

An Alternative Approach to Surveying Management Accounting Practices.

(An Alternative to Survey Research)

Adrian France
Wintec

Adrian.france@wintec.ac.nz

Ph: (07) 8348800 ext 8519

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Building a stronger community through education, research and career development

Management Accounting Change

- No development of management accounting techniques from 1925 – 1980. (Kaplan, 1984)
- Globalisation and mass customisation.
- Uncertainty of management accounting practice. (Boer, 2000)
- Advanced management accounting techniques.

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International Surveys

- **1990 UK of used or planned techniques**

ABC, cost modeling, costs of quality, target costing, strategic management accounting, throughput accounting

- **1993 UK**

Standard costing, payback analysis, target profit, ROI ie product costing & profitability

- **1993 of 10 UK firms**

Non financial indicators & operational indicators, not financial measures

- **1987 (Lander & Reinstein)**

Common body of knowledge

=internal controls, operating budgets, standard costing

- **1988 (Robinson & Barrett)**

Absorption costing

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Likert Scale Surveys

- **Surveyed practitioners in Scotland (44)**
Ranked predetermined techniques
Technical issues not organisational or societal
Budgeting & product pricing
- **NZ 1993 (Ainikkal)**
Overheads allocated on volume rather activity basis
- **NZ 2003 (Hawkes, Fowler, Tan)**
24.4% response rate using 21 predetermined techniques

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Surveys that Rank Techniques

- **UK Practitioners asked to state the 5 most important techniques out of 32** (Yazdifar, 2005)

Business performance evaluation, budgets, strategic management accounting, variance analysis, & rolling forecasts

- **NZ practitioners asked to rank full array of techniques** (Adler, Everett, Waldron, 2000)

Judgment sampling & 19% response rate

Full costing, direct costing, standard costing (traditional techniques)

- **Australian firms asked using predetermined techniques** (Chenhall, Lanfied-Smith, 1998)

56% response rate & High adoption rates

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Rationale for Internet Survey Method

- Survey of IMA members using the Web & email (Garg, Ghosh, Hudick, & Nowacki, 2003)

Response rate 9%

- Little consistency of results
- Likert scales

Surveys completed with haste or misunderstanding terms or social desirability bias

- Response rates
Bias sample to those willing & able
- Judgment sampling (large manufacturing firms)
- Predetermined techniques

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Method

- Situations vacant advertising gives position descriptions
- Advertising space limits stated techniques to most important
- Internet
- Coverage errors

Internet not traditional methods

Situations vacant positions are attractive not internal hiring

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Procedure

- Most visited situations vacant website:
seek.co.nz
- Website preliminary surveyed until saturation
- Consecutive survey used 21 techniques of Hawkes et. al.

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Sample

- 335 adverts
- 91% from Australia
- 66/77 indicated international status
- 28 assistant positions, 17 senior positions
- Majority service organisations

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Table 1. Management accounting techniques recorded from preliminary survey.

Technique	Frequency	Percentage	Order
Budgets	205	61%	1
Reporting	189	56%	2
Analysis	179	53%	3
Financial	170	51%	4
Forecasting	133	40%	5
Costing and expenses	101	30%	6
Variance	77	23%	7
Projects & capital expenditure	61	18%	8
Performance measures	49	15%	9
Process systems maintenance /improvement	48	14%	10

Technique	Frequency	Percentage	Order
Support or report to manager	45	13%	11
Revenue/price/profit	41	12%	12
Liaising	36	11%	13
Inventory	30	9%	14
Process systems development	27	8%	15=
Cash flow	27	8%	15=
Supervising/leadership/training	27	8%	15=
Process systems implementation	21	6%	18
Key performance indicators	17	5%	19
Control	16	5%	20
Commentary	13	5%	21
Continuous improvement	12	4%	22=

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Technique	Frequency	Percentage	Order
Strategy input	12	4%	22=
ABC	11	3%	24
Economic or trend analysis	10	3%	25
Standard costing	9	3%	26
Planning	4	1%	27
Minimising costs	3	<1%	28=
Foreign currency	3	<1%	28=
Accurate product costing	2	<1%	30=
Writing	2	<1%	30=
Value added	2	<1%	32
Administration	1	<1%	33=
Incremental	1	<1%	33=
Supply chain	1	<1%	33=
Capacity	1	<1%	33=

Table 2. Management accounting techniques recorded from consecutive survey.

Technique	Frequency	Percentage	Order	Order (Hawkes et al.)
Management Reporting	30	81%	1	*
Forecasting & Planning	23	62%	2=	*
Operational Budgeting	23	62%	2=	2
Cash flow Management	16	43%	4	1
Capital Budgeting	15	41%	5	5
Strategic management Accounting	10	27%	6	6
Variance Analysis	9	24%	7=	3
Responsibility Accounting	9	24%	7=	21
ERP Systems	7	19%	9	12
Performance Evaluation	5	14%	10=	4
Product Costing	5	14%	10=	8
Customer profitability	5	14%	10=	7

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Technique	Frequency	Percentage	Order	Order (Hawkes et al.)
Variable Costing	3	8%	13	20
Process Costing	2	5%	14=	13
Behavioural Implications	2	5%	14=	19
Costs of Quality	2	5%	14=	18
Benchmarking	2	5%	14=	*
ABC	1	3%	18=	9
Ethical Issues	1	3%	18=	14
Transfer Pricing	1	3%	18=	15
Balanced Scorecard	1	3%	18=	*
Cost Volume	0	0%	22=	10
Standard Costing	0	0%	22=	11
ABM	0	0%	22=	16
Job Costing	0	0%	22=	17

Comparison of Internet Surveys

- Consistent high cited techniques:
Reporting, forecasting, budgeting, & variance analysis
- Inconsistent cited techniques:
Financial, costing, expenses
Cash flow management, strategic management

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Further Results

- Analysis & reporting cited together
Reporting appeared 109 times of 179
Analysis citations
- Budgeting & forecasting cited together
Budgeting appeared 117 times of 133
Forecasting citations

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Discussion

- Budgets, analysis, forecasting, & capital expenditure also ranked highly by (Chenhall, Langfield-Smith)
- Surveys use different terms eg.:
Budgeting = budgeting for planning
Analysis = budget analysis variance
- Situations vacant consistent with prior surveys:
Operational budgeting, cash flow management, capital budgeting, strategic management accounting, & variance analysis (Hawkes et al.)
- Advanced techniques cited infrequently

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Conclusion

- Management accounting practice is vast
- Financial technique had high citations
- The two surveys showed consistent results of reporting, forecasting & planning, operational budgeting, & capital budgeting as highly cited.
- Advanced management accounting cited infrequently & indication advertisements not showing hype
- Comparison of techniques in successive surveys
- Actual practice compared to job advert

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