

Advanced Management Accounting - Week 1

Michael Kiersten

September 25, 2025

1. There are two main perspectives to consider when looking at how Otley (2008) has critiqued management accounting research. Firstly, Otley has taken much of the time in his paper to go through the management accounting innovations in practice that have spawned from research. Understand that it was not gaining new ground in management accounting. He has looked at what Kaplan has achieved and others and found negatives in them. When he has considered Activity Based Management he has found that it lies very similar to Budget Control Systems, and it is so that they are both there to control costs and promote profitability and efficiency. The marginal difference is on the perspective taken. Hence his lack of approval of the movement of the research is a qualified statement. It may not be necessary to follow him further, but the posts of criticism he has made seem to be directed towards being unsatisfied with how Kaplan progressed. He makes two other points that do not require granting what he has found, namely in that he thinks management accountants may be stepping out of their place and they may not be aware of non-financials. For them to have stepped out of their place, aligns with some sort of stagnancy or not being able to do things correctly. This may not be his strongest point to make given how he constructed the research changing direction into other areas. However it is a sharp point about how there are many other business actors who may be well suited to doing this work. As for the unawareness of non-financial measures, it does seem to be something that a management accountant would know as much about, but the area of expertise of a management accountant does not seem to have been infringed upon here very much, this is something Odley does admit to and enhances his point with manager interference. This point on its own is valid but I do not agree that it is something that strengthens his approach. More-so, than the negativity of Otley, he is also justified in his approach to management Accounting research in that he has seen where the current research is and has contributed to the conversation identifying that he could provide from his stand-point a push forward for management accounting. He was ultimately successful and this would suggest that therefore it was justifiable. Also he is as justified as any researcher who is aware of the issues to contribute to the field. A lack of justification on the part of Otley would have come from him being from an outside field and proposing things that were incorrect or not insightful. It would also be unjustified if he was to be taking great pains to extend his point for no reason, which he has not done. He is a

researcher from within the field who has contributed his findings and made plain a case against what was previously proposed. He might not entirely change the fact that Kaplan made a major contribution in highlighting the obsolescence of accounting but he improved and redirected what Kaplan designed.

2. In light of the time passed since Otley wrote the paper it can be read as a paper that promotes great change in Management Accounting research. He has highlighted how there were new directions to be taken in Management Accounting research and that there was previously a misalignment in how things were being pursued. To have been able to view the previous work done by Kaplan, which was a respectable authority, and decide that there things that were not proper within it means he has moved management accounting onward. This signifies a change. It does however leave a level of stagnancy given how much the paper casts itself upon top of others work. This can also be evidenced by practice since when has bumped into other positions.

3. ABC was taken poorly though it was set out to many, and when set as an option the initial high costs and implementation complexity have meant that in changing the role of a management accountant into an analyst. The management accountant is now a pseudo-data analyst who works inside the accounting and business function in order to inform the decisions of management. He works at the low-level of costing and uses the figures to present to management in order to inform them of how the business is performing and give them relevant details for how they might move forward. This a a steak contrast away from the cost accounting that was done before hand and is now a more fully integrated and decisive role. The management accountant now has a home within the business and must do enough to keep himself there with hard work, and stagnancy avoidance.

4. Academic research I personally think would be best suited following closely behind practice. It is better that the people who are using management accounting are the ones who are leading it. Thee should be better links and avenues set up by the people in industry to work with academia to ensure that there is support flowing both ways and some of the best possible advantage can be had. Academia in education being behind is something that could also be useful in catching up slightly. The paper notes approximately a 3 year drag, though this may be bigger in some places and it is noted it may be from a fear of redundancy of information. This may well be a correct standpoint but it is important that given technology's traceable path that some of the technology is pushed forward a little faster than it currently is, and possibly explored more. This will always help any student going into industry to have a deep knowledge of what goes on and keep pushing industry and academia forward.

5. The benefit of learning MA would be to fully appreciate how the subject was shaped over the years. This lets a better appreciation of the subject be had and a framing of how the individual components slot together. This will stand the test of time for management accounting knowledge in the future and serve as a backdrop for further integration. It stops at being a full picture given the ever changing nature of information. It is nice to know that things are still developing and that, with challenges to face, there will be more interesting developments, most likely. I am pleased that the lack lustre state was recognised and there has been time taken to re-adjust. With all of this known, management accounting would be a nicer topic to study.

References

Otley, David. (2008). Did Kaplan and Johnson get it right?. *Accounting, Auditing Accountability Journal*. 21(2), pp.229-239. [Online]. Available at: <https://doi-org.gcu.idm.oclc.org/10.1108/09513570810854419> [Accessed 25 September 2025].