increased financial literacy of managers (Scapens and Jazayeri, 2003; Burns and Baldvinsdottir, 2007; Bay, 2011). Goretzki (2013) argues that managers use management accounting to exercise self-control and as a means of reflection which ultimately legitimates themselves. Yet aspects of managers' motivation to performing management accounting practices themselves, rather than commissioning management accountants or other actors remain widely unclear. With management accountants on the one hand striving for a more involved role as business partners, managers would be expected to receive better services and more value added. From the fact though, that managers on the other hand show increased financial and calculative literacy and perform those practices, one would expect a hybridisation of managers and their practices. This would present an extension to previous studies finding evidence for the emergence of hybrid management accountants

(Burns and Baldvinsdottir, 2005; Miller et al., 2008). This hybridisation is based on understanding the role of business partner as encompassing a calculative part, carrying out analyses and providing information, and a critical control part, being highly involved in business processes and decision-making (Mouritsen, 1996; Friedman and Lyne, 1997; Granlund and Lukka, 1997; Lambert and Sponem, 2012). Managers incorporate management accounting practises by absorbing the calculative part of the business partner role and therefore present a further source of potential management accounting change. This aspect of management accounting change, which also affects management accountants' future areas of activities and organisational position in organisational networks, requires consideration from an academic and professional point of view.

This key role of managers with regards to management accounting practices and the introduction of the role of business partner has hardly been investigated. Findings are limited to pointing out the existence of managers' influence and to acknowledging the fact that other actors than management accountants, such as managers, might perform management accounting practices. Against the backdrop of recent studies pointing to an involvement/dependence dilemma of management accountants in their role as business partners, questioning the desirability and acceptance of this role concept (Lambert and Sponem, 2012), this dissertation aims at yielding valuable insight and advancing the existing academic and professional body of knowledge by investigating managers' points of view in these matters.

In the next section, the research gaps identified will be elaborated in more detail and three research objectives will be presented in order to close those research gaps.

I.2 Research Objectives

The first objective of this research endeavour is to investigate the view points of managers with regards to the introduction of the role concept of business partner for management accountants. Although studies show that a de-centralisation of the management accounting organisation (Granlund and Lukka, 1998a), advanced IT systems (Newman and Westrup, 2005; Caglio, 2003; Scapens and Jazayeri, 2003), Human Resource (HR) policies and cultural interventions (Järvenpää, 2007), new management accounting techniques (Malmi, 1997, 1999; Malmi et al., 2001) and the skills of management accountants act as enabling factors in developing the proclaimed business orientation (Granlund and Lukka, 1998a), the view of managers and the effect of this business orientation on their work have not been the focus of extant research. Potential resistance towards or support of this role change are relevant to introducing management accounting change. If management accountants are to become real business partners, managers would have to transfer responsibilities and decision-making power to management accountants. However, managers could fear a limitation of their own agency and a constraint of their degrees of freedom (Ezzamel and Burns, 2005). Managers' reasons for approving this development remain unidentified and the introduction of the business partner might therefore be less straightforward than anticipated. There seems to be a lack of understanding managers' reactions to the introduction of the business partner, managers' interests in the new role, and how this new role emerges in the already existing organisational networks. Therefore, the first research objective of this dissertation is to add the view of managers and their influence on establishing the business partner:

Research Objective 1: What are managers' reactions towards and interests in the introduction of the business partner?

While extant research has identified managers as one set of actors performing management accounting practices, the reasons stated for this observation are limited to modern IT

landscapes, i.e. central record keeping (Scapens and Jazayeri, 2003) and a de-centralized accounting organisation, where “[...] everyone in the business might act as controller” (Quattrone and Hopper, 2001, p. 421). Jönsson’s (1992) prediction of a convergence of the tasks of managers and management accountants is explained in later studies with managers’ formal management training and financial literacy (Scapens and Jazayeri, 2003; Burns and Baldvinsdottir, 2007; Bay, 2011). Despite these reasons identified in prior studies, academic research falls short in explaining why managers would invest valuable time to do so, especially while at the same time management accountants are shown to develop into business partners with the aim to offering managers improved services and value added. The second research objective of this dissertation project therefore aims at identifying reasons for managers performing management accounting practices and scrutinizing the nature of the predicted convergence between managers and management accountants:

Research Objective 2: Why are managers performing management accounting practices?

As a recent study by Lambert and Sponem (2012) proposes an involvement/dependence dilemma of management accountants, the sustainability and desirability of the business partner are questioned. Against this backdrop and in combination with the above two research objectives, management accountants might be left searching for ways to maintain their role and position as business partners or to find new areas of activities to develop into. Management accountants face reciprocal relationships in that their positions and roles are influenced by managers, while at the same time their activities, especially in enacting the role of business partner, influence organisational actors’ roles and practices, for example those of managers (Mouritsen, 1996). For example in trying to increase their involvement in managerial decision-making, management accountants need to maintain relations with a diverse set of human and non-human actors of their organisations and beyond. Also, in adding value and advising management while at the same time being functionally tied to

headquarters, management accountants need to maintain independence from key decision makers and organisational politics. Yet, in order to be able to develop a thorough business understanding and consequently suggest paths of action and improvements, they are required to be involved and in contact with various actors across the organisation (Sathe, 1983; Lambert and Sponem, 2012). The professional and academic worlds of management accounting will need to meet this seemingly contradicting set of demands, yet focusing on the set of human capital skill falls short in investigating management accountants' ability to face this involvement/dependence dilemma. Therefore, in addition to human capital skills like IT literacy or knowledge of accounting tools (Siegel et al., 1997; Weber and Schäffer, 1999; Herzog, 1999; Becker, 2005; Weber, 2008), the resources embedded in management accountants' relations to other actors and their organisational position and standing should be exposed and harnessed. "[...] [I]nstead of analyzing individual behaviours, attitudes, and believes, Social Network Analysis focuses its attention on social entities or actors in interaction with one another and on how these interactions constitute a social framework or structure that can be studied an analyzed in its own right" (Anon, 1994, p. XII). These resources are considered social capital and present a source of fulfilling requirements. Although identified by practitioners and researchers (Langenbach, 2001), social capital has not been sufficiently investigated in a management accounting context. Essential requirements such as understanding of underlying business, persuasiveness and power and an independent and neutral standing could represent the social capital of management accountants acting as critical counterparts. Therefore, the third research objective of this dissertation develops a concept for management accountants' social capital:

Research Objective 3: How can the social capital of critical counterparts be conceptualized?

I.3 Theoretical Approach

Based on the limitations identified in extant academic and professional body of knowledge, the choice of theoretical framework for Papers 1 and 2 is driven by the need to investigate actions and reactions of individual actors involved on a micro level and the power struggles evolving around the introduction of new roles and practices for management accountants and their interaction with managers. Therefore, both papers are based on “[...] the details of micro-level action [...] to explain how macro-level institutions change” (Hirsch and Lounsbury, 1997, p. 412). These details are accessible via Actor Network Theory (ANT) in that ANT is concerned with the diffusion of change (Latour, 1999) while allowing for “[...] openness, as it removes terms and conditions that serve to exclude others” (Law and Hassard, 1999, p. 392). ANT is based on methodological individualism (Munro, 1999) and chooses a socio-philosophical approach, in which human and non human, social and technical factors are brought together. It explains the diffusion of innovation through a process of translation. Furthermore, ANT is centrally concerned with power, i.e. production and reproduction of networks with power relations supporting or resisting the diffusion of change marking a central theme. Diffusion is conceptualized as a process of translating an idea into acceptance and ultimately implementation. Translation passes through the four moments: problematization, interessement, enrolment and mobilization. These will be further described in Chapters II and III.

ANT has been used in studying management accounting practices (Burns and Vaivio, 2001; Emsley, 2005; Alcouffe et al., 2008) following the credo of Latour, “[...] actors know what they do and we have to learn from them not only what they do, but how and why they do it.” (Latour, 1999, p. 19) ANT is thus qualified to act as theoretical lens in highlighting the change process of management accountants’ roles and their practices especially from the viewpoint of managers, as they present one set of actors potentially opposed to this new role.

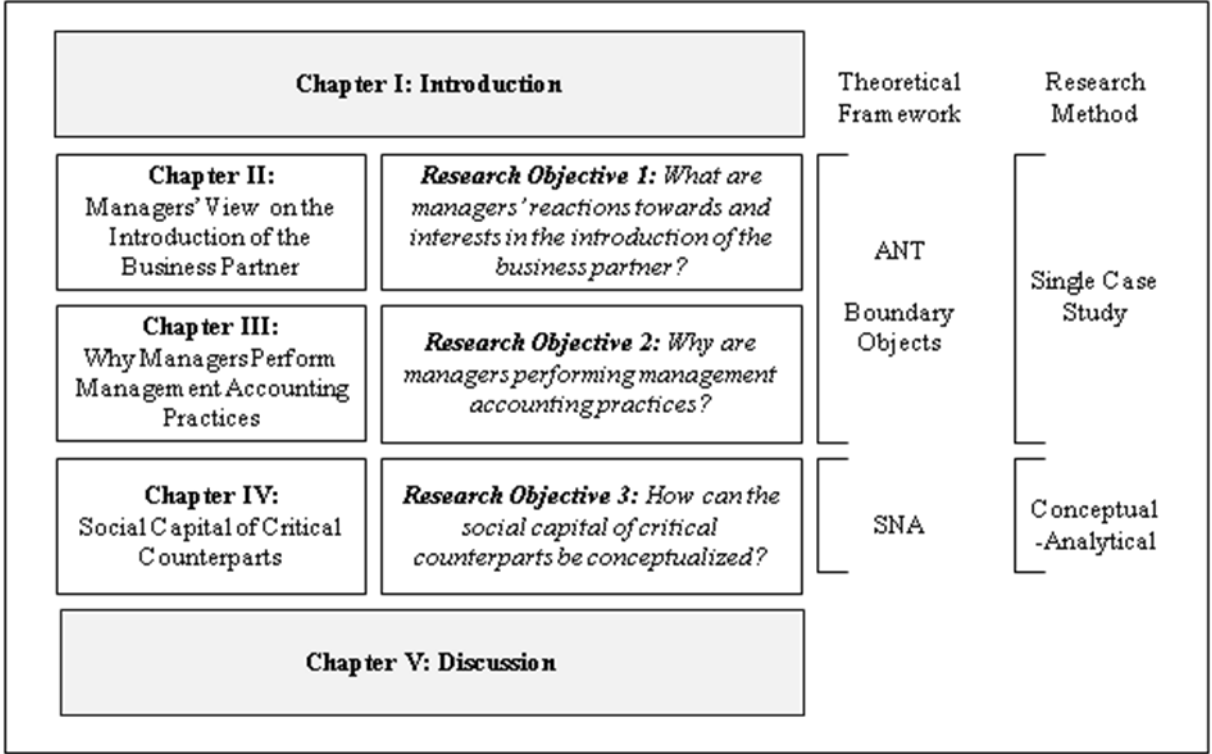
This dissertation combines ANT (Latour, 1987, 1999, 2005; Latour and Porter, 1990; Law and Hassard, 1999) with the concept of boundary objects (e.g., Star and Griesemer, 1989). The notion of boundary objects was devised in ANT and reflects devices, such as bridges or anchors, positioned amongst communities of actors with different and diverging interests and viewpoints (Star, 2010; Edwards, 2005). Boundary objects are understood as means of translating change and innovation in that they stabilise and mediate diverse interests of actors (Star and Griesemer, 1989; Briers and Chua, 2001; Carlile, 2002; Star, 2010). Although boundary objects have different meanings in different social worlds, i.e. contexts, their structure is common enough to make them recognizable to more than one world (Star and Griesemer, 1989; Carlile, 2002). The use of boundary object has been shown to help overcome differences among organisational members and persuading other actors of accepting new knowledge and practices (Carlile, 2002). By establishing a shared syntax or language boundary objects enable coordination and coherence without the need for consensus. Further details on boundary object and their application in prior research are outlined in Chapters II and III.

Remaining in close proximity to the theme of networks, the choice of theoretical framework for Research Article C is that of Social Network Analysis (SNA). SNA offers a methodological instrument to investigate interpersonal relationships. The idea of revealing and analyzing networks of actors and power relations in these networks seems promising, especially in conjunction with the research programme of ANT. As ANT investigates power struggles, resistance and networks of human and non-human actors surrounding the introduction of innovations a combination with SNA could potentially visualize those findings and offer a means of analyzing the capital embedded in network relations, i.e. social capital. The concepts of SNA and social capital are introduced in more detail in Chapter IV.

I.4 Structure of Dissertation

This dissertation comprises three research articles covering the research objectives established above. The first article has been accepted for publication in a special edition on Innovating Management and Accounting Practices of the Journal of Management and Governance. The second article will be presented at two international conferences in 2013 and will be submitted for publication in an international journal in the area of management accounting in due course. The third article has been presented at an international conference in 2008. In combination, all three articles represent the main body of this dissertation’s overall research endeavour – managers’ view on management accounting – and will be presented in the following Chapters II, III and IV. In order to enhance readability of the dissertation and to avoid repetition, the articles have been slightly modified. The next section will introduce the method chosen for pursuing research objectives 1 and 2. The dissertation project thus presents itself as depicted in Figure I-1.

Figure I-1: Structure of Dissertation



Chapter II presents Research Article A ‘Enrolling managers to accept the business partner’. This article explores managers’ perspectives on the introduction of the business partner concept at the case firm (Research Objective 2). The theoretical framework of Actor Network Theory (ANT) is applied to analyse the process of role change and how the role concept diffuses through the network of involved organisational actors. The notion of boundary objects is integrated into this view as these objects act as means of translation and align the business partner with managers’ interests in an attempt to overcome resistance.

Chapter III presents Research Article B ‘Managers performing management accounting practices – management accounting as boundary object’. This article investigates managers’ reasons to perform management accounting practices themselves (Research Objective 1). The article applies the concept of boundary object to theorize case study material.

Chapter IV presents Research Article C ‘Social capital of critical counterparts’. Although this article was the first one to be composed in this dissertation project, the order of articles is chosen in order to better reflect the fact that research articles A and B lay the theoretical foundation for research article C. The article picks up on the previous two articles in that it addresses the involvement/dependence dilemma of management accountants having developed into the role of business partners. As shown in research article B how managers resort to performing management accounting practices, despite the introduction of the business partner, as outlined in research article A, article C applies SNA to conceptualize management accountants’ position in their social network suitable for carrying out a critical counterpart function. SNA is proposed as an appropriate theoretical framework for management accounting research, especially in search of avenues for future management accounting roles and areas of activity.

I.5 Research Method and Data Collection

I.5.1 Research Method

Papers 1 and 2 of this dissertation project follow a qualitative research strategy as it has been postulated by management accounting researchers (Hopwood, 1983; Kaplan, 1984; Scapens, 1990; Ahrens and Chapman, 2007; Scapens, 2006). Mouritsen (1996) criticizes prior (quantitative) research in that it picks selected topics and contexts to study, instead of conducting broad situational research: “A survey cannot reflect the details of how accounting departments carve out a space for their activities in full situational complexity. To understand the politics of decision-making and the complexity of organisational continuity and change in specific situations requires detailed case studies.” (Mouritsen, 1996, p. 284) The aim of this dissertation is to explore the embeddedness of management accounting practices and the role of the business partner within its real-life context. It therefore investigates the micro-structures inside the ‘black-box’ of the case organisation, accounting for the blend of political processes evolving around the distribution of power. An understanding of these power struggles on the level of individual actors is of essence in trying to understand and explain the processes of management accounting change, such as managers’ potential resistance to the introduction of the business partner (Research Article A). Furthermore, by asking why managers invest valuable resources in performing management accounting practices themselves (Research Article B), this dissertation highlights management accounting’s dynamic and socially embedded nature and shows how it is interpreted differently by different actors in different situations. As such, this dissertation’s research topics are only broadly defined and delineated at this stage indicating case study research as the appropriate research method (Scapens, 1990; Lowe, 2001b; Yin, 2003; Silverman, 2005; Vaivio, 2008).

The case company selected could be understood as an exemplary case design, in that the introduction of the business partner was one very prominent measure of introducing a cost

and accounting conscience in a previously product driven company (Yin, 2003). Initial contact to the case company AQUARIUS has been made some ten years ago.³ This study is based on interview material that has been gathered over a period of three months in 2009. 43 semi-structured interviews have been conducted with managers (25) from the first three hierarchical levels, members of the supervisory board (2), and management accountants (16). Interview partners were located in Germany, France, Netherlands, Poland, Belgium, Austria, USA, China, Denmark, Spain and Italy. The interview language was either German or English and average length of interviews was about 60 minutes. Interviews were conducted by two researchers at AQUARIUS headquarters (24), a production site nearby (1) or by telephone (18).⁴ The following Table I-1 shows an overview of interviews conducted (see Appendix 1 for a comprehensive list of interviews).

Table I-1: Overview of interviews

Subtotal number of interviews with managers (including other executive level)	27
Subtotal average duration per interview	0:59:51
Subtotal total duration	26:56:01
Subtotal number of interviews with management accountants	16
Subtotal average duration per interview	1:02:10
Subtotal total duration	16:34:38
Total number of Interviews	43
Average duration per interview	01:00:43
Total duration	43:30:39

³ This co-operation has been initiated by Prof. Dr. Dr. h.c. Jürgen Weber. It has subsequently been maintained contact by means of repeated encounters at conferences and workshops and joint publications.

⁴ Although the study's interest lies in seeing the enrolment of the business partner role through the eyes of the participants and their reflections on this process, which would call for face-to-face interviews, some data collection had to be conducted by telephone for cost reasons. Due to the focused topic and the relatively low importance of ethnographic aspects for the research topic, these telephone interviews are included in the analysis and are treated like face-to-face interviews for the case analysis. In order to check the data for any systematic differences, the sample was split according to telephone versus face-to-face interviews. The result of this comparison is that both research modes neither display any qualitative bias (i.e. respondents' answers does not show any systematic difference that would be caused by the telephone interview mode) nor substantive quantitative differences (i.e. average time of both interview types is almost identical). This result is in line with current research that focuses on the potential divergence between face-to-face and telephone interviews (see for example Sturges and Hanrahan, 2004; Holt, 2010).

In research articles A and B respondents' statements are being quoted using an alpha-numerical system to protect confidentiality, distinguishing between managers (M.) and management accountants (MA.). The next digits present the hierarchical level of the interviewee (from 1st indicating the executive board to the 4th level) to indicate how the concept of business partner has diffused throughout different levels of the organisation, followed by the respective number of interview per level. Exemplified, M.2.3 is a manager on the second hierarchical level, the third of 15 in this case (Appendix 1 gives an overview of all 43 interviewees).

Interviews started with enquiries about the interviewees' personal background and job history as well as their current area of responsibility within AQUARIUS. Managers were asked about their points of contact and their experience with management accounting and management accountants as well as their perception of recent changes (for sample questions see Appendix 2). Moreover, interviewees were asked about theirs and other actors' views on management accounting practices. In addition to interview material, internal documents, such as company profile, strategy presentations, job and role descriptions, employee newspaper, as well as official publications, such as article in practitioner journals, were consulted in order to reduce possible ex post rationalizing behaviour of interviewees by seeking 'hard facts' instead of opinions and by re-checking interviews with archival data (Sandelin, 2008). Permission was granted to record 41 interviews and detailed notes were made during and after the interviews. Field notes were taken and an executive summary of each interview was written. All participants were sent a conclusion of the study's findings and were asked to confirm findings or add any further points considered important. 41 interview tapes were listened to, transcripts were read and re-read, executive summaries were consulted and alternative data sources were regularly checked, such as organisational presentations slides, in order to maintain proximity to the original data. The coding process started after reading and re-reading the transcripts and archival data and consisted of two stages. Firstly, codes were created that had a lower level of

abstraction. Secondly, codes derived from stage one were analysed and aggregated in meta-codes. This two-staged approach was chosen to help identify clues pointing to the research objectives. In order to maintain intercoder reliability and consistency throughout the research process, the coding procedure was recorded in a manual. The code list contained codes that were derived from prior literature and codes that emerged from the iterative process between theory and data; for an excerpt of the code list see Appendix 3. A research diary was kept throughout the research process capturing thoughts and reflections on data collected and literature consulted. Data matrices were deployed for analysing qualitative data (Miles and Huberman, 1994). Matrices resulted from mapping respondents against the codes or labels identified in the previous manual coding procedures which allowed for identifying themes by each respondent. The analysis by each respondent and over all respondents allowed to identify different organisational nets and to capture the different nodes of possible networks. This ultimately made it possible to undecidably follow the various actors in order to explore of what the technoscience is made of (Latour, 1987; Lowe, 2001b).

All findings were discussed with experienced researchers, of which one had followed the events at AQUARIUS over the last ten years. About half way through the interview period, initial interpretations and results were presented at a conference to a wider research group including senior faculty members and established international researchers in the field of management accounting. Six months after the interview period a workshop was held at AQUARIUS to present and discuss preliminary findings with managers and management accountants. This opportunity was used to discuss interpretations of the main events, such as the employment of the new Chief Financial Officer (CFO), and meanings of the various participants, such as managers and management accountants, enrolling to the new business partner role. For example, the key role of the new Enterprise Resource Planning (ERP) system as enabler of the business partner role, the importance of communication between managers and management accountants in order to agree on the new role, and the process

standardisation in order to secure a common, yet locally adjustable form of the new business partner role across the organisation was critically reflected by the audience of the workshop. The workshop was held jointly with managers, management accountants and the CFO. Additionally, this workshop presented an opportunity to observe interaction and discussions between workshop participants.

As research article C is of conceptual nature no further methodical details will be outlined at this point, but in Chapter IV.

I.5.2 Case Study

AQUARIUS is a German manufacturer of products of high quality and innovative design for the sanitation industry. In 2011 the company employed around 3.300 employees worldwide and turned over just under 800 million Euros, over 75% outside of Germany. The product range includes faucets, shower panels, steam and electric shower solutions, and water recycling units. The complexity of products and production processes is considered high due to the fact that just less than 30% of turnover is achieved with new products younger than three years and a time to market for new products of less than 12 months. The company has ten production sites on three continents and is present in 34 countries worldwide through subsidiaries and sales offices. The founder's son was acting as the company's Chief Executive Officer (CEO) from 1975 until 2008, and is now chairing the supervisory board.⁵ The founder's family holds a share of 32% with the remaining share being owned by a financial holding company in the home improvement industry, which is listed and based in the USA. The co-operation between the two companies has been initiated with joint product developments in the 1960's.

⁵ Although the CFO was promoted to the position of CEO then, this study continues to refer to him as CFO.

In the mid 1990's a new CFO joined AQUARIUS. In an effort to introduce a focus on profitability he initiated far reaching changes to the existing management accounting function and to other aspects of the organisation. The aim was to counterbalance the design and innovation culture with a cost and accounting consciousness. One of the many activities following his arrival was the introduction of the concept of business partner as a new role for management accountants. This was paralleled with the introduction of a companywide integrated ERP system, SAP, to which business processes had to be adapted. Furthermore, the central and de-central management accounting function was reorganized de-centralized; a formal corporate strategy and a goal system cascading through the organisation were introduced; and the sales department was re-organized.⁶

AQUARIUS is organized in a matrix structure. Each member of the top management team has multiple responsibilities overlooking a region, a product, and a corporate function at the same time. Managers at AQUARIUS foster an open communication culture and promote an open door policy. They regularly visit production sites and follow a 'hands-on' approach to running the business. Extensive communication with employees is understood as a way to motivate employees and every one of them is invited to recommend improvements on all aspects of the business even across departmental boundaries.⁷ This proximity between managers and employees is considered an important aspect of the management and company culture and is labelled 'Demokratur', a combination of the German words for democracy ('Demokratie') and dictatorship ('Diktatur'). It implies the limited influence of official, central company representatives and hierarchy in favour of control being exercised in

⁶ The CFO also claimed responsibility of the HR department. He felt it important to be in control of hiring required staff and of managing organizational development. In his opinion, this would secure the reorganization of the firm, including the new focus on profitability and – as a side effect – the establishing of the business partner network at AQUARIUS in the long term.

⁷ Interview partners' description of AQUARIUS communication culture together with the company's remote, rural location could be compared to Jönsson's (1992) organizational village.

multiple, de-central sites. This structure is analogous to the notion of a-centred organisations⁸, in which control is exercised in multiple sites and from different organisational members such as management accountants or product developers and not only by managers themselves. In fact, the company is believed to function as a ‘neuronal net’⁹ with the actual paths of decision-making oftentimes diverging from the formal paths. This is due to a high degree of interdisciplinary co-operation created in an abundance of project teams, which are involved in core activities. For example, product development and innovation includes sales representatives, technicians, brand managers and designers in order to get views from different angles and perspectives. On a regular basis, responsibilities for products or departments are changed to different managers in search of better results and new ideas. Additionally, all economic decisions, for example regarding capital expenditure, investments or restructurings have to pass through an interdisciplinary committee. Work groups are valued for their face to face communication allowing instant feedback and diversity of opinions and employees are participating in more than one work group at the same time. Despite reaching agreements, actors are aware that they might not have found the optimal solution, but rather a negotiated and accepted one. There also seems to be awareness about the multiple meanings of numbers, as a result of different possible calculations and interpretations of numbers. At the same time leadership in innovation and product design are traditionally embraced throughout as the organisation’s goals and beliefs, which the new focus on profitability would have to challenge. While the organisation structure and work practices are considered one of AQUARIUS’ keys to innovation on all levels, the potential to slow down decision-making is acknowledged. Ultimately though, any idea put into practice will have undergone thorough

⁸ For the general concept of a-centred organizations see, for example, Quattrone and Hopper (2001).

⁹ Various interviewees depicted the interwoven streams of communication and relations by mentioning the words ‘net’ and ‘network’. In order to avoid any confusion with the theoretical network concept of ANT, we use only the word net.

debate and therefore successfully persuaded a wide range of interested parties. The importance of the informal organisational structure of AQUARIUS also influences the human resources activities. In order to fit into and understand the informal organisation structure individuals are employed who have worked in manufacturing companies of similar size and structure to that of AQUARIUS, often also family run and with a focus on innovative and design products. For example, many sales managers have a background in the sanitation industry, with some having worked as craftsmen before. This shows the importance of finding ways to bringing arguments and ideas forward in influencing decision-making.

The combination of the company's communication and debate culture with its net-like organisation structure¹⁰ and the importance of informal relations make AQUARIUS a case company suitable to study the establishment of the business partner for several reasons (Yin, 2003; Silverman, 2005). Firstly, the company is very visible to the professional world as an example of best practice management accounting. The introduction of the business partner has been accompanied by publications in journals and books. Secondly, in 2007, AQUARIUS was awarded a prize for introducing an innovative sales strategy by the professional association of management accountants in German speaking countries, ICV¹¹. This strategic project was initiated by AQUARIUS' management accounting department and showcased the strong influence management accountants can exert as business partners. The company's strong focus on innovation and design had to be met by the changes surrounding the management accounting function in order to succeed. It was therefore important to not only strive for perceived innovative and best practice accounting solutions, such as SAP or the business partner, but to communicate the activities beyond organisational boundaries, similar to entering into design competition and competing for prizes. Thirdly, the start of establishing

¹⁰ See footnote 6.

¹¹ ICV is the International Controller Association and an equivalent to CIMA or IMA.

the business partner at AQUARIUS is associated with the CFO joining the company in 1994. As of this time management accounting at AQUARIUS underwent dramatic change. Lastly, as AQUARIUS was initially product and design driven, the introduction of a cost and accounting conscience would inevitably lead to resistance from the incumbent centres of power. In order to interest and enrol various and powerful actors across the organisation into the concept of business partner various boundary objects therefore eased the process of translation.

II. Managers' View on the Introduction of the Business Partner

This chapter represents Research Article A:

Enrolling Managers to Accept the Business Partner

– The Role of Boundary Objects

This research article is co-authored by Jürgen Weber and Erik R. Strauss and has been published in a special issue on Innovating Management and Accounting Practices of the Journal of Management and Governance.

II.1 Introduction

The role of management accountants has shifted from routine financial analysis and reporting, personified by the terms 'bean counter' and 'watchdog', to a broader responsibility of advising management and participating in decision-making (Kaplan, 1995; Granlund and Lukka, 1997, 1998a; Lukka, 1998; Malmi et al., 2001; Burns and Baldvinsdottir, 2005). This new role is understood as 'business partner', depicting the proximity to managers and the spanning of a wider part of the business. Järvenpää (2007) defines "[...] the business orientation of management accounting [...] as the ability and willingness to provide more added value to the management (decision-making and control) of the companies" (Järvenpää, 2007, p. 100), i.e. the boundaries between management and management accountants as business partners seem to become less impermeable. Studies show that a de-centralisation of the management accounting organisation (Granlund and Lukka, 1998a), advanced IT systems (Newman and Westrup, 2005; Caglio, 2003; Scapens and Jazayeri, 2003), HR policies and cultural interventions (Järvenpää, 2007), new management accounting techniques (Malmi, 1997, 1999; Malmi et al., 2001) and the skills of management accountants act as enabling factors in developing the proclaimed business orientation (Granlund and Lukka, 1998a). Additionally, managers have been found to be a decisive factor in supporting or opposing the new role of management accountants (Shields, 1998; Chenhall and Langfield-Smith, 1998; Byrne and Pierce, 2007).

While these studies discuss various questions surrounding the introduction of the new role for management accountants, the view of managers and the effect of this business orientation on their work have not been the focus of extant research. Managers themselves are one set of actors involved in supporting changes of management accountants' roles and play a critical part in determining those roles (Chenhall and Langfield-Smith, 1998; Granlund and Lukka, 1998b; Jönsson, 1998; Burns and Baldvinsdottir, 2005; Scapens, 2006; Byrne and Pierce,

2007; Järvenpää, 2007; Baxter and Chua, 2008; Emsley, 2008; Goretzki et al. 2013). For example, if managers are not fully convinced or deny their support, the role of management accountants will hardly change.

Reciprocally, managers and their work practices are affected by the introduction of the business partner as the concept of business partner proclaims a strong, frequent, and confident interaction between management accountants and other organisational members – especially managers (Chenhall and Langfield-Smith, 1998; Johnston et al., 2002; Pierce and O'Dea, 2003; Byrne and Pierce, 2007). Moreover, if management accountants are to become real business *partners*, managers have to hand over some power to management accountants. However, this would reduce managers' own agency (Ezzamel and Burns, 2005) at the same time. The question why managers should reduce their own power remains unanswered.

Against this backdrop, the introduction of the business partner might therefore be less straightforward than anticipated. There seems to be a lack of understanding of the reactions of managers to the introduction of the business partner, which aspects positively or negatively influence managers' attitude towards a new management accountant role, managers' interests in the new role, and how this new role emerges in the already existing organisational networks. In order to address these knowledge gaps, questions about supporting aspects and how management accountants can proactively influence their organisational role have to be answered as well. Therefore, this study was conducted in order to add to the existing literature on management accountants' role change by investigating managers' view on management accountant role change and, thereby, illuminating important aspects for management accountants aiming to change their organisational role.

This study draws on Latour's (1987, 1999, 2005) concept of actor network theory (ANT) combined with the concept of boundary objects (e.g., Star and Griesemer 1989; Star, 2010) as a methodological framework for studying how scientific ideas and technological artefacts

come into being. Latour's ANT follows a socio-technical approach accommodating for both the social and technical aspects of innovations in bringing human and non-human, social and technical factors together (Law and Hassard, 1999). This approach was chosen in order to be able to sufficiently integrate human and non-human actors and in order to deal with situations in which actors' forms and competencies would vary. This diversity of human action is accredited to be happening in conjunction with networks of varying compositions and constitutions (Callon, 1999). ANT analyses the environment within which change and innovation spread, how they affect involved actors and how they are affected by them (Akrich et al., 2002b). Innovations are shown to be manipulated to align them with actors' interests and their goals (Preston et al., 1992; Akrich et al., 2002b; Alcouffe et al., 2008; Emsley, 2008). During this process of alignment, inventors are found to have only limited control over the process of change as unpredictable impulses are at work (Law, 1997; Briers and Chua, 2001; Järvenpää, 2007). This study views boundary objects as means of translating change and innovation in that they stabilise and mediate diverse interests of actors (Star and Griesemer, 1989; Briers and Chua, 2001; Carlile, 2002). Against the backdrop of the above mentioned varying and at times contradicting interests of a multitude of organisational members involved and affected by the role change for management accountants, boundary objects present a suitable research programme. They act as mediating devices at the boundaries of ill-structured groups of interests, i.e. networks (Star, 2010). The research programmes ANT and its extension in the form of boundary objects have been chosen for this study as it aims at analyzing how the concept of business partner emerged in an innovation-driven firm, AQUARIUS. The study explores how the top management team, especially the CFO, was confronted and dealt with managers' reactions and how they managed to gain managers' interest. This case study shows how new business processes, a formal corporate strategy, an integrated IT system and new organisational structures for management accounting and sales functions were introduced. They acted as boundary objects and created a

bond between the new management accountant role – the business partner – and managers' interests. In contrast to prior studies, managers at AQUARIUS – after initial resistance – played a supportive role in establishing the business partner. They welcomed and promoted the role change despite the accompanying changes to their own work practices and a shifting focus of intra-organisational power relations. The business partner gained legitimacy and became an accepted role for management accountants and, due to its innovative edge, served itself as a boundary object between previously competing networks (Briers and Chua, 2001). This was possible because the concept of business partner served the needs and interests of managers, allowing them to better perform their jobs. The new role of business partner had been initiated at AQUARIUS' headquarters in order to allow for more controlled action at a distance. It was one measure to oversee international subsidiaries, which were a source of financial difficulties after rapid growth in previous years. The business partner was designed to act locally giving managers throughout the organisation discretion and confidence to be acting in line with company goals. The study contributes to the understanding of establishing a new role concept for management accountants, such as the business partner by showing how the reciprocal influences of managers and management accounting practices interact. Although, managers' interests in and reactions to the business partner present the unprecedented focus of this study, the importance of boundary objects for management accountants aiming at changing their organisation role is elucidated.

The remaining paper is structured as follows. The next section gives an introduction to ANT and the notion of boundary objects, and reviews the diffusion of the business partner as depicted in management accounting research. In the third section, case study findings regarding the establishment of the business partner from managers' points of view are presented. The paper concludes by discussing the findings, the study's limitations and identifying a prospect for potential further research.

II.2 ANT and review of literature on the diffusion of management accounting change

In recent years, the role of management accountants has dramatically changed (Burns et al., 1996; Scapens et al., 2003; Baldvinsdottir et al., 2009). The traditional role of management accountants has primarily been concerned with providing internal information about past events, with a focus on financial data, and maintaining accounting systems (Granlund and Lukka, 1998b; Burns and Baldvinsdottir, 2005; Järvenpää, 2007). These activities have coined management accountants' image as bean counter, scorekeeper or watchdog. The new role for management accountants is understood as business partners or business advisors to management (Granlund and Lukka, 1997, 1998a, 1998b; Siegel, 2000; Siegel et al, 2003a, 2003b; Burns and Baldvinsdottir, 2005). It requires management accountants to be actively involved in business processes, spanning a cross-functional and market oriented view, and ultimately adding value to managers in making decisions and exercising control. Management accountants are considered change agents (Granlund and Lukka, 1998b; Burns and Baldvinsdottir, 2005) and part of the senior management team (Granlund and Lukka, 1998b; Parker, 2002; Pierce and O'Dea, 2003; Scapens and Jazayeri, 2003). The new role differs from the traditional one mainly in terms of a higher degree of interaction and involvement with other organisational functions, top management and decision-making (Mouritsen, 1996; Coad, 1999). This is supported by an intensified development and use of management accounting techniques, like Activity Based Costing or the Balanced Scorecard (Malmi, 1997; Malmi et al., 2001; Friedman and Lyne, 1997; Vaivio, 1999). Various studies have substantiated initial academic debate showing how companies and management accountants pursue the role change (Sathe, 1983, 1998b; Burns et al. 1996; Siegel 2000; Järvenpää, 2007). A de-centralisation of management accounting functions and the introduction of advanced financial planning and control systems, such as enterprise resource planning (ERP) systems

have been identified to support this role change (Granlund and Malmi, 2002; Caglio, 2003; Scapens and Jazayeri, 2003; Jacobs, 2005; Newman and Westrup, 2005).

Management accountants are found to increasingly participate in cross-functional teams (Malmi et al., 2001) and consulting oriented accountants spend extensive time with other organisational functions and top managers (Mouritsen, 1996). Being considered part of the management team puts management accountants into close proximity to line management, especially in de-central organisational entities, where management accountants represent subsidiaries alongside sales or production managers. This proactive involvement might be construed as a limitation to managers' agency and a constraint of their degrees of freedom resulting in power dynamics and competition (Ezzamel and Burns, 2005). Operational managers have been found to be unreceptive of interaction with management accountants seeking to monitor, gather information or interfere and have been found sceptical of management accountants' involvement (Johnston et al., 2002; Byrne and Pierce, 2007). The more involved management accountants become, requiring managers to justify their decisions, the more plausible it is to expect a response to this new role concept as shifting intra-organisational power relations result in increased competition between managers and management accountants (Armstrong, 1985). Management accounting practices, whilst being able to shape organisational activities, can at the same time be shaped by institutions or individuals surrounding them (Burns and Scapens, 2000; Scapens, 2006). Byrne and Pierce (2007) derived an extensive list of factors, like individual and TMT characteristics, influencing management accounting roles. They identified senior management as having a significant influence, by ways of communicating to management accountants the roles and activities required (Chenhall and Langfield-Smith, 1998; Granlund and Lukka, 1998b; Jönsson, 1998; Burns and Baldvinsdottir, 2005; Scapens, 2006; Byrne and Pierce, 2007; Järvenpää, 2007; Baxter and Chua, 2008; Emsley, 2008). Nevertheless, managers' motivation

to accepting or supporting change and the process of enacting such change while at the same time being affected by the introduction of a new concept for management accountants, such as the business partner, has not been investigated to date. This leaves researchers and practitioners with a dilemma, as on the one hand the concept of business partner proclaims a frequent interaction between management accountants and managers, with managers being the customers of management accountants' services (Hopper, 1980). The business partner concept also assigns broad responsibilities to management accountants. On the other hand, a reaction from managers is a likely consequence as they would have to grant management accountants power and discretion in enacting their role. This reciprocal influence presents a challenge to introducing management accounting change, such as the new role concept of business partner. Therefore, management accounting research would benefit from complementing prior studies by adding a managers' perspective to research on management accountants' role change.

In order to enhance this understanding, this paper adopts the theoretical framework of Actor Network Theory (ANT) (Callon, 1986; Latour, 1987, 1999; Law and Hassard, 1999). ANT explains the diffusion of an innovation¹² or a new idea (such as a new role for management accountants) through a process called translation (Callon, 1986). During translation the innovation diffuses through a network of supporting human or non-human actors in four intertwining phases or moments of the translation process (Callon, 1986; Alcouffe et al, 2008): problematization, interessement, enrolment and mobilization. After identifying a problem with regards to the status quo (problematization), proponents of change offer a

¹² ANT draws from a description of innovation by Freeman (1982) in that it "[...] resembles a coupling process but it is of a particular nature since the two elements brought together – the market and technology – evolve in an unpredictable way." (Akrich et al., 2002a, p. 189) In addition to the strict meaning of the word innovation, ANT includes inventions as the stage of innovations prior to the first encounter with and judgment by later users. Moreover, innovation itself is seen as the ability to master the social process of introducing new ideas, the "art of interesting an increasing number of allies who will make you stronger and stronger" (Akrich et al., 2002a, p. 205).

solution to this problem (Ezzamel, 1994). They persuade actors of the usefulness of the solution at hand. Proponents' aim is to provoke actors to be interested in solving the problem (interessement) and to connect the interests of those actors to the solution at hand to form a network of supporting actors (Lowe, 1997). As the innovation gains acceptance and actors are persuaded and enrolled into the change process, the network grows (enrolment) (Lowe, 2001b). The diffusion of the proposed solution is finalized after all relevant actors are mobilized and adopt the innovation (mobilization) (Mouritsen et al., 2001).

ANT has been applied in situations of ambiguity, uncertainty and dispute in introducing management accounting change. In early approaches accounting has been understood as providing 'pre-scriptions' from 'centres of calculation' (Latour, 1987; Latour and Porter, 1990; Robson, 1991, 1992). These approaches viewed change as the centre's, for example the management accounting department's or the executive board's attempt to move the organisation into a desired state by prescribing 'right' courses of action (Varela et al., 1991). Quattrone and Hopper (2001) promote an alternative approach, viewing accounting as a process of fabricating knowledge (Latour, 1999) or as inscriptions (Burchell et al., 1980; Robson, 1991, 1992; Lowe, 2001a, 2001b). Inscriptions do not prescribe right courses of action, but represent and translate aspects of the organisation into financial numbers that can be interpreted differently by actors across time and space, allowing for action at a distance, for example between headquarters and international subsidiaries (Robson, 1991, 1992; Lowe, 2001a, 2001b; Vollmer, 2007). Therefore, a multitude of economic and organisational realities or ontologies are co-existent (Burchell et al., 1985; Colwyn Jones, 1992).¹³ These are not predetermined by a central organ in the organisation, such as the management accounting department, but are the result of the interplay between calculations and discretion within

¹³ This includes multi-rationality as well as poly-rationality as discussed in Quattrone and Hopper (2001).

accounting practices (Quattrone and Hopper, 2001). The concept of multiple-rationality recognizes the interplay of a variety of interests, sets of knowledge and best practices influencing the innovation process and its results (Colwyn Jones, 1992; Quattrone and Hopper, 2001).

Accounting is created by actors performing calculations with management accounting practices yielding some discretion, in the sense of consumptive utilisation of numbers, in doing so (Vollmer, 2007). It provides actors and their supporting networks with 'possible' courses of action, which are understood as best practice (Quattrone and Hopper, 2001). It is consequently argued that management accounting creates change and this change is re-defined as a movement of drift (Quattrone and Hopper, 2001). The term drift recognizes the incompleteness of change (Law, 1997), as management accounting change results in only temporary new states of the organisation. This leaves organisations as a-centred, existing of multiple coexisting networks and ultimately in a recurring process, or flux, of change and stability (Burchell et al., 1985; Quattrone and Hopper 2001).

Rather than being merely adopted, innovations or new roles like the business partner for management accountants are adapted by trying to overcome resistance and to better suit multiple interests (Preston et al., 1992; Akrich et al., 2002b). Various studies have investigated how accounting change and innovations are produced, modified and accepted through translation (Mouritsen, 1996; Burns and Vaivio, 2001; Emsley, 2008; Baxter and Chua 2008; Alcouffe et al. 2008; Lounsbury, 2008). However, most of these studies focused on the diffusion of the concept per se or from a management accounting perspective and overlooked to a certain extent that managers are those organisational network members who make the change to business partners possible (or obviate it).

In order to place greater emphasize on managers' perspective and to take possible resistance into account, this study draws on ANT. Although, the inventor may manage to 'play both

registers' and master the technical and social aspects of change (Akrich et al., 2002b), ANT stresses the social accomplishment of success or failure of innovation and change (Briers and Chua, 2001). It thus avoids the assumption of overly *powerful* and *intentional* actors (Law, 1997; Briers and Chua, 2001; Järvenpää, 2007). ANT attributes this accomplishment to the intersement phase, in which the innovator courts key human or non-human actors who act as allies in diffusing the innovation. It is during this phase that potentially resisting actors realize and accept the usefulness of the innovation and connect an advantage to it. It is here where boundary objects support various actors in presenting their interests and view points, i.e. points of passage, in an effort to persuading allies to support their ideas and innovations (Star and Griesemer, 1989). Those actors enrol to the innovation to form supportive, but temporary and fragile networks (Latour, 1987; Briers and Chua, 2001; Pipan and Czarniawska, 2010). Aided by the existence of boundary objects, actors construct interfaces between theirs and other actors' interests and identify the range of choices that is opened to them by the change or innovation (Callon, 1986; Chua, 1995; Lowe, 1997; Akrich et al., 2002a). Based on questions of co-operation in scientific work, without necessarily finding consensus among groups of actors, Star and Griesemer (1989) emphasize the necessity for scientists from different specialisation backgrounds to find a common language and a mutual *modus operandi*, i.e. forming organic infrastructures (Star and Griesemer, 1989). This standardisation of methods is considered one major activity central to translating ideas between viewpoints of actors or groups of actors. As an extension to the model of intersement, boundary objects serve as connecting devices for translating views between different groups of actors and for handling problems (potentially) developing by conflicting view points, i.e. resistance (Star and Griesemer, 1989).¹⁴ Despite having different meanings in

¹⁴ Pipan and Czarniawska (2010) report that artefacts aid in translating ideas to other actors. This happens during the process of signification, in which actors interpret and label the innovation in order to make sense of it.

different social worlds, their structure is common enough to more than one social world to make them recognizable. They are situated on the borders of those worlds (Star and Griesemer, 1989; Fujimura, 1992; Briers and Chua, 2001; Carlile, 2002). Initial research (Briers and Chua, 2001) differentiated four types of boundary objects, i.e. repositories, ideal type objects, coincident boundaries and standardized forms, with Briers and Chua (2002) adding a fifth one, visionary objects. *Repositories* can store data accessible to a wide range of users, who make use of them for very different purposes. They provide a common reference point of shared definitions for solving problems across groups of actors, such as organisational functions (Carlile, 2002). *Ideal type objects* are characterized as hard on the outside and plastic on the inside, which allows them to be moulded to suit different interests and requirements. They allow for translating change and innovation across borders of networks with diverse interests. *Coincident boundary objects*, for example functional boundaries of an organisation, allow for different internal content and thus enable specialisation in the midst of larger entities. *Standardized forms*, like standard operating procedures or software packages, act as guides for approved action. Finally, *visionary objects* provide a high level of legitimacy and authority. They tend to resemble 'buzz words' and truisms, which no one can argue against, i.e. „[...] possessing a sacred quality that makes it difficult for a 'rational' person to be against them" (Briers and Chua, 2001, p. 242). These boundary objects can be, at times strongly, connected and work together with actors being part of multiple networks. They are understood as taken-for-granted artefacts and common languages that are conditional to a membership in a community of practice or to an organisation (Star, 2010).

This study argues that boundary objects facilitated the establishing of management accounting change and innovation by connecting the 'management world' to the 'management accountant world'. The establishing of the business partner was paralleled with introducing new business

processes (standardized form boundary objects), a formal corporate strategy (ideal type boundary object), SAP (repository and standardized form boundary object), and new organisational setups of both the management accounting and the sales function (coincident boundary objects). The business partner was established closely connected to the 'company's DNA'. It was labelled and awarded as a best practice and highly innovative role for management accountants, spreading beyond company boundaries. After being initialized by the CFO, the business partner was diffused through the organisation especially with managers' support, acting as allies and multipliers. The company's tolerance for multiple realities allowed managers to interpret the plastic core of the role concept to suit their interest. Managers of different organisational functions or in different subsidiaries were able to use management accountants for different purposes depending on their local needs. This was supported by the central management accounting body at AQUARIUS' headquarters as it was believed to improve management accountants' performance and delivery of value added. This corresponds to the notion of the boundary objects as devices that are robust enough to maintain a common identity across groups of actors, whilst being adapted to local needs (Star and Griesemer, 1989). By involving management accountants as business partners, managers' decision-making was legitimized. Boundary objects allowed the idea of business partner to spread; and, finally, by being interpreted and practiced differently across the organisation the business partner resulted in multiple realities, serving itself as a boundary object.

Although the CFO played a central role in introducing the business partner to the organisation studied, the enrolment of numerous human actors, i.e. later users of the innovation, throughout the organisation and beyond is accounted for (Latour, 1987; Lowe, 2001b). Following Briers and Chua (2001), this study views accounting change at AQUARIUS as "[...] anti-heroic – the effort of many as opposed to a powerful few [...]" (p. 237). The existence of both a-centred organisation structures with various intertwined networks and

multiple rationalities aided the establishing of the concept of business partner. Boundary objects served as means of translating a management accounting focus into a company driven by innovative product design and innovation as well as strong sales backgrounds. The next sections will show how the concepts of ANT are evident in establishing management accounting change in the case company, based on a common understanding of the advantages of the business partner despite different interpretation and usage on an individual level.

II.3 Establishing the Business Partner at AQUARIUS

The findings are presented by describing the background of the organisation, followed by activities around the establishing of the business partner and describing the current status of the business partner at AQUARIUS.

II.3.1 Background of Establishing the Business Partner at AQUARIUS

When the CFO joined AQUARIUS in 1994, AQUARIUS was in a precarious financial situation and had accumulated considerable debt. The financial situation was a result of high product complexity, a lack of cost consciousness and a lack of control on international operations. The company's focus on developing and selling highly innovative products was seen as the primary business ideal with members of the respective departments constituting a powerful and influential network that was supported by the CEO whose passion was also design and innovation. Commercial support functions such as management accounting and IT suffered from weak senior management and little guidance. Members of these departments held only peripheral and insignificant positions in AQUARIUS' relational networks and were lacking the confidence and credibility in enacting their roles. Upon appointment the holding company advised the CFO to be vigilant of the current senior management and strongly focus on developing profitability whilst maintaining leading product design and innovation, which meant that the CFO's task was to enforce the connection between the peripheral and more centred nodes of the relational (AQUARIUS) network. The CFO began by defining the

problem at hand and presenting solutions as in Callon's (1986) problematization moment. He presented his definition of other actors' problems and offered himself as indispensable in resolving them, starting by problematizing AQUARIUS' profitability. In order to achieve the goal of increased profitability, the CFO offered the firm a new strategic outlook and tried to assure informed decision-making. Although AQUARIUS invested numerous resources in product innovation, the CFO believed that the company could only sustain its competitive edge by improving internal processes and working procedures. Specifically, those processes and procedures reflected the connection between the different nodes within AQUARIUS' network. The CFO paralleled the company's beliefs in product innovation and design with state of the art internal processes and practices, because he believed that products could always be copied, yielding only a temporary advantage but internal processes and procedures would not be as easy to copy.

"[...] [N]owadays, if you want to differentiate your company from the competition, [...], you can only do that, in my opinion, via your internal organisation. If you are considerably better in that area, then you are outstripping the competition. [...] I think this is commonly neglected." (M.1.1)

Besides improved and streamlined customer related processes, commercial functions would need to be directed at supporting the organisation. He believed that establishing the business partner concept for management accountants would not oppose the existing relational network that was based on innovation culture, but – quite the contrary – would enhance it. Consequently, the CFO suggested a solution that would not entail an entire override of the already existing network structure; rather he suggested a change of density between the different nodes.

The CFO's conceptualisation of the new role for management accountants, i.e. as business partners, required a combination of thorough accounting knowledge plus a sound

understanding of the underlying business, products, processes and markets, alike 'hybrid accountants' (Burns and Baldvinsdottir, 2007). According to prior studies on the business partner (Pierce, 2001; Scapens et al, 2003; Burns and Baldvinsdottir, 2007), management accountants were positioned within business processes working alongside managers and other organisational functions. Therefore the business partner was positioned to establish accounting knowledge throughout the organisation, even into remote international subsidiaries. This way, the business partner would help shape what was regarded as problematic in the sense of inscriptions (Burchell et al., 1980; Lowe, 2001b; Scapens et al., 2003) and allow steering AQUARIUS' efforts, i.e. product innovations and worldwide operations, in the sense of allowing for action at a distance. The business partner was communicated as a support to managers, relieving them of financial and administrative tasks, and offering management accountants' knowledge as a sounding board to managers. Additionally, the management accountants' proximity to business processes would increase data and forecast accuracy, resulting in fewer surprises. This way, the traditional decision-making based on gut feelings could be maintained, but underpinned by thorough financial analysis, which meant that the organisational network would not be restructured, but the density of the connection between the nodes would be increased. Through the membership in the ICV and various external publications, the introduction of the business partner was perceived, externally, but in the end also internally, as innovative, pioneering, even best practice, mirroring AQUARIUS' innovative strategy regarding products and design. The business partner as the new role for management accountants and the more general idea of management accounting would become a legitimate concept, closely linked to the company's values and beliefs, in that organisational members would accept and support it, ideally identify with it, and not oppose it. This conceptualisation, positioning and communication of the new role allowed the concept of business partner to act as a means of translation: a visionary boundary object that stabilised and mediated diverse interests of involved actors.

II.3.2 Events of Establishing the Business Partner

Similar to findings of earlier studies (Granlund and Malmi, 2002; Caglio, 2003; Scapens and Jazayeri, 2003; Jacobs, 2005; Newman and Westrup, 2005), the CFO's activities included reorganizing the central and de-central management accounting function, introducing a formal corporate strategy and a goal system cascading through the organisation, implementing a modern and integrated IT system and reorganizing the sales department.¹⁵

"It was clear to me that in a company, if you are not assigned a functional department as controller, then you are ... not worthless, but a neuter. Therefore, I said, what do I need? Finance, that was clear, because, when I have finance, everyone has to come to me for money. Secondly, and I got accustomed with that through my education: I have said already back then that Information Technology is a powerful vehicle. [...] [A]nd thirdly it was decisive to me to have Human Resources, because then, I am linked to contact points." (M.1.1)

Management accountants were at the centre of his vision as they were expected to incorporate the new role.¹⁶ Based on a deep understanding of the business, its products and markets, they were to proactively interact with managers and provide support to them. This would be a first step in developing a common language and mutual modus operandi between management

¹⁵ The CFO also claimed responsibility of the HR department. He felt it important to be in control of hiring required staff and of managing organizational development. In his opinion, this would secure the reorganization of the firm, including the new focus at profitability and – as a side effect – the establishing of the business partner network at AQUARIUS in the long term.

¹⁶ The CFO was not only aiming at changing the role of management accountants at AQUARIUS, he also planned to spread this new role concept among other organization by using his influence on the ICV as a multiplier. During a ICV training seminar, the CFO argued with the founder of the ICV, who is proclaiming the management accountant role of 'business navigator'. The CFO counter-argued that a 'navigator' or 'consultant' would have no influence in decision-making and ultimately be left unheard. Management accountants would moreover require functional responsibility if they were to add value to the organization. In hindsight, he believes that his activities and the introduction of the business partner proved right and sees support in the fact that today the ICV represent and spread the business partner role concept. Simultaneously, the ICV promotion of the business partner increases the legitimacy of that concept at AQUARIUS.

accountants and managers. They would be involved in decision-making and act as critical control points for managers, i.e. management accounting as a whole was set out to become an obligatory point of passage. In their new role as business partners management accountants were positioned as the strategic lead of the organisation and would coordinate the business planning process. As no formal corporate strategy existed at AQUARIUS, the business partner needed to bring together representatives from many organisational functions and levels in the strategy and business planning process, i.e. reside between previously ill-structured social worlds. Furthermore, management accountants were expected to initiate innovations regarding internal products and processes. This new direction was revolutionary to AQUARIUS and presented a threat to existing power relations and networks focused on product innovation and design. For example, the manager in charge for innovation and marketing stopped sending back management reports after his disappointment with management accountants' lack of following up comments he made in earlier reports: "*I wrote in mine: "Hello, we don't hear anything" And after that I still didn't hear anything; so I stopped sending those things.*" (M.1.2) Despite having been utilized as a standardized form boundary object, translation had come to a halt. The CFO was aware that these instances could result in resistance towards establishing the business partner concept and believed that the interaction between managers and management accountants would be crucial to the adoption of the business partner. In order to be embraced by managers, the business partner, apart from delivering the promises advertised, had to fit to the company's beliefs and values, i.e. had to act as a device robust enough to maintain its identity across different viewpoints whilst being adaptable to those. From early on resistance in terms of discussions and disputes with powerful individuals, especially the CEO, presented challenges to the adoption of the concept as the newly introduced focus on financial and commercial aspects was believed to be incompatible with the innovation and design culture. But it was this interface between commercial support functions and production, sales and product development that the CFO

believed to be decisive for the future success of AQUARIUS. Based on his prior experience, the CFO knew that the enrolment of the new management accountant role would only work, if the concept itself would be sufficiently promoted by actors in the network. Warned by the early resistance of some actors, it was 'mandatory' for management accountants to provide a service to the organisation and to support key decision makers in order to receive sufficient support in enrolling and establishing the new role. The business partner as management accountants' new role acted as a common object forming the boundaries between these organisational groups, i.e. an organic infrastructure (Star, 2010), in between which actors of different organisational groups, such as functions could co-operate without having to reach *consensus*. Only by offering added value, management accountants would be considered part of the management team, would be willingly included in decision-making processes and be handed over some degree of power. The CFO also believed that an improved financial situation of AQUARIUS would ultimately lead to legitimacy and acknowledgment of the business partner. Furthermore, he believed that continuously explaining the advantages of the business partner to the organisation would ease acceptance and produce support. Managers confirmed the importance and centrality of this intersement moment and the rhetorical process required to spread ideas and to communicate how a demand could be satisfied. *"Yes, that [communication] is decisive. You can't expect from an adult to do something [s]he doesn't understand. And if you encounter one who does, you have a fool. Sorry."* (M.2.13)

The rhetorical process of spreading ideas and converting them to facts was noticeable, as the CFO would secure key allies, i.e. management accountants and managers alike, to support the business partner and to leave it to them to further spread the new role. The business partner lied in the 'hands of later users' (Latour, 1987; Lowe, 2001b) and might even have been seen as an ideal type boundary object, which allowed it to be moulded to suit different interests and requirements. The CEO noticed the success of the CFO's activities and started to let him, or his financial and administrative departments respectively, handle increasingly more matters.

Additionally, the CFO's active engagement with the ICV and the publications on the management accountants' lead in the strategic sales project helped securing external allies. The CFO's various activities around establishing the business partner will be illustrated subsequently.

Organizing the management accounting function

Gathering from his past experience, the CFO saw the need for the management accounting department to have functional responsibilities. Instead of just gathering data for reports and analyses, management accountants needed to be involved in running the business and making decisions. Management accountants' traditional role could be understood as some form of repository, i.e. data pool, whereas their new role would ask them to use their financial knowledge and add to it a business understanding. He referred to this as advancing management accountants to 'kings with a land', reversing to the metaphor of a king without land as being powerless and insignificant.

As outlined above, commercial functions were considered underrepresented and suffered weak senior management. *"We had with few exceptions a rather weak management accounting. They were number crunchers."* (M.2.4) Management accountants' activities were limited to reporting numbers, which were contested by managers who retrieved different figures from their own calculations and databases or interpreted equivalent data differently. Although managers acknowledged the disadvantages of a lack of commercial focus, it allowed them to act freely and on their discretion and to pursue their interests without much interference from management accountants. Management accountants were left outside relevant networks of organisational power and with no allies to support them. This was a situation managers were happy with, because they were interested in retaining their freedom and discretion and appreciated being untouched.

The CFO tried to set up the management accounting function mirroring the formal matrix organisation at AQUARIUS, with managers having multiple responsibilities overlooking a region, a product, and a corporate function at the same time. Moreover, the mirroring of the formal organisation facilitated the creation of an adequate network that would enable management accountants to enrol their new role because management accountants were formally integrated in the existing organisational network. The business partner was placed next to and ultimately between managers, therefore weakening their previously powerful networks with other organisational members by cutting down their distance to management accountants. This would help accustom managers and management accountants to the new role and create managers' interest in the business partner. Corporate management accounting was split into two main areas of responsibility each headed by a senior manager. The one area, reporting and financial accounting, now included consolidation of subsidiaries, reporting, compliance, e.g., according to the Sarbanes Oxley Act (SOX), and liaison with the holding company. The other head of corporate management accounting would be responsible for international management accounting and business development. International management accounting involved overseeing all de-central management accountants who were connected with a dotted, i.e. functional, line while directly reporting to local managers. The business development team coordinated the company's yearly strategy process. In the absence of a separate strategy department, business developers initiated and followed up strategic measures and were considered the company's strategic lead. This organisational setup reflected AQUARIUS' a-centred communication and working structure and presented a coincident boundary object with similar boundaries and physical contours. This would allow organisational members to be involved with management accountants whilst maintaining their previous departmental topics and therefore ease the acceptance of the business partner.

One of the reasons for AQUARIUS' precarious situation was the bad financial state of the company's international subsidiaries. The CFO saw a strong de-central management accounting function as a cure to this situation. Management accountants would need to be considered part of the local management teams, alongside the respective presidents or sales managers. The CFO started to hand over power to the management accountants in order to enable them to establish the business partner concept in every unit worldwide by seconding management accountants from headquarters. This showed two components of the business partner as boundary object as advocated by Star (2010). On the one hand, management accountants would introduce new structures for work processes, i.e. practices, at de-central sites. On the other hand, an organic infrastructure, i.e. new network connections, arose due to newly created work and information requirements of management accountants and managers in their attempts to co-operate. Additionally, foreign management accountants would work at headquarters to get accustomed to the mindset and work routines at AQUARIUS and act as allies in supporting, diffusing and promoting the business partner back in their subsidiaries, i.e. welcoming the business partner in those remote networks. *"It was very important for me to understand the German way, (...), because although (...) the differences are small, they are very important"* (MA.4.5) Management accountants, especially those working in subsidiaries, were expected to work with an all-rounder approach. This was a critical issue from managers' point of view, as management accountants with the traditional focus of collecting and reporting numbers would not add any value to them.

"At that time, we were doing tasks that are not necessarily core to management accountants. But we did them in order to open doors to other functions. You don't open those doors by just presenting smart graphs and having a know-it-all attitude, but by showing: I am one of you, I support you, I co-operate with you." (M.3.1)

Initially, managers were frustrated and refused to interact with management accountants, who were not prepared for their new role as business partners, but had remained repositories of financial information, purely based on their accounting requirements. Again, translation of the business partner was at risk. By becoming visible to and interacting with managers in daily business, management accountants were given the opportunity to extend their process, market and product knowledge and to ultimately add value to the decision-making of local managers. These actions supported management accountants to overcome the initial resistance of managers to their new role (based on the management accountants' missing know-how) and to mobilize managers to accept their newly offered role. Despite initial difficulties incurred with de-centralizing the management accounting function, one manager stated that in hindsight it was the breakthrough for management accountants. *"I think that is the absolute true success factor for management accounting. You have to sit next to management. Only then you observe it [understand the business], you internalize it [the business orientation]."* (M.3.1) Consequently, the exchanges between headquarters and subsidiaries were an important step for the mobilization of the new business partner role as the distances were reduced and action at a distance was eased. Manager's discretion was not taken away from them, but was re-distributed in that management accountants became more knowledgeable and could better support managers, while the latter could focus on other, more pressing or important matters. This way the a-centred organisation setup of AQUARIUS was maintained and the existence of multiple, co-existing sub-networks was supported, despite management accountants having been added to managers' networks.

Introducing a formal corporate strategy

Up to the 1990's no formal strategy existed at AQUARIUS and the former CEO saw no need to develop one, „[...] he didn't make anything of it" (M.1.1). Nevertheless, the CFO initiated a strategy development team that consisted of a group of selected employees. This team

secretly met to discuss future plans of the company in order to avoid a resistant reaction by the CEO.

After that initiative, the company's strategy played an important role although it was preferably called 'business plan' due to the CEO's continued dislike of the word 'strategy'. The strategy was understood as a device to speed up decision processes as it presented agreed upon limits and goals. The strategy process was performed on an annual basis and took into account a three to four year time horizon. Managers and a varying selection of operational employees participated in the process. Management accountants were assigned the responsibility to not only coordinate the strategy process but to initiate and lead the implementation of strategic projects. The resulting strategic guidelines were directly translated into the business plans for each legal entity and department. Additionally, the strategy was communicated to each employee via presentations and the personal goal setting system in a cascading process. This way, the business plan acted as an 'inscription device' (Briers and Chua, 2001) in concretising abstract strategic plans and visions. It may have even been seen as a visionary boundary object in that it legitimized managers acting according to AQUARIUS' values and in line with pre-set boundaries.

“And it is manager's responsibility to communicate and discuss the business plan in detail with your employees and to deduct from it: what it means for us, what does it mean for my area of responsibility. And that reaches all the way down [...].” (M.2.1)

This process gave AQUARIUS a consistent direction to focus and align all activities. Interview partners stressed the importance of the formal corporate strategy as it confronted them with control points and barriers, but gave them considerable space in which to operate freely and responsibly.

“There are situations where you just have to use the [imaginary] hard shoulder, because it gets too tight [on the road]. [...] [T]hat means you have rules on the one hand. But there are cases where you have to leave those rules for good reasons.”

(M.3.2)

Implementing IT systems

Before the CFO joined AQUARIS, every department was using an IT system of its own choice and had programmed solutions tailored to individual needs. This led to a multitude of different interpretations of business reality. For example, various numbers for revenue existed and were applied at everyone's discretion. In a sense, a multitude of networks co-existed containing organisational members as human actors and their reporting systems and solutions programmed to their needs as non-human actors, competing for acceptance and communicating in different languages in terms of definitions and understandings. Although this was an 'accepted practice' (Vollmer, 2007), it caused lengthy discussions and made any attempts to base decisions on agreed upon numbers futile. The CFO believed that an integrated and modern IT landscape was a prerequisite for a 'successful' company and introducing SAP would propel AQUARIUS' financial focus. SAP would bring a standardisation of methods as one of the two major activities of translation between organisational groups. SAP would act as repository and standardized boundary object and would allow for reliable and timely analyses based on consistent information. This repository would introduce a common reference point for all organisational members as definitions for interpreting data retrieved from SAP had been standardized and shared across the organisation. Instead of arguing about the correct interpretation of numbers retrieved from different systems, managers would accept management accountants' role as business partners based on inscriptions provided by the new, integrated system. The CFO added the IT department to his responsibility and all IT systems were transitioned into one leading ERP

system. This process required substantial resources as all employees had to adapt existing practices to streamlined process specifications, which aimed at standardizing calculation methods. This showed how the CFO would not succeed in introducing SAP in a heroic manner, but was reliant on the efforts and support of many local and international actors, i.e. allies at AQUARIUS.

The introduction of target costing, which was one part of implementing SAP, meant changing the product development cycle. This was not received very well by the product developers and the CEO, as they believed it to be the company's central and the CEO's favourite activity. Additionally, during the transition to SAP the company was unable to produce consistent month end reports for over a year and fulfilment of orders was at stake due to downtime of IT systems. This presented an enormous threat to the introduction of SAP and the surrounding process redesigns, if not a threat to the introduction of the business partner per se.

“Well, SAP was of course a quantum leap. But it was also difficult. Switching to SAP, that was of course Hara-kiri. Because for a period of time nothing was functioning any more. Well, we were close to suicide. But we survived.” (M.1.4)

Although in hindsight managers acknowledged the new IT system as a major improvement and a catalyst for the establishment of the business partner, frustration with and resistance to the new system was overwhelming. In order to avoid further resistance and potential reaction, it was mandatory for SAP to quickly deliver the promised improvements, in order to become the repository boundary object it set out to be.

“But SAP does form the company culture to some extent, because you really have to adjust some business processes to the computer programme. And that was a cultural shock. And in the course of this culture shock the management accounting shock was added, which didn't hurt much more than SAP.” (M.1.2)

Managers now had online access to data and could independently fulfil their basic information needs based on consistent and reliable data, i.e. it gave them discretion whilst acting in line with agreed upon boundaries. This led to accounting knowledge being co-produced decentrally and throughout the organisation, rather than centrally at headquarters. As a by-product this strengthened the standing of management accountants based in subsidiaries. Target costing analyses was said to be one of the two reports most frequently referred to besides contribution margin analyses. Both represented standardized forms and work methods and mediated different actor networks across time and space. Managers based business decisions on these reports, knowing that they applied agreed upon numbers and practices. Their actions were legitimized by applying AQUARIUS' standard calculation method. As a result, managers were pleased with business process improvements which the integrated system yielded, for example the introduction of electronic data interfaces with suppliers and customers, vendor managed inventory, inventory management, and order fulfilment with RFID¹⁷-technology. Also, product development time had been reduced from three to four years to under a year, which exceeded the CEO's expectations. *"[...] [I]n the past it took them three, four years until a product was ready. [...] And we managed to reduce this to up to twelve months, which pleased him [the CEO]."* (M.1.1)

The company's recognition of the necessity of modern and integrated IT systems greatly influenced the holding company's decision to choose AQUARIUS as a lead and test user when introducing software updates or new IT systems. AQUARIUS found errors in trial software versions and made recommendations on how to improve performance of the systems. Blueprints of budgeting templates and business planning processes were considered state of the art and were requested and copied by the holding company's headquarter

¹⁷ Radio Frequency Identification

functions. Even AQUARIUS' customers acknowledged how well informed sales representatives were and requested these analyses for their own internal use. Now, that not only innovative products but also an integrated IT system received positive feedback, the changes introduced at AQUARIUS became legitimate and powerful actors could afford to publicly endorse them.

Reorganize the sales organisation

Prior to the CFO joining AQUARIUS, the sales department had been considered one of the core functions and had strongly influenced the company's way of doing business. Interaction with management accountants had been limited as managers had experienced a lack of business understanding and support by management accountants, i.e. the connections between the two parts of AQUARIUS' network were rather weak. Information provided by management accountants had been inconsistent, at times even wrong and could not be delivered at the required speed. Therefore, sales managers, previously forming influential networks and excluding management accountants, resorted to exercising financial calculations themselves, resulting in the above mentioned multiple numerical realities from parallel IT systems, or just refused to get involved in any financial aspect of the company. As a consequence of this initial difficult relationship between sales and management accounting, the growing number of management accountants that the CFO installed after joining AQUARIUS and of whom he expected to act as obligatory points of passage had been encountered with distrust. The CEO, who was a strong proponent of sales and Research and Development, would often dispute the CFO's management style and his understanding and organisation of the commercial support functions. Additionally, the CEO would comment on the CFO's perceived overstaffing of the finance function. *"[CFO], for my likings, management accounting is much too strong. I would prefer sales being that strong."* (M.1.1)

In the late 1990s the German sales organisation was restructured and transferred into an independent legal entity due to the initiative of the CFO. This restructuring had two major effects. Firstly, transparency increased dramatically, identifying sources of problems and inefficiencies and highlighting the need for urgent solutions. In effect, the previously influential network, which excluded management accountants and was one source of resistance to the activities surrounding the introduction of the business partner, had been broken up. From now on, the German sales organisation had to buy products from the company's production sites, like all international sales offices did, and sell them on. All costs related to the new legal entity had to be covered by the sales margin. Consequently, high administrative costs and the effect of the kickback and bonus systems for account customers became visible as the source of major losses. Secondly, the CFO expected sales managers and management accountants to interact regularly and intensely and therefore each sales entity and subsidiary worldwide was assigned a dedicated management accounting function. With this functional and hierarchical responsibility, an improved understanding of the business and the appropriate tools, management accountants were positioned to provide inscriptions in pointing out sources of problems and suggesting and moderating improvement measures.

In order to exercise their role, management accountants were expected to have a deep understanding of products, markets, customers and business processes. *“And that's why our management accountant has to gain an understanding of the business.” (M.2.13)* But it was up to AQUARIUS' managers to invest numerous resources in training them. Management accountants would continue to overburden reporting packages, despite being repeatedly explained by managers which performance indicators for example would be required. Finally, managers would sit down with management accountants and develop suitable and pragmatic indicators. Management accountants would regularly participate in sales review meetings of which only a limited time would be spent on financial data, usually presented by the

management accountants. The remaining and majority of the review would be dedicated to everyday issues of sales representatives and managers in interacting with customers, for example on how to increase or maintain margins while growing sales. Management accountants would also have to be involved in and eventually become accountable for developing and implementing the business plan of their respective sales entity or subsidiary. This shows how the new role for management accountants evolved and was accepted by sales managers. This use of accounting information helped subsidiaries to evolve into centres of discretion, giving managers and management accountants alike a sense of entrepreneurial freedom and ownership.

Over the years, the two functions, sales and management accounting, saw first positive consequences of their close co-operation. For example, on the one hand managers accredited management accountants a growing understanding for sales managers' requirements and on the other hand appreciated management accountants' lead in the strategy process thanks to their more rational and matter-of-factly approach.

“Of course, business plan is strategy par excellence, yes, that results in the operational implementation; but I think it is in good hands there [of the management accountants], because they are very structured thinking people, that, yes, that think rational and think matter-of-factly.” (M.3.2)

Consequently, sales managers realized the value that management accountants could add to their business and developed a trusting relationship with them and were willing to invest their time into increasing the business understanding of management accountants. Management accountants of the German sales unit made use of these learning opportunities and developed a new sales strategy in 2005 and subsequently implemented it in various markets worldwide. This project aimed at identifying untapped market potential to strengthen the company's internationalisation and growth plans. Having been initiated by management accountants

directly, there was initial resistance to this project, as sales managers had to change their habitual working practices:

“The sales project, it is very important for us and by now, our sales representatives accept, that they have to change their working practices [...]and it is accepted, that you sell different products in different ways [...] and therefore we support our sales staff with external offices, so that they accept” (M.2.10)

Although the project was developed as a standard template, it was adapted to each country to allow for local specificities. It acted as an ideal type boundary object, with a „[...] hard ‘outside’ and a plastic ‘inside’” (Briers and Chua, 2001, p. 242) enrolling actors across the organisation. In addition to the commercial success of the project, the initiative was awarded a prize for innovative management accounting solutions in 2007 and was met with strong interest in the professional field, all in all smoothing translation across the sales organisation.

II.3.3 Status of Establishing the Business Partner

Altogether, the CFO had guided AQUARIUS into a sound financial state and had relieved the company of almost all debts. This had resulted in financial freedom and room for the company to operate independently despite being majority owned by the American holding company. AQUARIUS continued to develop innovative products and had been awarded with numerous design prizes. Despite recent economic crises the company had over the years seen consistent profitable growth through the development of new sales markets and production sites around the world following its proclaimed internationalisation strategy. The establishing of the business partner at AQUARIUS was said to not have changed the company's culture. However, it was said to be firmly rooted in the organisation and to have fostered a cost consciousness, more interdisciplinary and interdependent thinking and a joint understanding of underlying business processes. The business partner combined all three components of a boundary object, as reiterated by Star (2010). Firstly, it represented the interpretative

flexibility of this object, meaning what organisational members made of the business partner, i.e. how management accountants were included in managers' decision-making and schedules. Secondly, the business partner provided a structure for work processes and practices, such as target costing analyses used by managers, which enhanced co-operation without necessarily having to reach consensus. And thirdly, the business partner was a mediating device sitting between ill-structured groups of interests, for example having involved management accountants in decision-making legitimizes subsidiaries' actions in the eyes of AQUARIUS' headquarters. *"I don't know whether we have a management accounting culture. [...] Well, cost consciousness is something that has developed on the one side. But also that one has to think in processes and think in interdisciplinarity."* (M.1.2) The business partner was one of the cornerstones of the new focus on profitability. It acted as a boundary object as it maintained and even fostered the company's traditional values of innovation, open communication and best practice. It resembled a buzz word, a truism and by having involved management accountants, business decisions seemed to be legitimized. Ultimately, decision-making, although still being based on gut feeling and experience and allowing for multiple rationalities, was substantiated and improved by financial analyses and performance indicators. The business partner was also seen to serve as a vehicle to manage the company's subsidiaries despite large physical distances. After initially being one source of AQUARIUS' precarious financial state managers of international operations had gained considerable freedom, whilst being more aligned with company guidelines and objectives and could now report substantial profits. Despite initial resistance and scepticism, managers attributed the company's successful turnaround and its sustained competitive edge to the introduction of the business partner. It seemed that the majority of organisational members had been enrolled to support the concept of business partner as it helped stabilizing and mediating their interests.

“The CFO is certainly also one of the driving forces. I mean, he is very management accounting orientated, comes from this metier. But he does not have influence in all parts of the organisation, he definitely has to see that he has people on site, who can put this [the idea of stronger management accounting and the business partner] into practice, and ... you will not manage to push that out of the management accounting department. If you do not have multipliers in other parts of the organisation, and those parts are resistant against it [the idea], you may be talking until you are blue in your face, you will not reach them [the other parts of the organisation].” (M.2.2)

“[...] [W]e have chosen a certain path – via management accounting. And we are now standing on solid foundations, financially, which simply gives us opportunities to invest in the future. And it is innovations that distinguish us in the market.” (M.3.3)

The CFO relied on these allies to spread the innovation as it was not in his hands to successfully manage translation. The business partner was therefore incorporated into the existing network structure at AQUARIUS. Organisational members made positive references to management accountants and welcomed their valuable, often more rational and un-emotional input to making decisions. *“In the past, we ran the business more on a gut level, with more emotions. Today this is done much more rational.” (M.2.10)* Managers proactively sought the advice of management accountants and viewed them as an integral part of management. They felt *“[...] that management accounting is an integrative part of management and that it is a very important contribution to the company’s success.” (M.3.2)* In their eyes, the concept of business partner helped simplifying complex business issues and allowed them to reflect on cause-effect relations. As managers and management accountants were said to intertwine, tasks could be fulfilled much more efficient and effective as each could focus on their respective strengths.

“Well you get a really strong combination when you have a good sales person and a good sales analyst [i.e. management accountant]. [...] The sales person is well prepared and can do his next annual sales meeting and achieve success. I think the little magical word is interdisciplinarity.” (M.1.2)

Managers appreciated control points as corridors for action that stopped them from overstepping boundaries and that provided them with possible courses of action rather than pre-scribing them allegedly ‘right’ courses (Latour, 1987; Robson, 1991, 1992; Quattrone and Hopper, 2001). Therefore, the translation process of the new role of management accountants seemed to have reached certain status of stability within the boundaries of AQUARIUS because management accounting pervasively influenced the way of thinking and acting of the company.¹⁸

Nevertheless and in line with ANT, enrolling a large network of supporting actors, i.e. the process of translation, is never fully completed and has to be reiterated as new actors enter the network and new interests evolve (Callon, 1986; Briers and Chua, 2001). It was believed that there remain ‘white spots’ on the imaginary business partner landscape and that the financial focus had to extend further, mainly into the production, HR, communication and marketing functions. At the time of the interviews, a marketing accounting function was being established including the process of catalogue development. The aim was to connect marketing activities with the company’s business plan. Management accountants would provide analyses and would point out potential implementation paths, which would then be executed by the marketing manager and his team. The main aim in introducing a production

¹⁸ Moreover, the holding company realized the positive development of AQUARIUS due to its orientation on profitability, which was strongly supported by the new management accountant role. As a consequence, the holding company is using the successful change process of AQUARIUS as best practice for other of its investments. This best practice trading extended the enrolment of the business partner concept over the boundaries of AQUARIUS and supported the stability of the network. Additionally, the ICV and AQUARIUS’ customers are also understood to be enrolled into the role concept of business partner.

accounting was to balance innovation and creativity with cost efficiency especially in the area of tool manufacturing. Introducing production accounting was believed to increase transparency in adjacent areas like logistics, quality and engineering. Its proposed function resembled that of a mediating device between ill-structure groups of interests (Star, 2010). Production accounting would need to share knowledge and insights and point to areas that required attention along the supply chain and were understood by a variety of actors with different backgrounds. The production manager understood job rotation programmes as a requirement and success factor to fully establish the concept of business partner and expected management accountants to work in production areas in order to expand their understanding of the interrelations and complexities of the business. The HR manager required more insight into HR processes and structures and hoped for an HR accountant to provide such services.

Contrary to the abovementioned development that supported the stability of the business partner role network, the introduction of compliance standards, such as SOX was understood as a threat to the concept of business partner that had yet to be overcome. *"I get the impression that our management accounting is since then [the introduction of SOX audits] not as strong anymore on the process side."* (M.3.1) As an abundance of reports and checks was consuming management accountants' resources, managers feared that management accountants would neglect their proactive and interactive role. In addition to the tightly knitted organisational network around the business partner threatening to break apart, managers were reverting to perform their own analyses, as they had previously done. This might have implied that the business partner as role concept and boundary object moved away from management accountants to sales analysts or managers. It definitely presented a threat to management accountants though, as their efforts to become so centrally involved and part of AQUARIUS' influential networks would be annulled. Also, the highly monitoring character of compliance policies and activities was understood to potentially disturb the trusting

relationship between managers and management accountants, because it shifted management accountants' role from business *partner* to a business *inspector*.

II.4 Discussion

Whereas prior studies told the story about establishing new management accountant roles and practices from a management accountant's perspective (Mouritsen, 1996; Burns and Vaivio, 2001; Emsley, 2008; Baxter and Chua, 2008; Alcouffe et al., 2008; Lounsbury, 2008), our study deals with a new and complementary perspective on the phenomena of management accountants' role change, i.e. it focuses on managers' interests *in* and their reactions *towards* 'the business partner'. The reason for adding this perspective to the scientific discourse is that managers not only have been found to influence management accounting practices (Chenhall and Langfield-Smith, 1998; Granlund and Lukka, 1998a; Jönsson, 1998; Burns and Baldvinsdottir, 2005; Scapens, 2006; Byrne and Pierce, 2007; Järvenpää, 2007) but at the same time they are also affected by the introduction of the business partner as well as they present the business partner's main customer (Hopper, 1980; Byrne and Pierce, 2007). Accordingly, both aspects make managers an important factor that influences the changing role model of management accountants.

In order to complement prior research, this study chooses the theoretical framework of ANT in combination with the notion of boundary objects to theorize the research data from a single case study. As the interessement phase of ANT is considered the decisive one in gaining actors' support for change and innovation (Akrich et al., 2002a, 2002b; Alcouffe et al., 2008; Emsley, 2008), this paper has aimed at gaining insight into managers' interests in and reactions towards the business partner. It explores how the top management team, especially the CFO, was confronted and dealt with managers' reactions and how they managed to gain managers' interessement. This case study shows how new business processes, a formal corporate strategy, an integrated IT system and new organisational structures for the

management accounting and sales functions were introduced and acted as boundary objects that created a bond between the new management accountant role – the business partner – and managers' interests. In contrast to prior studies, managers at AQUARIUS – after initial resistance – played a supportive role in establishing the business partner. They welcomed and promoted the role change despite the accompanying changes to their own work practices and a shifting focus of intra-organisational power relations. The business partner gained legitimacy and served itself as a boundary object between previously competing networks (Briers and Chua, 2001). Although the new role of business partner had been initiated at AQUARIUS' headquarters in order to allow for more controlled action at a distance, the concept of business partner served the needs and interests of (local) managers allowing them to better perform their jobs. Therefore, the business partner was designed to act locally giving managers throughout the organisation discretion and confidence to be acting in line with company goals. This is of importance as the business partner can only be enacted by management accountants, if managers are willing to receive *and* accept or even demand their business partner services. Managers' attitude towards the establishing of the business partner or any other role change of management accountants will have a strong influence on the change process. However, our study also shows the possibility of management accountants working closely with management and other functional departments of an organisation in an effort to create infrastructures that allow co-operation without, necessarily, reaching consensus (Star, 2010). Accordingly, our study unprecedentedly draws a comprehensive picture of establishing the business partner by illuminating not only the management accountant but also the management perspective on role change.

Against this backdrop, this study is believed to be the first that concentrates on the establishing of the business partner from managers' points of view. It sustains findings of earlier studies regarding managers' support of management accountants adding value to the

organisation, and managers' influence on roles, practices and other aspects of management accountants' work (Chenhall and Langfield-Smith, 1998; Byrne and Pierce, 2007). Equally, managers' resistance to introducing the business partner supports findings of earlier studies in which managers have been found unreceptive of management accountants' interaction and interference (Byrne and Pierce, 2007) and sceptical of their involvement (Johnston et al., 2002). In contrast to earlier studies (Alcouffe et al., 2008; Emsley, 2008), the establishing of the business partner at AQUARIUS has not resulted in a shaping of the initial idea of the CFO despite the distinctive communication and debate culture. As such this study provides for a different understanding of establishing management accounting practices and roles, like the business partner. Moreover, this study suggested that managers' support for the business partner can theoretically be explained by the concept of boundary objects (e.g., Star and Griesemer, 1989) and that the business partner itself can be interpreted as a boundary object that bridges managers' and management accountants' worlds. Overall, this study complements prior studies on management accounting change by showing a management perspective and by elaborating the importance of boundary objects for connecting and establishing a new management accountant role within an organisational network.

Apart from these insights, the case study deals with some limitations. First, the past events of the observed period of time have been narrated by interview partners based on their memories, which can result in biases. Second, although the study assesses the establishing of the business partner in a case company operating on a world wide scale and interview partners cover nine countries, the findings could be limited to the German national context. Third, the concept of business partner is known to offer potential for further diffusion at AQUARIUS. Given the CFO's limited remaining time in his current position as CEO before retiring, it may seem premature of accrediting full and sustained establishment of the business partner. This is unless the sustained spread and anchoring of this role concept will be maintained by other

actors, i.e. multipliers, as suggested by interview partners. Future research would need to critically challenge this study's findings regarding its lasting effects. Fourth, ANT was chosen as point of departure for this study. While ANT offers valuable insight into the diffusion of innovations, it overestimates the equality of actors and non-human actors in networks by not accounting for pre-existing social structures. Consequently, future research should focus on the relation between pre-existing social structures and newly developing networks.

In general, more studies are welcome to identify reasons for managers' influence on management accounting practices and what managers' interests are in supporting management accountants' role as business partners. Furthermore, there appears to be a theoretical relationship between visionary boundary objects and multiple realities. In that the case company allowed for diverse interpretations of the role of business partner, the latter was executed differently across the organisation according to local requirements and acted as visionary boundary object. Lastly, knowledge on the emergence of boundary objects, whether intentional or inadvertent would provide further insight into the study of change.

III. Why Managers Perform Management Accounting Practices – Management Accounting as Boundary Object

This chapter represents Research Article B:

*Why Managers Perform Management Accounting Practices – Management Accounting as
Boundary Object*

This research article is co-authored by Erik R. Strauss and Jürgen Weber and will be presented at 9th European Network for Research in Organisational & Accounting Change (ENROAC) conference in June 2013 and will subsequently be submitted for publication in a leading journal in the field of management and management accounting research.

III.1 Introduction

Traditionally, management accounting research views managers as recipients of management accountants' services with management accountants providing managers with information on which to base decisions (e.g., Hopper, 1980; Allen, 1989; Innes and Mitchell, 1990; Hiromoto, 1991; Granlund and Lukka, 1998a). More recent studies observe that actors, other than management accountants, perform management accounting practices, with managers having been found to be among those actors (Burns, 2000; Quattrone and Hopper, 2001; Pierce and O'Dea, 2003; Burns and Baldvinsdottir, 2007; Byrne and Pierce, 2007; Järvenpää, 2007; Jansen, 2011; Pipan and Czarniawska, 2010). These studies indicate that due to modern IT landscapes and the resulting central record keeping (Scapens and Jazayeri, 2003) as well as de-centralized accounting organisations "everyone in the business might act as controller" (Quattrone and Hopper, 2001, p. 421). The tasks of managers and management accountants are believed to merge as managers increasingly engage in management accounting processes (Jönsson, 1992). Pierce (2001) even suggests that managers will take over management accounting because they are performing their own calculations in search for more relevant, for example forward looking and timely information (see also Jönsson, 1992; Burns, 2000; Scapens and Jazayeri, 2003), especially in trying to react flexibly to changes in organisations' environments (Johnson and Kaplan, 1987). Managers' formal management training and increasing financial and calculative literacy is identified as a prerequisite for this development (Scapens and Jazayeri, 2003; Burns and Baldvinsdottir, 2007; Bay, 2011).

Management accountants emerged in order to support managers as a quantitative information profession (e.g., Abbott, 1989, chapter 8) by analysing large amounts of data and unburdening managers from routine tasks. Accordingly, finding managers performing management accounting practices themselves, raises the question '*why managers would invest valuable time to do so?*'. However, this becomes a focal question amidst academic and professional

debate regarding management accountants' new roles as business partners and a decentralisation of the management accounting function in an effort to provide quality services to managers through increased proximity to business issues and an increased business understanding (Granlund and Lukka, 1998a; Caglio, 2003; Scapens and Jazayeri, 2003; Newman and Westrup, 2005; Burns and Baldvinsdottir, 2005; Järvenpää, 2007). Therefore, understanding why managers perform management accounting practices appears important when studying management accounting change as well as management accountants' roles and practices.

This study closes this research gap by identifying reasons for managers performing management accounting practices and potential effects on management (accounting) practices, managers and management accountants. The findings are based on a single case study of a German manufacturer, AQUARIUS, of highly innovative and design products for the sanitation industry. In need for prompt, in depth and tailored information, managers are motivated to support management accounting practices and the spreading of the business partner. The study draws on *social studies of finance* in analysing this finding. Instead of applying numbers and accounting information to represent and state reality, social studies of finance assume that organisational actors recognize how accounting can be applied to accomplish something, to do something and to convince someone of something. In this study, managers are found to understand and accept numbers as social resources (Vollmer, 2007; Quattrone, 2009; Fauré and Bouzon, 2010; Fauré et al., 2010) and to view accounting as producing financial, organisational realities.¹⁹ This study therefore contributes empirical findings to the proposed link between *social studies of finance* and the notion of *accounting*

¹⁹ Bower (1970) witnesses managers pursuing and shaping organizational objectives by means of accounting and thus calls for an analysis of this phenomenon, which he labels "conditional theory of organization" (p. 318).

as social, institutional and organisational practice (Hopwood and Miller, 1994; Vollmer, 2007).

Secondly, and despite management accountants having transformed into business partners, who are highly accepted and respected by managers and valued for their business understanding and proximity to the business, the study's results show managers performing accounting practices themselves. The role of business partner is understood to incorporate the functions, or roles, of calculating and providing information, often negatively co-notated as 'bean counting', as well as exercising critical control or acting as 'policeman' or 'watchdog' (Mouritsen, 1996; Friedman and Lyne, 1997; Granlund and Lukka, 1997; Lambert and Sponem, 2012). Incorporating these two functions management accountants aim at advising management and actively influencing decision-making. Management accounting produces centres of calculation and is now one of the company's values and beliefs, i.e. management accounting presents passage points for influencing decision-making (Lowe, 2001b). Specifically, this study argues that management accounting practices and the calculative part of the business partner role act as visionary boundary objects (Briers and Chua, 2001) granting managers a high level of legitimacy and authority. The study suggests that managers perform management accounting practices themselves in order to span their influence across (and beyond) the organisation rather than purely supporting and assigning management accountants. As this happens despite management accountants taking on the new role as business partners over recent years, the study ultimately shows and explains a diminishing distinction between *managers* and *management accountants*, i.e. the hybridisation of managers – and management practices – and managers who absorb the calculative function of the role of business partner in their own managerial role. The critical control function of the business partner role seems to be less accepted by managers, as it has been found to encroach on managers manoeuvrability and creativity (Lambert and Sponem, 2012). This leaves the sustained establishment of the business partner for management accountants at risk. This

relates to findings of previous studies that the business partner might not be a sustainable and, therefore, desirable role for management accountants (Lambert and Sponem, 2012). Rather, it may be understood as a possible, context specific and potentially temporary one. This is mainly due to the dilemma between the role incumbents' need for involvement on the one hand, which stand in contrast with the required independence on the other hand. As a result, management accountants may be left looking for new avenues to develop into in order to continue to add value to organisations.

The remaining paper is structured as follows. The next section reviews the literature on social studies of finance (e.g., Vollmer, 2007), accounting as social, institutional and organisational practice (e.g., Hopwood and Miller, 1994), and the concept of boundary objects (e.g., Star and Griesemer, 1989). It shows how managers use numbers and calculations derived from management accounting practices to influence decision-making and intergroup politics. In the third section, the case setting is introduced together with the research method. Case study findings of managers performing management accounting are presented in section four. The paper concludes by discussing these findings and the study's limitations and by identifying prospects for potential further research.

III.2 Theoretical Approach

Recent studies have proposed a conceptual link between *social studies of finance* and the view of *accounting as social, institutional and organisational practice* (e.g., Vollmer, 2007). Both views correspondingly understand numbers as ordering activities in social situations (Latour, 1988; Vollmer, 2007). *Social studies of finance*, state that numbers can be used in social settings following four different perspectives, namely 'financial pragmatism', 'financial realism', 'disciplinary numbers' and 'hyperreal circulation and systems of trust' (Vollmer, 2007). According to the perspective of 'financial pragmatism' the problem to be solved in utilizing numbers is *action*, rather than and compared to a representation of economic reality

(‘financial realism’); a governing character of numbers (‘disciplinary numbers’); or the reassurance about the relevance and meaning of numbers (‘hyperreal circulation and systems trust’). Across all perspectives, there are four general themes for the use of numbers as follows (Vollmer, 2007). Firstly, numbers can be used as sources of information, serving as signs of value, realities, participants or institutions. Secondly, numbers can be used to embed situations, in that – once produced – they may be mobilized at a later stage. Thirdly, numbers can be used as social resources for coordinating activity. And finally, numbers can be used as bases for action, which affect actors’ opportunities for action.

The link to the view of *accounting as social, institutional and organisational practice* becomes apparent in this fourth theme – ‘numbers as bases for action’ – and the perspective of ‘financial pragmatism’, as they build on elements of actor-network theory and the notion of numbers as inscriptions (Latour, 1987; Robson, 1991, 1992; Chua, 1995; Jupe, 2000). Based on the notion of inscriptions, accounting information represents and translates aspects of the organisation, such as statements by organisational actors or the economic and financial situation of a department, into financial numbers (Foucault and Gordon, 1980; Robson, 1991, 1994; Lowe, 2001a). Unlike ‘pre-scriptions’, which foresee ‘right’ courses of action issued by centres of calculation (Latour, 1987; Latour and Porter, 1990; Varela et al., 1991; Robson, 1991, 1992) actors can interpret inscriptions in different ways across time and space (Robson, 1991, 1992; Lowe, 2001a, 2001b; Vollmer, 2007). Inscriptions combine three basic qualities: mobility; stability; and combinability (Robson, 1992). *Mobility* describes the travelling of numbers, for example from companies to extra-organisational actors like banks or investors, or within organisations, for example from distant subsidiaries to headquarters, therefore allowing for action at a distance (Robson, 1991, 1992; Lowe, 2001a, 2001b). *Stability* expresses how numbers maintain their form and numerical value. *Combinability* depicts how actors can dissect, shuffle and reassemble numbers, for example when performing cost analyses or preparing reports. These three qualities allow numbers to stand in as *indicators for*

reality. They are utilized by centres of calculation, i.e. headquarters or central management departments, in acting on distant places and peripheries, i.e. (international) subsidiaries (Miller and Rose, 1990; Robson, 1992). Actors across these peripheral organisations, e.g., managers of subsidiaries, become visible and their actions can be observed by others and acted upon.

Nevertheless, once peripheral actors, e.g., subsidiary managers, recognize and understand the use of numbers as inscription, they can adapt their behaviour to the processes and concepts of inscription (Vollmer, 2007) and can make use of the possibilities, that numbers yield for future actions (Ahrens and Chapman, 2007). Peripheral actors gain access to this means of expression and to the powers of inscription, for example managers can make use of management accounting as a vehicle in shaping what is regarded as problematic (Burchell et al., 1980; Lowe, 2001a). Inscriptions offer solutions to these problems, i.e. obligatory points of passage, based on managers' ideas and view points (Callon, 1986; Star and Griesemer, 1989; Lowe, 2001b) and become themselves centres, or sources, of calculation in addition or even in competition to management accounting functions at head quarters (Latour, 1987; Lowe, 2001b). Additionally, managers may benefit from accounting's pervasive influence on an organisation's way of thinking (Colville, 1981). They gain authority and legitimacy by using inscription devices (Briers and Chua, 2001) as means of communication (Lowe, 2001b) and can re-distribute and accumulate their knowledge, in the form of accounting information, in order to form centres of discretion (Munro, 1999; Lowe, 2001b).

These communication and influencing efforts are further advanced by boundary objects, a notion derived from ANT (Latour, 1987, 1999, 2005; Latour and Porter, 1990; Law and Hassard, 1999). Boundary objects are devices, such as bridges or anchors, positioned amongst communities of actors with different and diverging interests and viewpoints (Star and Griesemer, 1989; Edwards, 2005). They are created and managed as means of translation,

influencing intergroup politics, stabilizing and mediating different actor worlds. They enable coordination without consensus by mediating different perspectives and meanings, and thus offering a shared understanding across communities, such as organisations. Despite these different meanings of boundary objects in different social worlds, i.e. contexts, they offer interpretative flexibility in that their structure is common enough to make them recognizable to more than one world (Star and Griesemer, 1989; Carlile, 2002; Star, 2010). Boundary objects present a common language and a mutual *modus operandi*, i.e. they form organic infrastructures (Star and Griesemer, 1989; Star, 2010). This standardisation of understanding and methods is considered a central activity in translating ideas between actors' and organisations' different viewpoints. Based on this characteristic, boundary objects have been shown to help overcome differences among organisational members, i.e. acting as communication devices (Lowe, 2001b), and persuading other actors of accepting new knowledge and practices (Carlile, 2002), i.e. acting as influencing devices. By establishing a shared syntax or language, boundary objects enable coordination and coherence and grant legitimacy and authority (Briers and Chua, 2001; Star, 2010).

Prior research (Star and Griesemer, 1989; Carlile, 2002) differentiated four types of boundary objects, i.e. repositories, ideal type objects, coincident boundaries and standardized forms, with Briers and Chua (2001) adding a fifth one, visionary objects. *Repositories* can store data accessible to a wide range of users to offer a common reference point, who make use of them for very different purposes. *Ideal type objects* are characterized as hard on the outside and plastic on the inside, which allows them to be moulded to suit different interests and requirements. They are representations and demonstrations that allow for translating change and innovation across borders of network with diverse interests. *Coincident boundary objects*, like functional boundaries of an organisation, allow for different internal content and thus enable specialisation in the midst of larger entities. *Standardized forms*, like standard

operating procedures or software packages, provide a shared format across different settings, such as functions, and act as guides for approved action. *Visionary objects* provide a high level of legitimacy and authority. They tend to resemble ‘buzz words’ and truisms, which no one can argue against, i.e. “[...] possessing a sacred quality that makes it difficult for a ‘rational’ person to be against them” (Briers and Chua, 2001, p. 242). These boundary objects can be (strongly) connected and work together as some actors are in multiple networks.

This study shows why managers decide to perform management accounting practices themselves, rather than assigning management accountants to perform them on their behalf. Management accounting practices and the role of business partner present managers with devices to spread influence across time and space in an attempt to mobilise their power to influence other actors’ thinking and actions, and to ultimately obtain preferred outcomes, in line with company and personal goals (Pettigrew, 1973; Pfeffer, 1981; Star and Griesemer, 1989; Buchanan and Badham, 1999; Burns, 2000; Quattrone and Hopper, 2001; Carlile, 2002; Denis et al., 2006; Fauré and Rouleau, 2011). Understanding management accounting’s importance and advantages, managers apply its roles and practices in order to gain entrepreneurial freedom and discretion. This legitimacy and authority result from management accounting offering mutually agreed *modi operandi*, i.e. communication devices based on a common language. Ultimately, managers seem to absorb the role of business partner in their own roles, showing a hybridisation of managers.

Additionally, the fact that management accountants, in their new role as business partners with improved business understanding and organisational status, take on an increasingly critical viewpoint of managers’ actions might be a motivating factor for managers to perform management accounting practices themselves. Management accountants acting as business partners might be more involved in strategic projects, general business and commercial topics and may therefore be considered too close to top management circles and thus losing the

independent and rational viewpoint appreciated by managers, i.e. limit managers' room for action (Sathe, 1983; Mouritsen, 1996; Lambert and Sponem, 2012). Likewise, more control-oriented tasks are being added to management accountants' areas of responsibility, such as compliance reporting, thus reducing their acceptance as parts of general management teams (Granlund and Lukka 1998b; Parker, 2002; Pierce and O'Dea, 2003; Scapens and Jazayeri, 2003). This study sets out to answer the question why managers support management accounting practices and the role of business partner and aims at explaining why managers are even found to perform these practices themselves. This is a significant contribution, as research and practice would need to acknowledge the immediate effects of management accounting change on managers as operators (Jönsson, 1992; Pipan and Czarniawska, 2010) and preparers (Pierce and O'Dea, 2003). Furthermore, managers' requirements regarding future developments of management accounting, its roles, practices and systems, would need to be attended to. Additionally, as managers have been identified as one set of actors influencing management accounting practices (Chenhall and Langfield-Smith, 1998; Granlund and Lukka, 1998; Jönsson, 1998; Burns and Baldvinsdottir, 2005; Scapens, 2006; Byrne and Pierce, 2007; Järvenpää, 2007; Baxter and Chua, 2008; Emsley, 2008), research might be unaware of changes to practices and roles caused by managers themselves. Finally, management accounting research and management accountants would need to accept and react to managers conducting and applying their own practices parallel to those of accountants and possibly different outcomes of these practices (Pierce, 2001) and potentially even taking over their role of business partner. In the next section these findings will be highlighted and theorized accordingly.

III.3 Case Findings and Interpretation

Introducing management accounting change leading to cost and accounting consciousness

In the mid 1990's, AQUARIUS was in a precarious financial situation caused to a large extent by unprofitable international operations after fast growth over previous years. High product complexity, a lack of cost consciousness and the accumulation of considerable debts exacerbated this situation. Against the backdrop of these financial difficulties, AQUARIUS appointed a new CFO in 1994. His task was to instil financial stability and profitability and to introduce a cost and accounting consciousness. Until then, management accounting and accountants had been considered very weak and underrepresented in the company's decision-making processes, especially compared to members of the sales and product design functions, which were very powerful and influential, not least due to the company's strong belief in product design and innovation. The CFO introduced various changes to AQUARIUS, including the implementation of an integrated ERP system, SAP; the de-centralisation of the management accounting function; and the introduction of a new role for management accountants, that of the business partner. His activities will be subsequently explained in more detail.

Before the CFO joined AQUARIUS, every department was using an IT system of its own choice and had programmed solutions tailored to individual needs. This had led to a multitude of different interpretations of business reality. For example, various numbers for revenue existed and were applied at everyone's discretion. Management accountants' reports were contested by managers who had different figures retrieved from their own calculations and databases or interpreted equivalent data differently. Although this was accepted practice, it caused lengthy discussions and made any attempts to base decisions on agreed upon numbers dispensable.

“[...] [T]he weaknesses of the system that we had, the lack of discipline, along the line of: ‘the numbers from accounting are not important anyways, I have my own numbers, I don’t believe the ones from accounting anyways.’ [...] [B]ecause there were the different IT platforms that every procurement and sales man applied and used.”

(M.2.4)

By introducing SAP as AQUARIUS’ companywide and integrated ERP system, the CFO aimed at making the company’s problems and reality visible, especially the critical financial situation. During the implementation process, main business processes were altered in order to fit requirements and logics of SAP, which affected working procedures and practices of all organisational functions and hierarchies. In return, access to SAP was granted to almost every member of the organisation combined with the expectation to learn to use the system and make use of its databases and reports.

Today, numbers act as a measure for all activities at AQUARIUS, stating a calculable reality and based on a set of institutionalized rules of calculation. Figures retrieved from SAP are considered *agreed upon* reflections of reality, i.e. inscriptions, thus avoiding arguments about the ‘right’ method of calculation. These inscriptions make AQUARIUS’ reality actionable with (accounting) numbers acting as social resources for coordinating activities. AQUARIUS thereby follows the notion of financial pragmatism in that accounting and numbers are used to guide action. Furthermore, the newly implemented SAP system allows central functions in headquarters to stay in close contact with de-central and international operations and thus to reduce spacio-temporal distances. By means of SAP, more or less real time information, for example on subsidiaries’ sales volumes, costs and margins and productions sites’ performances, can be monitored from any location.

“That has helped us tremendously in controlling and managing the business, because suddenly we could reach through and could see [aspects of the business] and that relatively quickly. Before that we had to go there [i.e. to the local offices].” (M.1.2)

A further activity of the newly employed CFO was to de-centralise the management accounting function in conjunction with introducing the role of business partner. In an attempt to overcome the previously weak representation and low appreciation of management accountants and management accounting at AQUARIUS, management accountants from head quarters were seconded to units worldwide. The goal was for them to be considered part of the local management teams, alongside the respective heads of departments, country presidents or subsidiary managers and to instil cost consciousness and awareness for management accounting. One exemplary measure supporting this development was a strategic project, which was devised and led by management accountants. The result was a tool box of standardized methods to identify, analyse and implement growth potential which was applied throughout the organisations’ sales units. Management accountants acted as internal strategy consultants in coordinating the use of the tool box as well as the implementation of strategic initiatives. This was one of the activities that laid the foundation for management accountants’ increased business understanding and resulted in a far better standing and acceptance in the organisation. Today, management accountants have taken on a new role as business partners, being actively involved in business processes and taking on a cross-functional and market oriented view. They are central organisational actors, play a key role in the company’s strategy development and implementation and are heavily involved in decision-making. This new role for management accountants is set out to counter balance local sales managers and their previous strive for autonomy and to safeguard profitability. *“Well, the management accountant developed into a counterpart to marketing and sales.” (M.2.9)* The de-

centralisation of management accountants and their new role concept is understood as another means to enact spacio-temporal distances.

“[...] [D]ue to the size and scope of the company, due to the organisational structure of the group, by breaking up into 35 subsidiaries, it became indispensable to decentralize management accounting, it would not have worked any other way.”
(M.2.11)

Management accountants, especially those working in AQUARIUS' smaller subsidiaries, are expected to work with an all-rounder approach, i.e. their area of responsibility includes financial and management accounting, book keeping, and – depending on the size of the organisational unit – HR, sales support, IT and other functions. By becoming visible to and interacting with managers in daily business situations, management accountants are given the opportunity to extend their process, market and product knowledge. This increased business understanding allows management accountants to support and relieve managers regarding general business and strategic topics and to ultimately add value to the decision-making of local managers.

“At that time, we were doing tasks that are not necessarily core to management accountants. But we did them in order to open doors to other functions. You don't open those doors by just presenting smart graphs and having a know-it-all attitude, but by showing: I am one of you, I support you, I co-operate with you.” (M.3.1)

At the same time though, the increased business understanding can be seen as an interference with managers' decision-making and entrepreneurial freedom, i.e. managers' agency, in that management accountants can now critically challenge managers' ideas and working practices.

As a consequence of the increased interaction and quality of service that management accountants provide, managers, on the other hand, become more involved with management

accounting practices and the role concept of management accountants as business partners. Managers now have access to management accounting techniques and can utilize these to justify their decision-making, thus acting in accordance with the newly introduced cost and accounting consciousness, i.e. the language common to AQUARIUS and the organisation's *modi operandi*. This has the – for managers – positive effect that business units²⁰, be it sales representatives, subsidiaries or production sites, gain increased freedom and discretion in running their areas of responsibility. Managers therefore not only start to understand and value management accountants, their roles and practices, but accept them and seem to enjoy making use of them in their daily business routines. *“I have always enjoyed this (being responsible for profit and loss accounts and margin reports), because I relatively quickly realised that it helps me perform my job.” (M.2.4)*

In addition to this learning experience of existing managers, newly hired managers, especially of younger generations, have a good basic financial knowledge, i.e. financial and calculative literacy, which they have either acquired throughout their education and training or with previous employers.

“All sales directors have a commercial education; they can all read profit and loss accounts and balance sheets. I have studied accounting and book keeping and so on. I understand all that.” (M.2.3)

Managers appreciate numbers as a measure of organisational activity and a means to convince other organisational members of their ideas and suggestions. Managers now realize how numbers can, for example, be used to persuade headquarters to approve investment proposals (i.e. mobility); how the organisation finally applies an agreed upon set of numbers and

²⁰ Although the case describes the effects in de-central and international units, the same can be observed in central headquarter functions, e.g. sales, corporate communications, HR.

indicators (i.e. stability); and how numbers can be reassembled for different reports or angles of analysis (i.e. combinability). The three basic qualities of numbers as inscriptions, mobility, stability and combinability, have become apparent and accessible to managers. But, with this increased recognition and understanding for numbers as inscriptions and bases for action, managers gain access to the powers of inscription themselves and, as will be shown subsequently, are able to adapt their own practices and roles.

Managers performing management accounting practices themselves – the role of boundary objects

“I mean today, I don’t need a single report from the management accounting department, because the numbers that I need, those I can get from the systems that we have. Thus, there is no number I need, that I cannot get. And in 99 of 100 (percent of all) cases I don’t even need a management accountant, because we have simple to use systems [...].” (M.2.4)

Instead of commissioning management accountants to support decision-making, managers at AQUARIUS are willing and able to retrieve data from SAP themselves, i.e. perform management accounting practices. Various reasons can be found to explain this finding. Firstly, managers are very interested in management accounting and even seem to enjoy performing management accounting practices, which might be explained by their financial and calculative literacy, and they consider accounting knowledge a prerequisite for their managerial work:

“[...] I also have a very strong interest in controlling.” (M.2.13)

“I understand controlling very well, controlling is ok. We believe in controlling. I would normally do it myself, this controlling, [...].” (M.2.12)

“I just enjoy performing management accounting practices, and I am convinced that a good manager is either proficient in the field of management accounting or looks out for a very, very good management accountant.” (M.2.7)

This comment not only indicates how managers at AQUARIUS are prepared to perform management accounting practices themselves, but how they perceive an overlap in the tasks and roles of managers and management accountants.

“[...] that is a question of defining it, where controlling starts and where marketing, sales end and vice versa. I see a very, very strong interdependency and also an intensive interlocking.” (M.2.13)

While management accountants are accepted in their role as business partner or even as quasi managers thus acting as hybrids, managers show a strong accounting conscience. This indicates a hybridisation of managers, as one management accountant put it: *“Sales directors are Mini-Controllers” (MA.3.2)*. Secondly, managers might be discontent with the decision support received from management accountants. On the one hand, management accountants are found to be more involved with monitoring oriented tasks, for example due to compliance requirements. *“I get the impression that our management accounting is since then [the introduction of SOX audits] not as strong anymore on the process side.” (M.3.1)* On the other hand, interview partners mention areas that are not fully penetrated by management accountants, especially innovation and production controlling. *“Which costs, which structures are influence by this [product innovation]? But the controlling organization alone cannot supply this [expertise]. They are too far away from this.” (M.2.2)* As a consequence of their discontent, managers feel only limited support from management accountants in these areas and therefore resort to either making decisions based on their market understanding and experience or to performing management accounting practices themselves. Thirdly, managers

might consider management accountants in their new role as business partners too influential or critical as one management accountants pointed out:

“You will experience this, when you interview the regional managers and sales directors. Some of them have difficulties with the fact, that in some cases you [the management accountant] have better information available than them, and then they see us more like ... well, not as counterpart, but as the one that exerts too much influence on their development. I mean, I have noticed that over the last years already.” (MA.2.1)

This statement seems contradictory to the above mentioned quote by manager M.2.4 in which he states that he has all data available and only very rarely requires support from management accountants. The management accountant above might refer to the few cases in which their input is required and managers then realize that management accountants might have collated more useful information. Alternatively, management accountants might perceive their information processing capabilities superior to those of managers. Either way as MA.2.1 continues, there seems to be an issue with management accountants' involvement in the business:

„But we are supposed to develop into this function, that we exert influence as business partner, that the performance development, the process structure, the efficiency in the organization is further strengthened. And then of course the friction grows. Because really, he is responsible for this in his function as general manager, [...]” (MA.2.1)

These tensions might lead to a perceived competition between managers and management accountants regarding the quality and availability of information. Ultimately, it shows the involvement/dependence dilemma that management accountants find themselves in when developing into business partners. Having understood and recognized accounting numbers'

pervasive influence on organisational thinking managers are now able to quickly and independently collate financial and operational data stored in SAP to underpin their lines of argumentation. They have access to these numbers and the financial and calculative literacy to carry out management accounting practices without the support of management accountants or other organisational units.

“I mean, we have many, many functions that you could call management accounting function. Those are to some extent performed by product managers. But we always have a calculation of contribution margin on our desk, we always have target costing. We always know overall where we want to go.” (M.1.2)

Managers use analyses and reports, which would traditionally be prepared by management accountants or other commercial support functions, as means of communication with internal or external actors and groups of actors, e.g., head quarters or customers.

“And now, when we visit our customers, the wholesalers, we arrive there with lots of information regarding products, sales, and margins and so on. And yes, whereas in the past, I have to say, we have done business based on gut feeling it is being done much more rational today; and we know exactly where it tweaks and where it doesn't tweak, where the possibilities are and what the impossibilities are.” (M.2.10)

Management accounting is now regarded as an integral part of management. “[...] [T]hat management accounting is an integrative part of management and that it is a very important contribution to the company's success.” (M.3.2). This stands in contrast to previous times, when decisions were mainly based on gut feelings, long term experience and numbers retrieved and analysed at everyone's discretion, and when a much higher focus was put on matters of design and innovation than on the questions of cost and profitability. *“In the past,*

we ran the business more on a gut level, with more emotions. Today this is done much more rational.” (M.2.10)

One step further, the concept of management accounting itself, with its roles, practices, language, and beliefs, can be understood as a boundary object. Affiliation with management accounting, for example performing management accounting practices or previously having worked as management accountant, is positively viewed throughout AQUARIUS. *“My former boss [...], said, if you want to fulfil your potential, you have to have worked in management accounting.” (M.2.5)* This encourages managers to not only understand and accept management accounting as social, institutional and organisational practice, but to be able to perform these practices themselves and even incorporate the role of business partner into their managerial roles. Managers have gained access to the common language of management accounting information and are now in a position to apply AQUARIUS’ *mutual modi operandi* in form of management accounting practices and calculations. Years after the new CFO’s arrival at AQUARIUS, the organisation views management accounting as mandatory and a requirement to managers’ career development. Suggestions and decisions will not be considered unless underpinned by specific reports and analyses, based on management accounting information.

This reflects the notion of management accounting practices as visionary boundary objects, which provide a high level of legitimacy and authority. They resemble ‘buzz words’ and truisms, which no one can argue against, i.e. „[...] possessing a sacred quality that makes it difficult for a ‘rational’ person to be against” (Briers and Chua, 2001, p. 242). Therefore, having performed management accounting practices in making decisions and preparing strategic or investment proposals, like carrying out analyses based on management accounting information, authorizes and legitimizes managers’ decisions and yields credibility to managers’ ideas. Rather than commissioning management accountants, who have at the least

functional if not disciplinary ties to headquarters and are faced with an involvement/dependence dilemma, managers can now form centres of calculation and thus use inscriptions to influence intergroup politics. Managers have found a way to become passage points for influencing decision-making.

At the same time, the distinction between managers and management accountants diminishes, showing the hybridisation of managers who absorb the calculative part of the role of business partner in their own managerial role. With the business partner role being a specific and desirable set of expectations raised towards management accountants at AQUARIUS, it presents another visionary boundary object. Managers would clearly profit from the legitimacy and authority yielded by this part of the role concept. Management accountants might ultimately not be the only actors aspiring to act as business partners, but managers and other organisational actors are willing and able to enact this role concept, or at least the calculative part of it, as well. This way, managers may be able to avoid the critical control part of the business partner role, which would mean increased involvement by management accountants and consequently a confinement of their discretion and creativity. Furthermore, the business partner might prove to be only a temporary role for management accountants, especially as its enactment is dependent on managers' acceptance and support (Windeck et al., 2013).

This interpretation of management accounting providing legitimacy and authority, i.e. acting in general as boundary object and management accounting practices and the business partner specifically acting as visionary boundary objects, is strengthened by the fact that the changes brought to AQUARIUS were regarded a success story, both internally as well as outside AQUARIUS' company boundaries. The change initiatives have been accompanied by publications in journals and books and have been advertised as best practice and state of the art, paralleling the company's strive for innovation and design awards. Additionally, in 2007,

AQUARIUS was awarded a prize for introducing the innovative sales strategy by the professional association of management accountants in German speaking countries, ICV. By embracing the idea of management accounting and by performing management accounting practices, managers understand that they will find approval and accord with company procedures when preparing their decisions and persuading others of their ideas. *“I don’t know whether we have a controlling culture. [...] Well, cost consciousness is something that has developed on the one side.” (M.1.2)*

In summary, managers at AQUARIUS not only understand and accept management accounting as social, institutional and organisational practice, with numbers making reality visible and actionable, helping to convince others of something and enacting on spacio-temporal distances. Understanding management accounting practices as visionary boundary objects highlights how managers are granted a high level of legitimacy and how they can use numbers to order activities in the social settings of organisational decision-making. Ideas and recommendations, which might originally be based on a gut feeling or numbers derived from proprietary systems, are now substantiated with calculations based on management accounting practices and data and will therefore be lent credibility and ultimately attention by other managers, chief executives and employees. In line with the reproductive use of numbers, at AQUARIUS there exists a set of institutionalized rules of calculation, which managers make use of. By complying with AQUARIUS’ language and code of conduct managers can gain influence in decision-making and intergroup politics. Therefore, performing accounting practices not only grants managers with legitimacy with regards to AQUARIUS’ beliefs and values, but helps them shape organisational reality and thus influence decision-making.

III.4 Discussion

This paper set out to investigate managers' reasons for performing management accounting practices. The notions of boundary objects and social studies of finance were chosen as theoretical framework to sensitize case study material. The findings of this study differ to previous studies in that the hybridisation of managers is shown as a result of managers performing management accounting practices and incorporating the calculative part of the role of business partner in their managerial role whereas previous studies have been limited to analysing hybrid management accountants and their practices (Burns and Baldvinsdottir, 2005) or to concluding a hybridisation of operational managers and management accountants (Lambert and Sponem, 2012). Furthermore, on the one hand, the findings supplement the argument by Miller et al. (2008) regarding a hybridisation of accounting practices through interdisciplinarity, which eases collaboration across organisational boundaries. On the other hand though, this study draws a different conclusion in that it focuses on the point of view of managers. Managers absorb accounting practices and a selection of management accountants' roles into their own, which points to a development questioning the future roles for management accountants. This study's interpretation extends recent academic debate and previous studies' findings about the sustainability and desirability of the business partner as role concept for management accountants (Lambert and Sponem, 2012). This and other previous studies have reported on managers performing management accounting practices and even forecasting a convergence of managers' and management accountants' tasks (Jönsson, 1992; Pierce, 2001), the question as to why managers would do so has remained unanswered to date. Other than stating managers' increasing financial and calculative literacy as a prerequisite for this development (Burns, 2000; Scapens and Jazayeri, 2003), managers' motivation to invest valuable time and resources into performing additional practices has been left unidentified. Therefore, this study adds to this debate managers' motivation to perform

management accounting practices despite improved decision support by management accountants.

The answer to the question why managers themselves perform management accounting practices is presented in a two step approach. Firstly, through the introduction of SAP; the decentralisation of the management accounting function; and the incorporation of the new role as business partner, managers become increasingly involved with and knowledgeable about management accounting, its roles, practices and systems. Managers are found to appreciate management accounting as social, institutional and organisational practice in that it makes realities visible and actionable and lets them enact on and define spacio-temporal distances. Based on an increased financial and calculative literacy, managers appreciate the possibilities that accounting offers based on a financial pragmatism, i.e. numbers as bases of action. They furthermore understand numbers as inscription devices produced by centres of calculation, which become obligatory points of passage for organisational decision-making. The study thus makes an empirical contribution to the proposed correspondence between *social studies of finance* and *management accounting as social, institutional and organisational practice*.

Secondly managers themselves are found prepared to perform management accounting practices. Managers not only accept management accounting practices, but retrieve data and produce reports themselves in order to proactively mediate organisational actors' different perspectives. This study draws on the notion of boundary objects (Star and Griesemer, 1989; Briers and Chua, 2001) to theorize these findings, which leads to viewing management accounting practices as visionary boundary objects, lending managers a high degree of legitimacy. By performing management accounting practices, managers apply AQUARIUS' common language and *modi operandi*, which helps them shape organisational realities and ultimately influence decision-making. Furthermore, the study argues that the calculative part of the role of business partner seems to be incorporated into managers' role concept, aided by

the above mentioned increased calculative and financial literacy of managers and advances in IT systems. The business partner, being the desired role model for management accountants at AQUARIUS, acts as a further visionary boundary object. Managers, who take on parts of this role, here the calculative part, find that it supports decision-making and that it eases exercising their autonomy and power especially as they seem to be able to avoid the critical control part of the business partner role. They prefer to perform respective practices themselves rather than commissioning management accountants who are facing an involvement/dependence dilemma. In so far, this study reinforces the ongoing academic and professional debate about the desirability of the business partner role and future areas of activities for management accountants.

This is believed to be the first study investigating managers' motivation to perform management accounting practices. It confirms earlier findings of increased financial and calculative literacy on the part of managers and improved IT systems and de-centralized accounting organisations as prerequisites for this development. By highlighting managers' increased involvement and understanding for management accounting as a means to making reality visible and actionable, the findings support the proposed link between *social studies of finance* and the notion of *accounting as social, institutional and organisational practice*. It furthermore sheds light on managers' motivation for investing valuable resources into seemingly reversing a previously agreed upon separation of duties, especially taking into consideration recent changes in management accountants' roles. Despite being offered increased value added by management accountants in their new roles as business partners, managers resort to performing management accounting practices themselves in order to apply the organisation's common language and *modi operandi* that participate in the construction of social reality. The study therefore lends support to the recent debate about the sustainability and desirability of the role concept of business partner (Lambert and Sponem, 2012), and contributes to this debate by identifying potential consequences for the

involvement/dependence dilemma. As managers seem to absorb the calculative part and avoid the critical control part of the business partner role, this study shows how *management practices* and *management accounting practices* seem to assimilate and how therefore the role of business partner might become redundant. Finally, it shows how a hybridisation of managers and their practices is taking place as managers incorporate the role of business partner, affecting management accountants' prospects and future developments.

Apart from these insights, the study involves some limitations. First, the past events of the observed period of time have been narrated by interview partners based on their memories, which can result in biases. Second, although the study assesses the performing of management accounting practices by managers in a case company operating on a world wide scale and interview partners cover nine countries, the findings could be limited to the German national context. As the above case findings result from interviews over a three months period, they might only present a current date snap shot and managers' attitude towards management accounting practices might be of temporary nature. The current economic climate might be the reason for increased financial awareness and activities by managers. Future research would need to critically challenge this study's findings regarding its lasting effects. In general, more studies are welcome to highlight managers' reasons to performing management accounting practices and to understand how this may influence management accounting practices. In line with this, answers to the question of a potential convergence of management accounting and management practices would be of interest, equally so the question whether and under what circumstances managers could potentially take over management accountants' task and roles, leaving the latter with the need to find new areas of responsibilities. Lastly, knowledge on the emergence of boundary objects, whether intentional or inadvertently would provide further insight into the study of change.

IV. Social Capital of Critical Counterparts

This chapter represents Research Article C:

Social Capital of Critical Counterparts

This research article was presented at the 5th Conference on Applications of Social Network Analysis, ASNA 2008 in Zurich, Switzerland.

IV.1 Introduction

The traditional role of management accountants is to provide information, to plan and to control. These are considered management support functions (Müller, 1974; Küpper et al., 1990; Reichmann, 2006; Horváth, 2006). Additionally, and combining these traditional roles, controlling has a further responsibility in acting as a business partner and critical counterpart in order to safeguard rationality (Weber and Schäffer, 2006). Recent studies confirm that controllers, exercising the role of critical counterpart, positively influence company performance (Spillecke, 2006; Weber et al., 2006). Management accountants claim to achieve this by challenging underlying input and processes of commercial decision-making.

Specific requirements for management accountants to fulfil this role have been analysed and the list of requirements is long and partially contradicting. Nevertheless, past research has focused and thus limited itself on human capital and personal characteristics as sources of proficiencies required to fulfil this role (Siegel et al., 1997; Weber and Schäffer, 1999; Herzog, 1999; Becker, 2005; Weber, 2008). This limitation may result in alternative occupants for the role of critical counterpart left unidentified and thus suggests unsatisfactory academic and professional body of knowledge regarding this role.

Social capital as a set of requirements, although identified by practitioners and researchers, has been scarcely investigated in management accounting research.²¹ Critical counterparts are required to possess a thorough understanding of the underlying business, persuasiveness and organizational power as well as an independent and neutral standing. These requirements are elements of the social capital and they are formed by the counterparts' resources embedded in their social network. According to Social Capital Theory, these resources effectively translate

²¹ Social Network Analysis (SNA) has been selectively applied for adding insights into management accounting in its organizational context. Prior work includes Chapman (1998) and Masquefa (2008).

to social capital by carrying information, influence, social credential and reinforcement (Lin, 1999).²²

This paper follows a conceptual-analytical approach, aimed at developing a concept of the social capital of critical counterparts. The paper firstly reviews the requirements for the role of critical counterpart and identifies social capital as one of the required sets of skills. Subsequently, a concept for social capital of critical counterparts is proposed. SNA represents the framework for describing the social patterns used to derive the proposed concept. Finally, types of networks and the counterparts' position in those networks are outlined. The paper concludes by discussing the findings and indicating further research.

IV.2 Management Accountants as Critical Counterparts

Management accountants are associated with the role of economic conscience and the gatekeeper of profitability (Weber and Schäffer, 2001; Weber et al., 2006). They play the role of 'devil's advocate' counter-arguing ideas, strategies and commercial decisions bearing in mind the pursuit of company goals (Kerzner, 1995).²³ Their identity as business partners allows them to act across hierarchical levels (Siegel et al., 2003a).

Safeguarding rationality means assuring that company goals are achieved effectively and efficiently, keeping aside emotive thinking and opportunistic behaviour (Weber and Schäffer, 2006). It does not necessarily have to be actively exercised, as there might be cases when the pure anticipation of a critical question is sufficient to safeguard rationality (Thieme, 1995). This can be understood as passive (or impersonal and informal) rationality assurance and

²² Lin (1999) identifies four dimensions to explain why resources embedded in social networks enhance the outcome of actions

²³ The role of 'devil's advocate' can have two connotations. One awards the role inhabitant a positive effect on the decision-making process, e.g. the use of the function of the promoter fidei in the Catholic Church under Pope Sixtus V. The other views the role inhabitant as discouraging and disrupting team processes (Kerzner, 1995).

includes the existence of decision-making procedures, such as check lists or IT systems (Modell, 1996).

Ideally, the entire management team should safeguard rationality in a joint effort (Weber and Schäffer, 2006). However, due to line responsibilities, managements' focus on overall company goals diminishes and instead, an emphasis on individual and departmental targets, in order to reach personal professional goals, i.e. opportunistic behaviour, may put rationality at risk. Management accounts have evolved into the role of critical counterparts and have made the attainment of company goals their ultimate focus (Weber and Schäffer, 2001). "Making quality information and analysis available is no assurance that it will be brought to bear when decisions are made. Staff executives such as the controller must become actively involved in the business decision-making process – by recommending courses of action and by challenging the plans and actions of operating executives – to ensure that specialist knowledge and expertise get proper consideration when business decisions and actions are taken." (Sathe, 1982, p. XV)

IV.3 Requirements for the Role of Critical Counterpart

After having introduced the role of critical counterpart as a way to safeguard rationality, requirements for this role are identified. Management accountants are associated with the role of critical counterparts (Sandig, 1933; Anthony, 1965; Weber and Schäffer, 2006) and prior research offers two sets of requirements for assuring rationality.

One set of requirements includes personal qualities or characteristics. Controllers are described as inquisitive, committed and energetic persons who have an influential position and get involved in decision-making in a persuasive and assertive manner. In addition to this influential image, controllers are said to have an independent and neutral standing benefiting

from their reliable, objective and co-operative behaviour (Asser, 1974; Sathe, 1983; Becker, 2005; Weber et al., 2006; Weber, 2008).

In addition to these specific personal characteristics, controllers require a second set of requirements associated with human capital, which describes the stock of productive skills an individual has acquired. These skills are fungible, for example in the form of certificates or reference letters. They are also interchangeable, meaning that other individuals may also dispose of them (Becker, 1975). Human capital skills consist of technical skills; methodical knowledge; understanding of the underlying business; and social skills, also referred to as soft or people skills. Among the technical skills are cost accounting, budgeting knowledge and mastery of accounting specific IT systems. Secondly, methodical skills, such as an understanding of procedures and methods for business transactions such as invest proposals, are required. Thirdly, a sound understanding of the underlying business coupled with a holistic approach to problem solving is required for good business judgment abilities. Fourthly, social skills, such as leadership and communication skills, allow the controller to build relationships with both divisional management and top management and to develop persuasiveness and power in order to critically challenge decision-making (Sathe, 1983; Buchner and Mayer, 2000; Siegel et al., 2003a; Weber et al., 2006; Weber, 2008).

These two sets of requirements, personal characteristics and human capital, show the broad skill set demanded of controllers. Consequently, it has been questioned whether controllers are fulfilling the role of critical counterpart, as “[...] the behaviours and skills required are to some extent counterintuitive and are not typically addressed in the education and training of controllers” (Sathe, 1983, p. 40). Doubt arises regarding the apparent contradiction of strong involvement and an influential position on the one hand and an independent and neutral standing on the other (Weber, 2008). This leads prior research to question whether controllers can effectively wear two hats, “[...] one requiring a degree of involvement with affiliated

management and the other a degree of independence from the same” (Sathe, 1983, p. 33). Further critiques state that controllers have a too narrow financial and business background, missing operational experience and lacking strategic and entrepreneurial competence (Siegel et al., 2003a; Weber and Schäffer, 2006; Masquefa, 2008).

Despite these doubts and apprehensions particularly regarding the required understanding of underlying business, persuasiveness and power as well as independent and neutral standing, controllers exist that seem to overcome this apparent dilemma (Sathe, 1983; Innes and Mitchell, 1990). This indicates that a further set of requirements is demanded from controllers, which cannot directly be attributed to human capital or personal qualities. It involves controllers’ status and standing in their work-related personal networks (Masquefa, 2008). Critical counterparts need to be acknowledged as experts in order to influence decision-making. This perceived or social power is a feature of interpersonal skills (Asser, 1974; Langenbach, 2001; Siegel et al., 2003b; Weber, 2008). It relates to the social capital of critical counterparts (Coleman, 1988) and is identified as a third set of requirements.

IV.4 Theoretical Approach

Social relationships are relevant for acquiring information (Granovetter, 1973), learning how to accomplish assigned tasks (Lave and Wenger, 1991), and collectively solving cognitively complex tasks (Weick and Roberts, 1993; Moreland et al., 1996; Hollingshead, 1998). Some individuals are successful not purely because of their human skills, but because they know the right people and are able to find and apply relevant information efficiently. They capitalize on their specific location and position – their embeddedness – in a social structure (Zukin and DiMaggio, 1990; Uzzi, 1996). “Social capital exists where people have an advantage because of the location in social structure.” (Burt, 2004, p. 351)

The notion of capital can be traced to Marx (1933). In his conceptualisation, capital is part of the surplus value captured by capitalists, who control certain means, e.g., labour or material, in the production and consumption process (Lin, 1999). Human capital theory conceives capital as investment, e.g., education, with certain expected returns, e.g., salary (Lin, 1999). Individuals invest into qualifications and negotiate a payment in return. The qualifications include certified education, capabilities acquired in trainings as well as prior work experience. They represent the individuals' human capital and open doors for entering into and succeeding in professional positions.

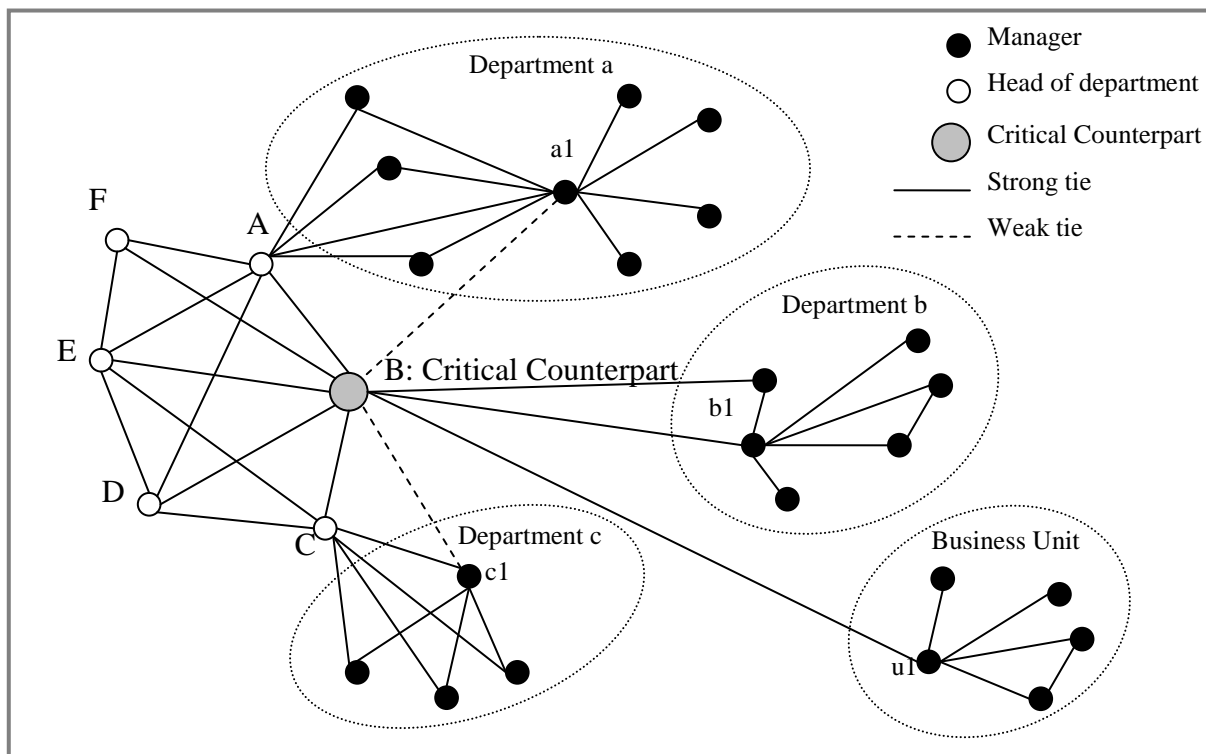
Social factors act as amplifiers of those qualifications (Scheidegger, 2008). Accordingly, social capital describes access to and use of resources embedded in an individual's social network (Lin, 1982, 1999; Bourdieu, 1983; Flap, 2003). This social network is a "[...] specific set of linkages among a defined set of persons, with the additional property that the characteristics of these linkages as a whole are used to interpret the social behaviour of the persons involved" (Mitchell, 1969, p. 2). The actors are allegorized as knots in the network and relations between actors are called ties or links. SNA is a theoretical framework and a set of tools to identify and measure social capital. Rather than looking at attributes of individuals it focuses on the relationships between them and describes properties of social structures. Opinions regarding which network structures promote social capital diverge. One school of thought assumes that bridging ties between structural holes benefits individuals pursuing their goals (Burt, 1992). Brokerage across structural holes is therefore the source of value added. "With regard to information, structural holes are gaps between non-redundant contacts, and such contacts offer information that is more additive than overlapping." (Burt, 1992, p. 48) A network with structural holes shows a low cohesion and little overlap of relations. Cohesion measures the strength of a relationship between two actors; for example between friends cohesion would be high (Burt, 1992).

Another school of thought highlights the significance of network closure. This concept assumes that a tight and cohesive network represents different advantages to loosely linked connections as it promotes trust, solidarity and support for members. “[...] [W]ithout a high degree of trustworthiness among the members of the group, the institution could not exist [...]” (Coleman, 1988, p. 104). Group specific norms are established and their non-adherence can be sanctioned (Gouldner, 1960; Coleman, 1988; Ahuja, 2000; Sparrowe et al., 2001), which makes it less risky for actors in networks to trust one another.

A contingent approach, combining both views, can yield meaningful results. “Brokerage across structural holes is the source of value added, but closure can be critical to realizing the value buried in structural holes.” (Burt, 2000, p. 1) Therefore, this paper suggests that the social capital of critical counterparts results from a combination of weak ties in certain types of networks and cohesive network structures in other types of networks, due to the requirements for the role of critical counterpart identified above.

Figure IV-1 shows an exemplified professional network consisting of a management team (actors A to F), of which A, B and C are heads of departments a, b and c respectively. In the far right corner a further business unit headed by u1 is added to the network, which is connected to the management team via actor B. In addition, it is assumed that actor B acts as critical counterpart. Strong ties between actors are shown as solid lines, weak ties as dotted lines. A strong tie could be exemplified by the frequency of contact, the emotional proximity and the long-term nature of the relationship (Burt, 1999; Granovetter, 1973).

Figure IV-1: Example of professional network



As shown in Figure IV-1, actor B has an advantageous position, which could represent social capital required to act as critical counterpart. Firstly, B is embedded in a cluster of strong ties, the management team, to two members of his²⁴ own team and to u1, the head of a different business unit. According to the ‘cohesive-network-theory of social capital’, this provides him with support and trust. Secondly, B is connected to actor a1 and c1 through weak ties. B’s position in the exemplified network is advantageous for his information and control benefits. According to the ‘structural-hole-theory of social capital’ actor B can select and synthesize information, providing him with information benefits. This advantage is extended by the fact that B is the only member of the management team who has connections into departments

²⁴ The male version of personal pronouns is chosen for simplification.

other than his own and to the business unit.²⁵ This position allows B to broker contacts leading to control benefits (Burt, 1992).

IV.5 Conceptual Model of Social Capital of Critical Counterparts

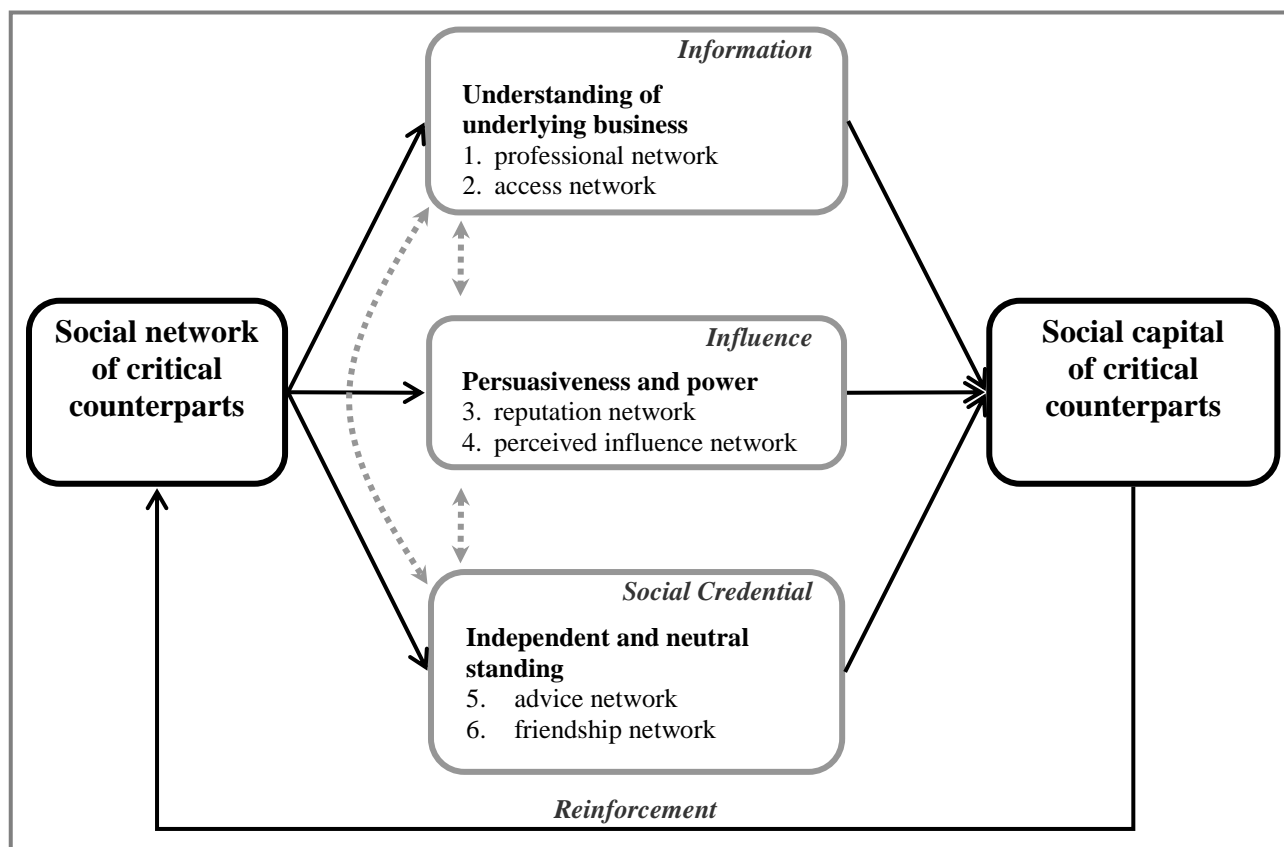
Four dimensions – information, influence, social credential and reinforcement – explain why resources embedded in social networks enhance the outcome of actions and translate into social capital (Lin, 1999). The first three dimensions form the basis of the proposed concept of critical counterparts. Two types of networks each explain these first three dimensions. Reinforcement, the fourth dimension, is depicted by the feedback cycle inherent to social capital.

The above mentioned requirements for controllers originating from social capital can be summarized as understanding of underlying business; persuasiveness and power; as well as acceptance and standing (Langenbach, 2001). These three requirements are linked to the dimensions information, influence and social credential of effective social relationships. For each set of requirements this paper identifies types of networks to portray the desired position of a critical counterpart in his social network.

²⁵ It is assumed here that actor B cannot maintain strong ties to actor a1 or b1 due to limited time resources and a potential conflict of reporting lines.

Figure IV-2 shows the proposed concept of social capital of critical counterparts.

Figure IV-2: Concept of social capital of critical counterparts



1. Information: Understanding of underlying business

In addition to human capital which helps understand the underlying business, critical counterparts require a strong and dense *information network* (Siegel et al., 2003b; Weber, 2008).²⁶ These social ties represent information advantages by providing useful information which is not accessible to others. As discussed above, providing information is one of the three levels on which management accountants exercise their role of safeguarding rationality. This includes a deep understanding of interdependencies on different departmental, functional and hierarchical levels and a broad financial background. Controllers with close relations with business unit managers are believed to experience less resistance when introducing new management accounting practices (Emsley, 2005).

²⁶ Weber (2008), notes on the required information network: “Management accounting practitioners acknowledge the necessity of a strong personal network across the company in order to be informed about current developments, a prerequisite for asking crucial questions.” (Weber, 2008, p. 125)

Social networks are crucial for obtaining information: “When we think of where people turn to for information or knowledge we think of databases, the Web, intranets, repositories such as file cabinets or policy and procedure manuals. However, a significant component of a person’s information environment consists of relationships he or she can tap for various information needs.” (Cross et al., 2001, p. 100) This idea has been supported by empirical work, showing that ‘people’ are more often mentioned as sources of important information than PC archives, the internet or knowledge-bases (Cross et al, 2001). People tend to choose impersonal sources, such as files or procedure manuals, based on accessibility but tap into personal sources, e.g., co-workers, when taking into account source quality (Borgatti and Cross, 2003).

Following the ‘structural-hole-theory of social capital’ this suggests that critical counterparts’ *professional networks* span structural holes as shown in Figure IV-1. Actors far apart from each other get connected in order for information, also in the form of diverse view points, to flow through channels which do not exist in the formal organisation. An indicator for structural holes is network constraint. It measures to which extent a person’s contacts are redundant and overlapping (Burt, 1992). This leads to suggesting the first hypothesis:

Hypothesis 1: The critical counterparts’ professional networks are rich in structural holes, represented by low network constraint.

A strong *access network* ensures effective information sharing and problem solving in a sufficiently timely fashion. Relevant information needs to be available to critical counterparts at the right time. Just knowing that other actors have relevant information or knowledge does not guarantee that they will share it with critical counterparts. This suggests the necessity of short distances, which are represented by a high closeness centrality, to other actors. Critical counterparts would therefore not need to rely on other actors to pass on information (Wassermann and Faust, 1994), which represents the second hypothesis:

Hypothesis 2: Critical counterparts can easily access their network, represented by a high closeness centrality of his professional network.

2. Influence: Persuasiveness and power

“Forget sympathy. We strive for respect.” (Weber, 2008, p. 117) Critical counterparts require a reputation for adding value to the company (Weber and Schäffer, 2006). The critical counterparts’ constant questioning and challenging should be appreciated; their critical thought should be solicited (Siegel et al., 2003a).

SNA illustrates appreciation by measuring rank prestige. Actors are prestigious, if they are visible to other actors in the network and draw choices of other actors onto themselves. The choices are incoming lines in the network, called the in-degree. By asking actors who they go to for a critical discussion and challenging of ideas and plans, critical counterparts draw most choices on them. In social network terms this frequent choice is represented by a high in-degree. Taking into account the prestige of the actors who choose the critical counterparts allows for calculating rank prestige (Wassermann and Faust, 1994). This follows the ‘cohesive-network-theory of social capital’ and leads to proposing hypothesis 3:

Hypothesis 3: The role of critical counterparts is acknowledged in the reputation network represented by a high rank prestige.

Additionally, critical counterparts’ challenging questions and comments need to be persuasive. If actors were asked who they perceive as influential on the decision-making process and whose comments carry weight and are heard, critical counterparts should draw most choices on themselves, measured by a high in-degree, and they should hold powerful positions, measured by prestige. This leads to suggesting hypothesis 4:

Hypothesis 4: Critical counterparts hold influential positions, represented by a high degree prestige in the perceived influence network.

Critical counterparts' persuasiveness and power are strengthened by the strategic location of their social relations, for example in bridging structural holes (Lin, 1999; Burt, 2004).²⁷ This may lead to the above mentioned cases when the pure anticipation of a critical question is sufficient to safeguard rationality. Additionally, critical counterparts have a control benefit originating from their access network. If critical counterparts lied on the shortest information paths between two actors, they would have control over the information paths and could influence the flow of information. This powerful position can be shown by measuring betweenness centrality (Wassermann and Faust, 1994).

3. Social credential: independent and neutral standing

Critical counterparts need to feel comfortable with being wrong, since, ideally, their worries are unfounded. They need to enjoy playing the role of devil's advocate and possess the required resoluteness and backbone. Especially when confronted with opportunistic behaviour, critical counterparts need to have an independent standing and the integrity to limit the risk of irrational decision-making (Weber and Schäffer, 2001). While searching their network for information, actors ask related persons for support and advice, like interpreting the information provided to them. Actors who draw upon others for help have an obligation towards these others, as those expect future paybacks or benefits (Gouldner, 1960; Blau, 2005). These obligations are represented as costs and decrease these actors' independence. "How much cost or debt is incurred varies from contact to contact and depends on factors like relative status [i.e. how valuable is the contact's time] and attitude [i.e. whether the contact welcomes the interaction or whether he demands 'payment' in return]." (Borgatti and Cross, 2003, p. 435) The critical counterparts' understanding of underlying business gives them a

²⁷ Lin (1999) defines structural holes as follows: "Central network positions are associated with power" (Lin, 1999, p. 30). Burt (2004) found the following positions characteristic for structural holes: "Managers whose networks spanned structural holes were found likely to express and discuss their ideas, likely to have their ideas engaged by senior management and likely to have their ideas perceived as valuable." (Burt, 2004, p. 385)

profound knowledge base, supported by their advantageous positions in the professional and the access network. In order to maintain an independent standing, critical counterparts need to minimize advice seeking. This is shown by few connections to other actors in the advice network and measured with a low out-degree, as proposed in hypothesis 5.²⁸

Hypothesis 5: Critical counterparts do not rely on other actors' advice. This is represented by a low out-degree centrality in the advice network.

In the case of management accountants acting as critical counterparts, the organisational setup – remote and detached from the functional line organisation – is considered proof of independence and neutrality (Weber and Schäffer, 2006). “Our independence as corporate controllers is underlined by our department being assigned to one board member, and reporting to the CFO.” (Weber, 2008, p. 116) In addition, critical counterparts seem to have a very sparse *friendship network* – at least among colleagues – and are described as isolates (Masquefa, 2008). “Management means, losing your last friend. But as controller you don't have a friend you can lose.” (Weber, 2008, p. 89) Therefore, critical counterparts would not choose many other actors as friends and their out-degree in the friendship network would be low. Additionally, they are not chosen as friends by many other actors resulting in a low in-degree. In contrast to critical counterparts' central position in the information network, their peripheral position in the friendship network allows them to maintain an independent and neutral standing, as suggested in hypothesis 6:

Hypothesis 6: Critical counterparts are located in remote and isolate positions in the friendship network represented by a low in-degree centrality and a low out-degree centrality.

²⁸ This shows the ambitious requirements for critical counterparts, which – in addition to social capital requirements – derive from human capital factors such as technical skills and past experience

Another precondition of independence is the understanding of underlying business (Weber, 2008). This resource can be drawn from the information network as shown by the dotted line in Figure IV-1. Critical counterparts resume structural autonomy by spanning structural holes as stated in hypotheses 1 and 2 (Burt, 1992). The critical counterpart's weak ties to actor a1 and actor c1, as exemplified in Figure IV-1, allow for an independent opinion. Since other members of the management team are not connected to a1 or c1, their networks are less diversified. This results in an advantageous, autonomous position for critical counterpart.

4. Reinforcement feeding back into the social network

Reinforcement represents a feedback loop. By accessing and mobilizing his network critical counterparts capitalize on the returns of their existing social capital. Critical counterparts register the quality of support and the accessibility of the resources they are receiving from their networks. The level of quality and accessibility of their connections then affect the probability of repetitively seeking out their network (Borgatti and Cross, 2003). This information is fed back into the network, adds to the stock of social capital and results in higher returns for future enquiries.

IV.6 Discussion

The thoughts discussed above lead to proposing a concept of social capital of critical counterparts. The concept is based on the understanding of underlying business, persuasiveness and power as well as an independent and neutral standing. The paper presents an approach to identify actors who can perform the role of critical counterparts by means of their position in different types of networks. The dimensions information, influence, social credential and reinforcement carried by social ties enable resources embedded in their social networks to translate into the required social capital.

Further research should verify the concept developed in this paper. Case study analyses applying SNA could identify the required networks and positions as well as explore the concept of social capital developed in this paper. Ideally, empirical studies will verify the findings and allow the use of the measurement model to identify who could fulfil the role of critical counterparts.

V. Summary

V.1 Concluding Remarks

The aim of this dissertation project is to highlight managers' perspectives on management accounting, especially management accounting practices and the role of business partner. A single case study was carried out at the case firm AQUARIUS in a qualitative research approach in order to investigate three distinct research objectives. In addition, a conceptual model of management accountants' social capital addressing the involvement/dependence dilemma in enacting their role was developed. The findings for each research objective are summarized in this section.

Research Objective 1: What are managers' reactions towards and interests in the introduction of the business partner?

Case study material indicates that managers are highly supportive of management accountants' new role as business partners. The study suggests viewing the business partner as visionary boundary object, which reflects AQUARIUS' beliefs and values and can therefore be integrated in the existing organisational network. Managers' are given a mediating device in the shape of the business partner, which allows them to bridge diverse interests of actors throughout the organisation. They are therefore able to support this role concept and are even seen as a driving force in further diffusing it.

This study is believed to be the first one to focus on managers' views on the introduction of the business partner. The findings are in support of extant research indicating managers' support and influence on management accountants' roles and practices (Chenhall and Langfield-Smith, 1998; Byrne and Pierce, 2007). The study extends existing academic understanding of managers' resistance towards management accountants' interaction,

interference and involvement (Johnston et al., 2002; Byrne and Pierce, 2007). Contrary to previous studies' findings regarding the adaption of the initial idea of the role concept in order to gain acceptance (Alcouffe et al., 2008; Emsley, 2008), this study suggests that despite a pronounced communication and debate culture at the case firm, the business partner was accepted and established without being shaped to individual actors' needs.

Research Objective 2: Why are managers performing management accounting practices?

In addition to findings regarding the first research objective, showing managers strongly supporting management accountants' new role concept as business partners, this study is one of the first to investigate why managers were furthermore found performing management accounting practices. This seems surprising as the same managers positively assess management accountants' services as business partners, adding value to managerial decision-making based on a sound understanding of business processes. In a two step approach this study offers an explanation to this observation. Firstly, through the introduction of a cost and accounting conscience at AQUARIUS, managers have developed a financial and calculative literacy that allows them to understand numbers as bases for action and inscription devices. As such, managers recognize the role of numbers as obligatory points of passage, which will facilitate organisational decision-making. Secondly and consequently, managers harness the understanding of management accounting as social, institutional and organisational practice by performing practices themselves, especially the calculative ones, in an effort to legitimize their ideas and decisions. This study therefore understands management accounting as a boundary object with management accounting practices and the calculative part of the role of business partner acting as visionary boundary objects. Managers exploit management accounting, its practices and roles, as truisms, and apply them as AQUARIUS' common language and mutual *modi operandi*. This provides managers with organisational influence and autonomy, which other members of the organisation have difficulties arguing against.

This way, managers seem to be able to avoid the critical control part of management accounting practices and roles.

The findings extend the recent debate whether the role of business partner for management accountants is sustainable or even desirable (Lambert and Sponem, 2012) by addressing this debate from managers' points of view. The study adds to recent studies one potential consequence of the involvement/dependence dilemma by proposing a convergence of managers' and management accountants' tasks. The previously discussed hybridisation of management accountants and their practices (Burns and Baldvinsdottir, 2005; Miller et al., 2008) is enhanced by this study's findings in that they present empirical evidence for a hybridisation of managers, who perform management accounting practices and absorb the calculative part of the role of business partner into their own managerial role concept.

Research Objective 3: How can the social capital of critical counterparts be conceptualized?

The concept of social capital of critical counterparts and the theoretical framework of SNA proposed in this study can be seen as helping management accountants find future avenues against the backdrop of recent debate regarding the sustainability and desirability of their role of business partners. The proposed position of critical counterparts in the organisational network addresses the issues of management accountants' claim for involvement in business processes and decision-making while at the same time maintaining independence from key actors and their viewpoints.

The study therefore complements research concerned with the question whether management accountants are able to effectively wear these two hats (Sathe, 1983). Whilst extant research on management accountants' skills and proficiencies, or their lack of those, is limited on analysing human capital and personal characteristics (Siegel et al., 1997, 2003a; Weber and

Schäffer, 1999; Herzog, 1999; Becker, 2005; Weber and Schäffer, 2006; Weber, 2008; Masquefa, 2008), this study is among the few to take social capital resources into account.

V.2 Theoretical Contributions

This dissertation is believed to enhance the existing academic body of literature with the following theoretical contributions.

Motivated by the research gap apparent in extant research this study explores managers' views on introducing the role of business partner for management accountants. With managers having been identified as one source of influence on management accounting, being in a position to either support or resist management accounting change, it seems mandatory to investigate managers' views. Therefore, a single case study is carried out to highlight managers' interests in and reactions to the new role concept (Chapter II). Empirical evidence further displays managers performing management accounting practices themselves, which indeed has been pointed out in previous studies (Chapter III). Nevertheless, managers' motivation to invest valuable time into these practices while at the same time having been offered improved services from management accountants, has been largely left unconcealed. This study therefore contributes to the academic body of knowledge, as the first of its kind, by comprehensively analysing managers' points of view on management accounting, especially its practices and roles.

Furthermore, this study's choice of the theoretical framework of ANT in order to reflect on managers' reactions to and interests in the newly introduced role of business partner, accounts for the ambiguity, uncertainty and dispute inherent in management accounting change caused by power struggles and multiple interests surrounding innovations. With the business partner proclaiming increased involvement in managerial decision-making, a reaction by managers towards the introduction of such a role concept must be expected. Whilst previous studies

applying ANT would have argued for the initial innovation being adapted to interests of involved actors in order to ease acceptance, this study finds the idea of the business partner to be supported without the anticipated adaptation (Chapter II). These findings are interpreted by viewing the business partner as visionary boundary object, which offers managers a means to influence decision-making and intergroup politics. The business partner acts as a device bridging managers' and management accountants' worlds. The study therefore offers an explanation for managers' positive attitude towards the new role concept and their support in diffusing it throughout the organisation.

Additionally, this study views management accounting practices as boundary objects in unprecedentedly explaining why managers would perform these practices themselves whilst embracing management accountants enacting the proactive and involved role of business partner (Chapter III). As such, the study exposes the involvement/dependence dilemma faced by management accountants in trying to increase their involvement as business partners whilst maintaining their independence, for example by being assigned the rather inspecting role of compliance reporting. Managers are shown to relinquish management accountants' services in favour of performing calculative practices themselves. By pointing out how managers seem to avoid the control oriented and highly involved part of the business partner role, this study shows how the business partner role could become redundant.

Case study material of this dissertation offers empirical evidence on the connection between *social studies of finance* and management accounting as *social, institutional and organisational practice* as proposed by previous studies (e.g., Vollmer, 2007) (Chapter III). The introduction of a cost and accounting focus at AQUARIUS supports managers in developing and extending their financial and calculative literacy, realizing how numbers can make reality visible and actionable. This observation lends further support to suggesting a

hybridisation of managers and the convergence of management and management accounting practices and roles.

The issue of an involvement/dependence dilemma faced by management accountants, as it has been raised in previous, recent studies, calls for an in-depth and differentiated examination. It seems contradictory that on the one hand, managers appreciate the additional value offered by management accountants (Chapter III), which comes at the expense of increased involvement of management accountants into managers' areas of responsibility. On the other hand the resulting proximity, and potentially diminishing independence, seems to deter managers from commissioning management accountants' services. Apart from the need to further explore the medium and long term development of this issue, this dissertation is the first to show possible consequences of the dilemma, namely a hybridisation of practices as well as the redundancy and unsustainability of role concepts. The findings thus raise awareness in researching changes to management accountants' role concepts, especially that of the business partner.

Lastly, this dissertation is one of the few studies applying SNA as a powerful and suitable research programme in order to analyse organisational actors' positions in organisations' relational networks (Chapter IV). Especially in a case firm like AQUARIUS, with a strong focus on discussions and informal communication, the social capital embedded in relations to other human and non-human actors is worth considering when studying management accounting change. This research programme is presented as suitable for analyzing management accountants' concomitant claim for independence and involvement.

V.3 Managerial Implications

In addition to its theoretical contributions, this dissertation suggests the following managerial implications.

This study points out that the introduction of management accounting change, such as the role concept of business partner for management accountants might not be as straight forward as it might seem, if the potential resistance of managers is left unattended (Chapter II). The effects of changes to management accounting, its roles, practices or organisational setup may be reaching beyond functional boundaries, and a reciprocal effect in the form of reactions from indirectly affected actors, such as managers, should be considered and anticipated. Managers are found in a position to influence and shape the future development of management accounting, especially as they are considered the primary recipients of management accounting services.

By showing how managers are prepared to perform management accounting practices themselves, the study raises concerns and calls for considerable thought regarding future avenues and areas of activities for management accountants (Chapter III). Furthermore, organisations might want to consider how to deal with differing recommendations resulting from managers and management accountants conducting analyses in parallel. In light of multiple realities these calculations might present fact building truths that organisational actors would need to consider in their decision-making.

Conversely though, this study presents managers with a means to put their stance on organisational decision-making by performing management accounting practices themselves (Chapter III). Interpreting management accounting as boundary object suggests that managers can utilize these mediating devices in bridging varying interests throughout the organisation and refer to their organisations' common language and *modi operandi*. This could render

management accountants' roles and practices redundant as well as threaten their areas of activities and involvement in decision-making.

Finally, the proposed concept of social capital of critical counterparts offers practitioners a means of investigating the position of respective actors in the organisational network. In an attempt to balance the seemingly contradicting requirements for strong involvement and thorough business understanding with that of an independent standing, management accountants or other actors assigned with this role can reflect on their own position and the social capital drawn from it (Chapter IV).

V.4 Limitations and Further Research

This dissertation project contains the following limitations, some of which present areas for further research as outlined below. Firstly, due to the fact that this study is based on a single case study, findings may not be representative and generalizable for other contexts. Nevertheless, as the research objectives of this dissertation are of qualitative nature, interpretations of case study material yield in-depth knowledge into a previously under-researched topic. Moreover, although interview partners, both managers and management accountants, have varying international backgrounds, the fact that the case company is based in Germany may limit the study's findings to a German context. Especially as the introduction of the business partner was primarily initiated by the CFO and only adopted by the ICV, the results may be different to findings in countries with certifying professional bodies, like the Chartered Institute of Management Accountants (CIMA) or the Institute of Management Accountants (IMA). Additionally, as interview partners were asked to report on events over the last 25 years, their narrations and memories may contain biases. Although interview data was complemented by other data collection methods, such as documentary analyses covering a wider time horizon and observations, the data may present a snap shot of current interpretations of events. The economic climate prevailing at the time of data collection may

also have an effect on this study's findings. Finally, although ANT is deemed appropriate for sensitizing empirical material of this dissertation, the choice of theory inevitably incurs limitations. ANT assumes equality of human and non-human actors, which may be misleading in interpreting case study material. Especially when studying practices in an accounting context, the role of IT systems such as SAP or standardized reporting templates may be underestimated in comparison to human actors' financial and calculative literacy. Further to this final short-coming, ANT disregards pre-existing social structures, in that it abstains from answering the question where and how observed networks have developed and how pre-existing structures and newly developing network stand in relation to each other. This dissertation lays the foundation for research endeavours aiming at answering these questions, as it offers the combination of ANT and SNA as a powerful research programme.

In summary, this dissertation identifies the need for further research in the following three areas. Firstly, the lasting effects of both the introduction of the business partner at AQUARIUS as well as managers performing management accounting practices would need to be explored. Further interviews, ideally with the same interviewees and in conjunction with observational research, should investigate whether the changes reported on in this study have sustained. This longitudinal analysis would need to query whether management accountants are still accepted as business partners, or whether they have taken on a different role concept. This would advance the debate on the involvement/dependence dilemma faced by management accountants. Secondly, further research should widen the scope to include actors other than management accountants and managers performing management accounting practices. In line with previous studies (e.g., Järvenpää, 2007), case study findings of this dissertation project show that members of the sales function dispose of a strong financial and calculative literacy and have previously carried out tasks, such as calculations and analyses, not dissimilar to management accounting practices. Identifying consequences for management accountants, the tasks that are left for them to carry out and what their standing is in these

sub-organisations would present important findings. SNA presents itself as a suitable research programme to further explore the latter, as it helps to visualize management accountants' position in the organisational network. Thirdly, existing academic and professional body of knowledge lacks an understanding of the emergence of boundary objects. Research objectives would entail a range of questions currently left unanswered, for example whether and how boundary objects can be intentionally formed and managed, or whether and how they could be identified and brought to use as translating devices. In a first step, theoretical knowledge would need to be advanced by means of conceptual-analytical research. This knowledge could subsequently be advanced by field studies showing how change initiatives can proactively be supported by means of boundary objects or respectively, where the limitations of the use of boundary objects become apparent.

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VII. Appendix 1

List of Interviews

Interview partner	Function	Location	Duration	
M.1.1	Manager	Germany	01:30:24	
M.1.2	Manager	Germany	00:54:57	
M.1.3	Manager	Germany	01:00:53	
M.1.4	Manager	Germany	00:41:47	
M.1.5.	Other (executive level)	-	Denmark	00:36:03
M.1:6	Other (executive level)	-	Germany	01:00:33
M.2.1	Manager	HR	Germany	01:14:31
M.2.2	Manager	Production	Germany	01:32:30
M.2.3	Manager	Sales	Germany	01:05:10
M.2.4	Manager	Sales	Germany	01:04:52
M.2.5	Manager	Business Processes, IT	Germany	00:56:29
M.2.6	Manager	Communication	Germany	01:09:18
M.2.7	Manager	Sales	Germany	00:24:59
M.2.8	Manager	Regional manager	Belgium	00:41:37
M.2.9	Manager	Head of subsidiary	France	01:03:47
M.2.10	Manager	Head of subsidiary	Netherlands	00:57:59
M.2.11	Manager	Head of subsidiary	Austria	00:59:45
M.2.12	Manager	Head of subsidiary	Poland	00:57:43
M.2.13	Manager	Head of subsidiary	Germany	01:06:54
M.2.14	Manager	Head of subsidiary	Spain	00:48:21
M.2.15	Manager	Head of subsidiary	USA	00:55:18
M.3.1	Manager	Business Processes, IT	Germany	01:18:05
M.3.2	Manager	Sales	Germany	01:21:34
M.3.3	Manager	Marketing	Germany	01:01:39
M.3.4	Manager	Production	Germany	00:57:09
M.3.5	Manager	Production	USA	00:50:16
M.3.6	Manager	Head of subsidiary	China	00:43:28
Subtotal number of interviews with managers (including executive level)			27	
Subtotal average duration			0:59:51	
Subtotal total duration			26:56:01	
MA.2.1	Management accountant	Germany	01:10:19	
MA.2.2	Management accountant	Germany	00:28:39	
MA.2.3	Management accountant	Germany	01:20:57	
MA.3.1	Management accountant	Spain	00:57:58	
MA.3.2	Management accountant	Germany	01:20:18	
MA.3.3	Management accountant	Italy	00:48:10	
MA.3.4	Management accountant	France	00:54:51	
MA.3.5	Management accountant	USA	01:02:49	
MA.3.6	Management accountant	China	01:08:12	
MA.3.7	Management accountant	Poland	00:53:59	
MA.4.1	Management accountant	Germany	01:25:36	
MA.4.2	Management accountant	Germany	00:31:37	
MA.4.3	Management accountant	Germany	01:21:50	
MA.4.4	Management accountant	Germany	01:07:37	
MA.4.5	Management accountant	Netherlands	00:59:30	
MA.4.6	Management accountant	Netherlands	01:02:16	
Subtotal number of interviews with management accountants			16	

Subtotal average duration	1:02:10
Subtotal total duration	16:34:38
Total number of Interviews	43
Average duration	01:00:43
Total duration	43:30:39

VIII. Appendix 2

Excerpt of interview guide

Please describe your professional background (e.g., education) and your job history before joining and within AQUARIUS.

What is your current area of responsibility?

Please describe the interaction between you and the management accounting function, respectively you and individual management accountants.

What are your expectations of management accountants at AQUARIUS?

How would you describe management accountants' role at AQUARIUS?

In which way, if at all, does your daily work include management accounting, e.g., systems, information, processes, roles?

What is your understanding of management accounting, e.g., systems, information, processes, roles?

From your perspective, to what extent, if at all, has the management accounting function at AQUARIUS recently changed?

What are the possible reasons for these changes?

How did you perceive these changes?

Have you changed the way you make decisions, e.g., are you using different information today than in the past? Why?

IX. Appendix 3

Excerpt of code list

Code	Meaning
Network structure at AQUARIUS	<p>Well I think it is typical for us that we do not have a departmental thinking, but a very network like thinking. (M.3.2)</p> <p>And that coins our management at AQUARIUS, because we work across organizational departments. That is characteristic for AQUARIUS. (M.2.1)</p> <p>The new employees or managers have to learn to find their way into this neuronal network. (M.2.1)</p> <p>It always appears to me as a neuronal network. (M.1.1)</p>
Importance of communication	<p>That is communication. You quickly walk over and talk to them. (M.3.2)</p> <p>Everyone knows where we are heading. (...), it is being communicated and discussed in a cascading way down to the last employee and you can ask questions. (M.3.2)</p> <p>Overall the topic communication is important, because I think there is nothing worse than badly or not informed employees, because your employees are also your link to the outside world. (M.2.1)</p> <p>Do well and talk about it. (M.2.1)</p> <p>But what I do, I go there. (M.1.1)</p> <p>Positive is the high frequency of communication, I find that extremely important, because with this high frequency you really understand, (...). (M.2.3)</p>
De-centralization of management accounting function	<p>A management accountant cannot possibly sit in the headquarters. Management accountants have to be where the business is. And I was the first management accountant that quasi moved into operations with his entire desk. (M.3.1)</p> <p>I think that is the absolute success factor for management accounting, you have to sit next to management. That is the only way that you keep informed and learn it. (M.3.1)</p> <p>Well, by being a little bit closer to the commercial teams and trying to understand, and not be too stubborn on the financial side, you know. (M.2.8)</p>
Management accountants' necessity to be close to business processes	<p>He is a controller, who has a commercial insight, so he understands when you do something, why you do it and what to ... Of course, you have to explain, because it is controlling, but ... he can understand that it is not just black and white. He can see something in the grey zone. (M.2.8)</p> <p>Firstly a strong understanding of the markets, that they know, what we are talking about and what the customers expect from us. (M.3.2)</p> <p>And you expect from management accountants that they are close to</p>

	<p>business reality. At AQUARIUS, you try to be very close to business reality. And that is modern management accounting. (M.2.9)</p> <p>He (the management accountant) would need to have worked in production for three years. (M.2.2)</p> <p>And I said I want him to be part of the project team so that he can learn the entire production side, because he will be the one to do the analyses later. (M.3.5)</p>
Reasons for performing Management Accounting Practices	<p>Performing management accounting practices help me in reporting new ideas. (M.2.4)</p> <p>I just enjoy performing management accounting practices. (M.2.7)</p> <p>Management accounting practices are a success factors. (M.3.4) (M.3.2)</p>
Use of management accounting information to enter into dialogue with other human actors and influence	<p>I find us increasingly using management accounting in economically challenging times. (M.2.10)</p> <p>Numbers help me in communicating with customers. (M.2.11)</p>

X. Appendix 4

Matrix for case analysis (Miles and Huberman, 1994)

Interview partner		Importance of communication	Management accountants' necessity to be close to business processes	Network structure at AQUARIUS	...
M.1.1	Manager	But what I do, I go there.	-	It always appears to me as a neuronal network.	
M.1.2	Manager	(...), the discussion processes are more complex and also last a bit longer, but after having done this reconciliation, you then have of course everyone behind you, because everyone has played a part in the story.	(...) that there is someone locally, for example on the sales side, who knows the markets, I believe then management accounting becomes very, very strong.	And if you want to be competent, you have to know what is going on, and this network helps enormously.	
M.1.3	Manager	-	-	-	
M.1.4	Manager	-	Well, the management accountants that are here in the sales organization, they learn the product lines properly	-	
M.1.5.	Other	-	(...) where the sparring with someone who understands the numbers and the background of the numbers, can be very precious for the development of a company. And if there is a management accountant who understands the business, and is interested not only to report but to get behind the numbers, then a manager is fortunate.	-	
M.1.6	Other	-	-	-	
M.2.1	Manager	Overall the topic communication is important, because I think there is nothing worse than badly or not informed employees, because your employees are also your link to the outside world. Do well and talk about it.	-	The new employees or managers have to learn to find their way into this neuronal network. And that coins our management at AQUARIUS, because we work across organizational departments. That is characteristic	

				for AQUARIUS.	
M.2.2	Manager	-	He (the management accountant) would need to have worked in production for three years.	-	
...	

Interview partner		Reasons for performing Management Accounting Practices	Use of management accounting information to enter into dialogue with other human actors and influence	...
M.1.2	Manager	Management accounting done by his product managers. Value added of management accounting is apparent.	And if you want to be competent, you have to know what is going on, and this network helps enormously.	
M.2.4	Manager	Management accountant as sounding board. Retrieves data himself. Manager is responsible for his own numbers.		
M.2.5	Manager	Management accounting in order to stay in scope of action and responsibility. Management accountant as scheduler of resources.		
M.2.7	Manager	Enjoys management accounting. Good controller is good entrepreneur and good entrepreneur is knowledgeable controller.		
M.2.10	Manager	Management accounting as competitive advantage.		
M.2.13	Manager	Finds management accounting practices interesting.	Management accounting explains things, does not make them objective.	
M.2.1	Manager	Overall the topic communication is important, because I think there is nothing worse than badly or not informed employees, because your employees are also your link to the outside world. Do well and talk about it.	The new employees or managers have to learn to find their way into this neuronal network. And that coins our management at AQUARIUS, because we work across organizational departments. That is characteristic for AQUARIUS.	
...	

Affirmation – Statutory Declaration

Last Name: Windeck

First Name: Dorthe

Affirmation – Statutory Declaration According to § 10 No. 7 of the Doctoral Studies' Guide Lines (As Amended on the 5th March 2008)

I hereby declare, that the

Dissertation

submitted to the Wissenschaftliche Hochschule für Unternehmensführung (WHU) Otto-Beisheim-Hochschule was produced independently and without the aid of sources other than those which have been indicated. All ideas and thoughts coming both directly and indirectly from outside sources have been noted as such.

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The following persons helped me gratuitous / non-gratuitous in the indicated way in selecting and evaluating the used materials:

Surname	First Name(s)	Kind of support	gratuitous / non-gratuitous
Strauß, Ass.-Prof. Dr.	Erik R.	Co-author of Paper A	gratuitous
Weber, Prof. Dr. Dr. h.c.	Jürgen	Co-author of Paper A	gratuitous

Further persons have not been involved in the preparation of the presented dissertation as regards contents or in substance. In particular, I have not drawn on the non-gratuitous help of placement or advisory services (doctoral counsels / PhD advisors or other persons). Nobody has received direct or indirect monetary benefits for services that are in connection with the contents of presented dissertation.

The dissertation does not contain texts or (parts of) chapters that are subject of current or completed dissertation projects.

Place and date of issue Mülheim/Ruhr, 5.4.2013 Signature

Dorthe Windeck