Routledge Studies in Accounting

THE ROLE OF THE MANAGEMENT ACCOUNTANT

LOCAL VARIATIONS AND GLOBAL INFLUENCES

Edited by
Lukas Goretzki and Erik Strauss

This book is essential reading for anyone who wants to understand the role of management accountants around the world. It provides a fascinating picture of the heterogeneous roles of management accountants in a wide range of countries, including China, Russia, India and Brazil. It illustrates the crucial importance of national history and socio-economic context for understanding the role of management accountants around the world, as well as their different tasks, educational backgrounds and professional structures. In addition, other chapters provide valuable insights into the implications of contemporary global issues, including new communications technology, sustainability and the recent financial crisis.

Professor Robert W. Scapens, *Alliance Manchester Business School, UK, and Birmingham Business School, UK*

Management accountants have guided business decisions for over a century. This book details the emergence of the profession and its relevance today, highlighting global differences and commonalities. It provides a comprehensive overview of how management accountants work in, and influence, today's business environment.

Dr. Noel Tagoe, *Executive Vice President, Association of International Certified Professional Accountants*

There is currently a great deal of interest in the professional role and identity of the management accountant and how various changes in the global business landscape have influenced and continue to influence the role. Research in this area is growing and has the potential to make a significant impact on the accounting profession. This excellent book has achieved a good geographic coverage (including the BRIC countries as well as the UK, US and Europe) and both historical and contemporary perspectives. I recommend it as essential reading for new practitioners and academics in management accounting as well as those with a research interest in this key business role.

Professor Elaine Harris, *University of Roehampton, London, UK*

The Role of the Management Accountant

There is considerable national variation in the professionalization and status of the management accountant. Although researchers from different countries have contributed to our knowledge about tasks and roles, we have limited insights into the development, education, and socio-cultural influences in different countries and surprisingly little is known about the local and national contexts in which these roles are learned and performed.

This book bridges this research gap using two complementary perspectives. The first part explores management accountants in a range of different national contexts, providing information about country-specific historical developments and educational standards as well as specific roles and tasks. The second part focuses on important global developments that will increasingly impact management accountants in the future, such as sustainability, the financial crisis, technology, and changing roles. By combining local context with a global overview, this insightful volume provides an agenda for future research which will be of great interest to scholars and advanced students in management accounting throughout the world.

Lukas Goretzki is currently an Assistant Professor of management control at the University of Innsbruck. His main research interests and publications (e.g. in *European Accounting Review*, *Management Accounting Research*, or *Qualitative Research in Accounting and Management*) are on management accountants' roles, budgeting, and performance evaluation.

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1 Introduction

Lukas Goretzki and Erik Strauss

The work of management accountants has attracted wide scholarly attention. Research has mainly focused on the heterogeneity of management accountants' tasks and roles, the antecedents leading to the often-observed practice variation as well as its consequences (e.g. Burns & Baldvinsdottir, 2005; Järvenpää, 2007; Lambert & Sponem, 2011; Morales & Lambert, 2013; Mouritsen, 1996; Simon, Guetzkow, Kozmetzky & Tyndall, 1954). Studies show that it is difficult to define *the* role of the management accountant as, empirically, one can basically find management accountants performing different roles ranging from the bean-counter to the business partner, just to mention two ideal types often referred to in the literature. This observed practice variation can, to a certain extent, be explained by internal factors like the organizational structure (centralization vs. decentralization), the internal status or authority of the management accounting function, interaction structures between managers and management accountants, personal characteristics or leadership styles. Additionally, researchers have stressed that country-specific factors have an impact on how management accountants see and interpret their role in the organization and consequently how they interact with managers (Ahrens & Chapman, 2000). An important aspect, hereby, seems to be the degree of professionalization and – associated with this – how management accountants are educated in their countries (e.g. academic education vs. professional training) or how "strong" discursively available social identities are (cf. Down & Reveley, 2009). Furthermore, it appears that the relative status of management accountants (compared to other professional groups) varies between different countries (Lambert & Pezet, 2011) and that even the national culture might have an influence on the role of the management accountant (Granlund & Lukka, 1998).

Furthermore, neither the factors influencing the role of the management accountant nor management accountants' own endeavors to change their role are static and they develop over time. Scholars have paid particular attention to management accountants' development toward an increasing business-orientation and contribution to value-creation (e.g. Burns & Baldvinsdottir, 2005; Goretzki, Strauß & Weber, 2013; Järvenpää, 2007). Researchers described developments of management accountants from 'bean counters' engaged in gathering and analyzing data as well as preparing standard reports for managers (cf. Bougen, 1994; Friedman & Lyne, 1997, 2001; Järvinen, 2009) to 'business partners' who are willing and able to contribute to the management and control of the firm (see, for example, Järvenpää, 2007).

One important condition for such developments as emphasized in the literature is technological developments. For example, the introduction of computer-based enterprise resource planning systems unburdened the management accountants from many routine tasks so that they can use their work time for other tasks like more qualitative analyses of variances in the data to provide managers more value-adding information or even concrete suggestions for decision-making (cf. Caglio, 2003; Scapens & Jazayeri, 2003).

In addition to technological aspects as conditions for role change, some studies shed light on management accountants' endeavors to take influence on their own role within the organization (cf. Horton & de Araujo Wanderley, 2016; Morales & Lambert, 2013), sometimes initiated by actors (e.g. chief financial officers, CFOs) trying to establish a particular role (identity) for 'their' subordinates (Goretzki et al., 2013). Efforts of management accountants or financial managers to establish a particular (role) identity for themselves or their subordinates can to a certain extent be considered effects of 'normative pressure' to discard traditional role stereotypes and perform 'innovative' roles. Important players, hereby, are professional associations of (management) accountants that realized the requirement to 'reinvent' the role of management accountants (Picard, Durocher & Gendron, 2014) to, for example, preserve their relevance within the firm. Therefore, professional associations such as the Charted Institute of Management Accountants (CIMA) or the Institute of Chartered Accountants in England and Wales (ICAEW), and also 'quasi-associations' like the German-speaking International Controller Association (cf. Schäffer, Schmidt & Strauss, 2014) started to promote an apparently 'new' role – the business partner role – for management accountants and for providing management accountants with respective symbolic resources (cf. Down & Reveley, 2009) such as role templates. As the existing literature on the (changing) role of the management accountant is often focused on Anglo-Saxon countries it is, however, rather unknown to what extent these developments regarding the role of the management accountant can be taken for granted from a global perspective. In other words, we know rather little whether endeavors, developments or even the rhetoric around the role of the management accountant (e.g. in professional magazines) are similar in different countries.

Taken together, it can be argued that although academic interest has increased tremendously in the last decade, our knowledge about management accountants' actual tasks, roles, organizational status in different countries as well as the different country-specific ways in which they are socialized and educated is still rather limited. However, these insights seem to be necessary to build a comprehensive understanding about the management accounting occupation.

Therefore, this book presents a compendium encompassing detailed accounts about management accountants in different countries (Part I) and global factors that already have or will influence the role of the management accountant (Part II). Summarizing the key insights from Part I, we can say that although a core of activities (like budgeting, forecasting, variance analysis etc.) exists that many management accountants share around the world, the management accounting profession seems more multifaceted than prior research might yet have suggested. Starting from very basis aspects like the name of the profession we can see interesting differences between different countries. For example, management accountants are called, apart from "management accountant" (e.g. in China, India or UK), "controller" (e.g. in

Brazil, Canada, Finland or Germany) or “business analyst” (e.g. in Italy) in some countries. The differences between management accountants across different countries (see Chapters 2–13) result to a certain extent also from the very diverse pathways to becoming a management accountant as well as the role that professional associations educating management accountants play in these countries. Whereas some countries have strong professional associations that have closure about educating management accountants (like CIMA in the UK or Canada) and hence present rather strong social identities for aspirants of this profession, in other societal contexts universities (e.g. China or Germany) or organizations themselves (like in Japan) are responsible for education. Depending (but not exclusively) on the relevance of the professional association and the legal background (in some countries the development of the role of the management accountant was even facilitated by governmental initiatives) management accountants can have very different organizational but also societal statuses around the globe. While in some countries, management accountants have a certain legal back-up (e.g. in Russia) which makes them a prerequisite for management and fosters their strategic role, the status can be described as more traditional (i.e. taking over routine tasks like data gathering) in countries like India or Japan.

The tasks, educational backgrounds and societal as well as organizational statuses of management accountants are quite heterogeneous across countries and the kaleidoscopic landscape of the management accounting profession might also be enforced in the future as various global trends might influence management accountants’ role, tasks and work environments. Nevertheless, the chapters also show that the so-called business partner role seems to constitute a transcontextual role model with which management accountants in various countries prefer to identity themselves. This fact that business partnering might be associated with very different tasks sheds a rather critical light on those studies that try to identity a distinct or even ‘standard’ set of tasks, activities or skills that characterize business partner management accountants and differentiates them from other stereotypes like the bean-counter (see Chapter 17). It seems that what ‘makes’ business partners is actually the attitude that management accountants have toward their role but also how others (especially managers) perceive them. The chapter on the influence of economic crises on the role of the management accountant shows, for instance, that in such situations management accountants become more important for managers and are therefore more intensively involved in organizational processes (see Chapter 19). To support managers properly, management accountants should in this respect not unlearn their basic calculative tasks (see Chapter 20), which may be challenging because these tasks are more and more handed over to IT systems (see Chapter 14), fall victim to outsourcing initiatives (see Chapter 15) or taken over by financial accountants (see Chapter 16). A further challenge in the context of the business partner role is that management accountants are expected to stay open to emerging topics or developments such as sustainability (see Chapter 18).

What this book also reveals is that when researchers talk about “the management accountant” they – empirically – refer to very different types of actors. We hope that bringing this diversity to the minds of researchers may create a fertile ground for future studies and routes for further research on local variations and global influences that investigates and exploits differences but also commonalities of “the management accountant.”

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Part I
Management accountants in national context

2 The role of the controller in Brazil

Historical origins, key functions and challenges

Vitor Hugo Klein Jr. and Artur Roberto do Nascimento

Introduction

Management accounting is a relatively new field of research and education in Brazil (Frezatti, Aguiar, Wanderley & Malagueno, 2015). As a practice comprising an array of ideas and tools, management accounting is affected by the social and political context in which it is situated (see, for example, Hopper, Tsamenyi, Uddin & Wickramasinghe, 2009). In Brazil, periods of high levels of inflation, the creation of its industrial landscape, its colonial past and culture, and its regulatory forms, greatly influenced how management accounting developed as a discipline. Nevertheless, the management accountant position is rare in Brazil, as the practices typically associated with management accountants in western, industrialised countries, are diffusely allocated to analysts, and more prominently, to controllers. A swift search of online recruiters on 27 June 2016 – Catho, Manager and Michel Page – returned just 10 advertisements for management accountants, in contrast to 154 for controllers. Hence, although reliant on the support of other roles (financial analysts, controllership analysts, etc.) in Brazil, the controller takes managerial responsibility for performing management accounting functions. As in Germany, Austria and Switzerland, controllership is defined similarly to management accounting; thus, controller is the nomenclature adopted for this professional in Brazil, and *controladoria* is the Portuguese term describing the functional area within companies.

This chapter continues by offering a contextualised account of the role of the controller in Brazil, discussing pertinent challenges to the controllers' profession and education. The second section describes how accounting education evolved in Brazil, from the inception of Schools of Commerce at the beginning of the nineteenth century to the creation of postgraduate courses in the final quarter of the twentieth century. It examines the historical antecedents of accounting pedagogy in Brazil, highlighting the social, economic and cultural context in which initial controller positions emerged in Brazil during the 1960s. Then, the third section explains the social and political background from which controller positions first emerged in the 1960s, how controllership was established as a practice and discipline in Brazil, and empirical evidence from the last decade detailing the key functions of controllers. The fourth section addresses challenges to the controller's profession and education. The chapter concludes with a brief summary.

The historical origins of accounting pedagogy in Brazil

The historical events leading to the specialisation of accounting education in Brazil can be grouped roughly into three phases. The first covers the establishment of Schools of Commerce in Brazil in 1809, and the respective challenges they encountered during the nineteenth century. The second phase, the first half of the twentieth century, describes the institutionalisation of professional associations and undergraduate courses in accounting. The third phase encompasses developments in undergraduate and graduate courses in the concluding quarter of the twentieth century. While all phases will be contrasted against their respective political and economic backgrounds, the main emphasis in this section is on examining the historical antecedents of accounting pedagogy; this will shed light on the context in which the first controller positions appeared in Brazil in the 1960s.

The first seeds of accounting pedagogy in Brazil can be traced back to the establishment of Schools of Commerce (*Aulas do Comércio*) in 1809, shortly after D. John VI, the King of Portugal, transferred his court to Brazil. Created in Portugal in 1759, amidst the reforms of the Marquis of Pombal, the schools were part of Portugal's plan to regain its importance relative to the more developed European nations (Rodrigues, Gomes & Craig, 2004). As the Head of the Government, Pombal envisioned strengthening the State of Portugal, and fostering economic growth through education. Since the Jesuits – Society of Jesus[1] – exerted significant power and monopoly over education, one of Pombal's first acts was to expel them from Portugal and the colonies. This expulsion reduced the Brazilian educational system to a point of virtual non-existence, a situation that endured until the beginning of the nineteenth century. For Pombal, however, the Schools of Commerce aimed to ennoble the activity of commerce, previously considered by Portuguese society as an affair associated with the lower social strata (Chaves, 2008).

At the time King John and his court arrived in Brazil, the notion of forging a culture of trade remained prominent.[2] Up to that point, however, Brazil had functioned principally as a colony, supplying Portugal with raw goods. Therefore, it lacked an institutional environment able to support economic growth. The first institutions created in Brazil followed the transfer of the Portuguese court. Likewise, the opening of Brazilian ports to friendly nations[3] underscored the need to professionalise the mercantile group on this side of the Atlantic, pushing the royal family to create an administrative structure for the country (Leite, 2005).

In this context, the creatio of Schools of Commerce in Brazil opened great possibilities; yet they had to face multiple challenges. As a form of technical and professional education, the schools had, according to Chaves (2008), two main characteristics: an emphasis on practical knowledge and the production of a specific literature through their faculty, the *lentes*. Accounting was central to the schools teaching methods (Chaves, 2008, p. 268), and consisted of shifting from simpler to more complex issues always drawing on practical examples. However, the institutionalisation of the schools was complicated, not only because of the lack of qualified teachers, but also by political quarrels and discontinuities.

> The practices and customs of the two territories [Brazil and Portugal] were very different, making it difficult to govern with the same laws and principles. Transforming America into the seat of the empire hardly alleviated the differences and, on the contrary, it accentuated the unequal treatment given to vassals on both sides of the Atlantic. Dealers and especially merchants [in Brazil] wanted to have the privileges granted to the

> Portuguese with regard to the privileges given to the five classes of merchants. […] Dealers enrolled in the *Junta de Comércio* [Board of Trade] and in the schools of commerce, but felt that the mercantile group of Portugal continued to have higher privileges.
>
> (Chaves, 2009, p. 179)

For half a century people had had little interest in commercial education, preferring to pursue careers such as engineering, law and medicine (Bielinski, 2015). This was largely due to prejudice against the mercantile professions, an idea rooted in Portugal's culture but reinforced in Brazil by slavery (Bielinski, 2015; Saes & Cytrynowicz, 2001). As manual and technical practices were usually delegated to slaves, a prejudice against practical activities spread both among the ruling class, who considered them paltry, and the poor, who preferred to live in subsistence rather than working for someone else, as a 'slave' (Leite, 2005, p. 53). Despite the limited interest in commercial education, three important events assisted the institutionalisation of accounting education in Brazil. The first of these was the creation of the first Commercial Code in 1850, which demanded companies keep accounting records. This was later followed by the regulation of the first public companies in 1860 (Law 1.083/1860), which demanded companies publically provide their balances; and subsequently by the official recognition of the bookkeeper as a profession in 1870. The Commercial Code of 1850 was thus the first document to regulate accounting and expressly consider book-keepers (*guarda-livros*) and cashiers (*caixeiros*) as auxiliary agents of trade. However, the code did not require these agents to complete any type of formal education.

The second phase in the specialisation of accounting pedagogy occurred in the first half of the twentieth-century. During this period, the creation of professional associations and undergraduate courses bestowed a more prominent role on accounting, helping to regulate it as a profession. In the period 1902 to 1905, two commercial education institutions were created: the *Escola Prática de Comércio*, in São Paulo and the *Academia de Comércio*, in Rio de Janeiro. These institutions represented milestones in terms of management and accounting education in Brazil. The former was created with the support of businessmen and São Paulo companies, and assisted Brazilian firms in a period of economic expansion. Meanwhile, the latter retained close ties with the federal governments, working as consulting partner in matters of industry and commerce. Their curriculum covered both technically oriented courses and more advanced ones, which were expected to prepare the students for high level positions, e.g. consular officers, employees of the Ministry of Foreign Affairs, actuaries in insurance companies and heads of accounting in banks and large companies (Soares, Richartz, Voss & Freitas, 2011, p. 28).

Despite receiving more publicity than technical courses, these advanced courses attracted limited interest from the intellectual elite (Leite, 2005). Nevertheless, the pressures to regulate the accounting profession and the processes of specialisation of management and accounting education were eventually successful. These pressures arose from the creation of professional bodies, and the organisation of conferences in accounting at the beginning of the twentieth-century (Peleias & Bacci, 2004). Changes to the structure of commercial education led to the creation of a Bachelors in Economics in 1931, which attracted a higher status than accounting.

Bachelors in Accounting and Management appeared later, in 1945 and 1950 respectively (Saes & Cytrynowicz, 2001; Soares et al., 2011). The specialisations of accounting, management, and economics were a reflection of the favorable environment of the 1930s, in which the hegemony of the landed oligarchies tied to the agro-export model waned, and Brazil started to move towards industrial capitalism.

The third phase in the establishment of accounting pedagogy in Brazil was the creation of courses for graduates. Debates about the development of these courses began in 1961. The first Master's programmes in accounting appeared in the 1970s, one at the *Faculdade de Economia, Administração e Contabilidade da Universidade de São Paulo* and one at the *Fundação Getúlio Vargas*, Rio de Janeiro. While the *Fundação Getúlio Vargas* (EPGE-FGV) transferred its Master's in accounting to Rio de Janeiro University, and the University of São Paulo (USP) advanced as a centre for the diffusion of accounting within Brazil. USP played, and still plays, a key role in the institutionalisation of research on and teaching about accounting in Brazil. The 25 graduate programmes covering accounting in Brazil were largely influenced by USP (from these 25 programmes, 10 include PhD programmes). Their syllabi followed similar lines to USP's, focusing on accounting education, controllership and management accounting, accounting information and the financial and capital markets. Increasing pressures to adopt internationalisation in the last 10 years have, however, begun paving the way for the acceptance of other cultural and institutional influences.

Accounting research is, therefore, considered relatively new in Brazil. The first PhD programme was proposed in 1977 and approved in 1978 by the Federal Counsel of Education. At that time, members of the faculty were unfamiliar with the possibilities for conducting research in the field, highlighting the significance of the efforts of just a few professors to persuade the faculty to open a graduate course:

> […] the dean himself said he could not approve, because after all graduate courses could only exist where there is a possibility of doing research, and accounting: "where and what do you have to research?" We had to hear that! We began, Professor Sérgio [*Sérgio de Iudícibus*] and I, to search for booklets of American [US] universities, which were the ones to which we had more access. We gathered a lot of booklets from renowned universities, who had PhD programmes. It was a process of personal persuasion of the dean, to show him that there is indeed research in accounting, and that in Brazil practically nothing is done. It was very interesting to see within the University of São Paulo how unfamiliar people were with the field. So, [our] first try failed. The process only took on later, it was delayed three or four times, because we had to write to the universities asking for their booklets, which came by mail; then he [the dean] approved."
>
> (Prof. Eliseu Martins in: Cunha, Jr. & Martins, p. 17, translated from Portuguese)

The USP's first PhD programme centred on technical and normative improvements in accounting, which were much needed in that period. Accounting techniques were less developed then, and inflation was a central problem for government and companies. In addition, regulation (Law 6.404/76) introduced a new corporate accounting model and demanded from academics the translation of rules into something practitioners could use. This involved the institutionalisation of technical bulletins in companies. The principal concern of the PhD programme was to debate the technical and practical aspects of accounting. Professors and students decided together on a subject, e.g. standard costing, upon which the students would then develop a thesis. Discussions were based on accounting concepts and examples, which served to support the proposed thesis. Issues such as inflation accounting, assets evaluation, financial analysis and management and cost accounting techniques provoked great interest.

It is worth mentioning that, in the 1970s, Brazil was limited in its openness to the world; thus, many of the sources and materials shared by accounting and management professors originated in the US (Alcadipani & Bertero, 2012). For this reason, management accounting teaching and research focused on quantitative methods for cost analysis, relationships cost-volume-profit, standard costing, operating and capital budgets. During the 1980s, there was little increase in the number of graduate courses, but in the 1990s numbers in higher education soared. In 2007, there were 17 graduate programmes in accounting available throughout the country, although just one PhD programme. However, in management education there were approximately 100 graduate programmes in 2015.

This brief account reveals that an accounting pedagogy in Brazil co-evolved with the development of state institutions (see, for example, Hopper et al., 2009). However, since commercial activities were deemed less noble by Brazilian high society, the schools of commerce did not gain traction until the last quarter of the nineteenth century. In the early decades of the twentieth century, state-led development and industrialisation underpinned the specialisation of accounting education, and, more recently, the creation of graduate courses focused on deepening the understanding of accounting, which was closely connected with practical needs at that time. In the next section, we examine the social and political background from which the first controller positions emerged in Brazil, and explain how controllership was established as a discipline. The section also draws on empirical evidence from the past 10 years to outline the key functions of the controller in Brazil.

The role of the controller in Brazil

The first controller positions in Brazil appeared in the 1960s, due to growth in Brazilian industry (Siqueira & Soltelinho, 2001). Following a period of rising incomes, the industry came under the influence of, among other factors, greater access to credit and the process of import substitution (Furtado, 1972). Between 1947 and 1961, production more than tripled, only being interrupted by political instabilities that resulted in the coup of 1964. In the mid-1960s, capital market reform and tax, and banking reforms paved the way for another period of economic expansion. In this conducive environment, Brazilian academia signalled its interest in developing a ‘new’ professional role, that of the controller. Here one can identify two triggers that later defined controllership.

Initially scholars sought to define controllership by its functions within companies, and to investigate its connections with business performance (Kanitz, 1976; Nakagawa, 1978; Tung, 1974; Yoshitake, 1982). The definition and functions of controllership are debated until today (Borinelli, 2006; Lunkes, Schnorrenberger & Rosa, 2013; Lunkes, Schnorrenberger, Souza &

Rosa, 2012), yet those first studies were important as they afforded legitimacy to controllership (e.g. Messner, Becker, Schäffer & Binder, 2008). Subsequently, another group of researchers, influenced by the *Modelo de Gestão Econômica-Gecon* (roughly: Economic Management System), established a particular orientation to controllership (Almeida, Parisi & Pereira, 2001; Moismann & Fisch, 1999; Peleias, 2002; Santos, 2005). Gecon is a performance management system, which was developed at the end of the 1970s by a USP professor, Armando Catelli. Taking as a basic premise companies strategic planning, Gecon's work concentrates on areas of responsibility when building performance indicators, to assess companies' economic performance. The discourse underpinning the Gecon approach helped shape controllership as a discipline overtly focused on the internal uses of accounting information (Borinelli, 2006), as many related text books underscore (Catelli, 2001; Figueiredo & Caggiano, 2004; Santos, 2005). Comparing Brazilian literature about controllership with German and US literature, Lunkes et al. (2009) defined Gecon as somewhere between operational and strategic approaches to controllership. This classification is, however, not rigid, as many of Gecon's affiliates (i.e. Mosimann & Fisch, l999; Almeida, Parisi & Pereira, 2001; Peleias, 2002) have, in the words of Lunkes et al. (2009), "sympathies" with the literature that define controllership by its strategic role. The emphasis on the internal uses of accounting within controllership literature must nonetheless be counterbalanced by observations of what controllers do in practice. We next draw on empirical studies that address the role assigned to controllers in Brazil (Borinelli, 2006; Calijuri, 2004; Oro, Beuren & Carpes, 2013; Oro, Carpes, Dittadi & Benoit, 2007; Siqueira & Soltelinho, 2001).

Since the early controller positions of the 1960s (Siqueira & Soltelinho, 2001), the tasks assigned to them have become gradually more complex. During the 1960s, controllers' assignments consisted mostly of producing reports for the government and planning controls. In the 1980s, assignments became more diverse, extending to include the elaboration and interpretation of reports, tax management, performance assessments and evaluations (Siqueira & Soltelinho, 2001). It is important to mention here that between 1960 and 1994 Brazil faced high levels of inflation; in the 1960s and 1970s, Brazil's average rate of inflation rate was 40 per cent. In the 1980s and 1990s, the country faced hyper-inflation, with average rates of 330 (1980) to 764 per cent (1990 and 1994). During this period, management accounting practices had little impact on businesses, since prices changed on a daily basis and it was difficult to separate the effective performance of businesses from the effects of inflation. Hence, while on the one hand companies demanded management accounting reports to be adjusted according to inflation, on the other, the cost-benefits of maintaining complex systems hindered the spread of management accounting practices. The problem of inflation has also been embraced by academics who became interested in developing inflation accounting methods (Martins, Gelbcke, Santos & Iudícibus, 2013). Strongly influenced by the US model, regulation (Law 6.404 enacted in 1976) channelled academia's interests towards regulatory accounting, which concerned issues such as how to account for operations with inventory, and how to determine profits relative to the effects of inflation.

In the mid-1990s, companies increased their interest in management accounting, and the role of controller incorporated a strategic and managerial orientation. After implementation of an economic stabilisation plan in 1994, and with inflation under control, the government, entrepreneurs and sectors of the population came to understand that Brazilian companies were less competitive than their counterparts in developed countries (Coutinho & Ferraz, 1994; Silva & Melo, 2001). Using the so-called Asian Tigers as a benchmark, governmental agencies disseminated the idea of total quality systems. Despite cultural differences, adoption of total quality management (TQM) spurred companies to build performance indicators and cost design systems, underpinned not only by an interest in financial results, but also by concerns about other internal requirements. In the 2000s, tech companies contributed to this discourse by highlighting the importance of intangibles. Underpinned by the idea of innovation, the 'New Economy' – which rendered stronger the emphasis on the management of intangible assets, such as competitiveness, human resources, quality of services, goods, etc., fuelled the interests of companies, encouraging them to adopt broader systems of performance. TQM and innovation were, nonetheless, seeded in a terrain already prepared to receive such notions, as the government built on the public fear of a return to hyper-inflation, to propagate the new public management agenda throughout the country.

The new public management agenda paved the way for the emergence of management accounting practices, as state-led reforms promoted the dissemination of performance and accountability systems (Bresser-Pereira & Spink, 2006). Currently, new public management initiatives can be found at all levels of government. For example, the government promotes interest in cost management by granting awards to students and practitioners aimed at improving practices. The *Internal Revenue Service of Brazil* established best paper awards for students developing ideas on cost management. Similarly, this applies to management control instruments, such as participatory budgeting and indicators, both of which were awarded for practitioners and students. Finally, inspired by the experiences of New Zealand, England and Australia, the *Fiscal Responsibility Law* was an important innovation, establishing metrics and indicators for the management and control of public entities, and thereby increasing the responsibility of controllers employed in public organisations. Implemented in 2000, the *Fiscal Responsibility Law* was at the epicentre of the impeachment of former President Dilma Roussef, as the allegedly creative accounting practices committed under her government are expressly prohibited under this law.

During the last 10 years, therefore, there has been increasing interest among scholars in identifying the key functions and competencies of controllers in Brazil (Borinelli, 2006; Calijuri, Santos & Santos, 2005; Daniel, Vesco & Tarifa, 2006; Fachini, Beuren & Nascimento, 2009; Giongo & Nascimento, 2005; Lunkes, Machado, Rosa & Telles, 2011; Medeiros & Rabelo, 2010; Santos, 2008; Schnorrenberger, Ribeiro, Lunkes & Gasparetto, 2007). According to Lunkes et al. (2012) these studies have identified at least 10 key functions attributable to controllership: accounting, auditing, controlling, tax management, planning, elaboration and the interpretation of reports and internal control. In a detailed study of the practices of controllers in 88 of the 100 biggest companies in Brazil,[4] Borinelli (2006) found the majority of companies had a functional area termed controllership (77 per cent), and of these, most (72.06 per cent) take on management accounting roles. Typical designations for the person responsible for the controllership department are *Diretor de Controladoria* (Head of Controllership), *Gerente de Controladoria* (Controllership Management), Controller,

Controller Corporativo (Corporate Controller) and *Superintendente de Controladoria* (Superintendent of Controllership). Controllers are typically aged between 36 and 50 years, with an average age of 43 years; 54.41 per cent have majors in Accounting and 27.94 per cent in Management. More than half hold MBAs in Business Management, Finance or Controllership.

Seeking to identify the requirements for hiring controllers, Oro et al. (see also Oro et al., 2013; 2007) surveyed 373 job announcements. They found 241 job offers for controllers related to operational level positions, 22 were for managerial positions and 110 were for strategic level positions. The majority of offers were located in the southeast of Brazil (90–95.45 per cent), which comprises the states of *Espírito Santo*, *Minas Gerais*, *Rio de Janeiro*, and *São Paulo*. With a population of circa 80 million inhabitants, the southeast is responsible for more than half of Brazil's GDP. Companies requiring controllers to work at operational level demand skills such as corporate accounting. Regarding financial accounting, the majority of job offers demand skills like closing accounts, accounting routines, knowledge of corporate practices and tax legislation. In the case of management accounting, announcements required operational knowledge of business analysis, followed by management and cost accounting; and mid and strategic levels requirements were directed towards planning and budgeting. The job announcements demanded few skills associated with using modern management accounting tools and techniques, such as Economic Value Added (EVA), Balanced Scorecard, Activity-based costing (ABC), board and management interface, tax planning and informational support. In terms of academic background, management and accounting were evenly distributed. The specifications also requested experience of 1–2 years for operational level, and 5–6 years for managerial and strategic levels.

In an additional study, sponsored by the *Associação Nacional dos Executivos de Finanças, Administração e Contabilidade* (ANEFAC),[5] Calijuri (2004) found 55.2 per cent of executives that returned the survey (29 of 350) were managers and 34.5 per cent were department heads (in Portuguese, *diretores*). In their assignments the controllers listed cost control and accounting closing processes (96.6 per cent), local management reports (93.1per cent), planning and budgeting control (89.7 per cent), tax planning and management systems (82.8 per cent), budgeting (75.9 per cent), feasibility studies for future investments (62.1 per cent), corporate restructuring (55.2 per cent), the creation of internal manuals (51.7 per cent), conversion to US GAAP (48.3 per cent), international management reporting, and relationships with customers, suppliers, government agencies (41.4 per cent) and internal audits (37.9 per cent).

In summary, the controller's role in Brazil is largely focused on budgeting and planning, managerial reports and taxation. The legitimacy of controllership as a practice, and of the controller as a profession, however, is still in the process of institutionalisation. Different from Anglophone countries, in which professional bodies play a key role in raising the value and importance of the management accountant profession (e.g. Willmott, 1986) or the efforts in German controllers towards such professionalisation (Schäffer, Schmidt & Strauss, 2014), in Brazil, the interests of controllers are mainly mediated by, and diluted by, the *Conselho Federal de Contabilidade-CFC* (Federal Accounting Council). In addition, while controllership is now included within the main conferences taking place in the country, such as the USP's Conference on Controllership and Accounting, the *Congresso Brasileiro de Custos*, the Anpcont and the EnANPAD, the number of publications on controllership remains meagre. Hence, the education and professionalisation of controllers in Brazil must still overcome some challenges, as the next section briefly outlines.

Challenges to the controller's education and profession in Brazil

Based on what has been presented, this section explores some challenges for the education and professionalisation of controllers working in Brazil. The challenges addressed in this section include the lack of professional bodies to represent the interests of controllers, the still incipient forums for debating the issues arising within the field, and the difficulties inhibiting knowledge transfer between academia and controllers' practice and training.

The history of accounting in Brazil reveals that accounting education originated in non-academic, technical courses, rather than in universities. Accounting pedagogy resulted from the needs of merchants, and later firms, to comply with tax and commercial law and to maintain companies' records. Technical courses focused on bookkeeping, which was made available to literate people with basic arithmetic skills, making them the first types of institutionalised training. The bookkeeper quoted in the Commercial Code (1850) was essentially responsible for recording accounting information, a practice largely oriented by the bureaucratic demands of legislation. The role of accounting as bookkeeping defined the agendas of professional councils, which, continue to only debate management accounting from an academic perspective, focusing instead on accounting regulation and auditing, adherence to tax laws, rules on third-sector institutions and adherence to rules applying to the International Accounting Standard Board (IASB). There have therefore been few efforts, within these councils, to professionalise the controller role.

Hence, in this regard, debates regarding the practices of controllers suffer from councils' narrow agenda. One key limitation concerns their emphasis on regulatory issues. Since their creation, in the middle of the twentieth century, accounting councils have traditionally embraced themes such as financial accounting, taxation and external audits. In general, these matters depend largely on the definition of standards; such as accounting standards. The second limitation refers to councils' focus on tax accounting. Councils provide associates with information, which generally refers to taxation issues. This might relate to the complexity of Brazilian tax legislation, which demands companies expend considerable effort on its interpretation and follow-up. Accounting for taxes requires a significant amount of work in terms of the elaboration of reports and the implementation of controls required by the Brazilian tax authorities. Thus, compliance remains a primary task of controllers.

An attendant challenge, as mentioned above, is the still incipient forums for debating controllers' practice. Brazil recently created spaces for debate, but, similar to the Germanic process of institutionalisation, the controller profession still has little insertion. Recently, a group of professors have been organising meetings to debate the challenges encountered in management accounting as a field of practice and research in Brazil (Frezatti et al., 2015). In the long term, these initiatives might affect the professional development of controllers in Brazil. However, as this very group acknowledges, the gap between academia and practice is a key challenge, responsible for making management accounting more practice-oriented in Brazil. When seeking to establish the professionalisation and education of controllers, this gap tends to be a hindrance, as academic discussions have little influence on accounting councils and tends to minimise the collaboration between practitioners and academics.

Finally, an important challenge refers to how best to bridge discussions within academia and those about controllers' training and education. Issues addressed in conferences are rarely transferred to classrooms. In this regard, the specialisation of controllers has relied largely on the proliferation of MBAs. However, due to the lack of regulation regarding the controller profession, MBA syllabi do not adopt any specific content requirements. The establishment of such content would be relevant in attempts to institutionalise the profession, as the practices performed by the controller only share family resemblances with the different syllabi taught on MBAs.

Conclusion

This chapter has presented an account of the role of the controller in Brazil. Endowed with managerial responsibility, Brazilian controllers are responsible for performing management accounting functions. The social, economic and political contexts from which the controller emerged in Brazil were key to shaping controllership, as a discipline and field of practice. Meanwhile in the 1970s, high levels of inflation in Brazil played an important role in defining the interests of both academia and government regarding accounting, directing it towards finance accounting. The issue of inflation was used to propagate the new public management agenda within the country. As the first positions appeared in the country, around the 1960s, controller's assignments became gradually more complex, and today, studies have shown 10 key functions of the controller: accounting, auditing, controlling, tax management, planning, elaboration and interpretation of reports, and internal control. Some challenges currently associated with the professionalisation and education of controllers in Brazil are the lack of institutional support to represent the interests of controllers, insufficient cooperation between practitioners and academics to promote knowledge transfer and the difficulty translating academic discussions into practice.

Notes

1 The Society of Jesus, or the Jesuit order, is a Roman Catholic Order founded in Rome in 1540 by Ignatius of Loyola, which spread throughout Europe and the world. For a comprehensive account of the Jesuit's accounting practices see Quattrone, 2015.

2 Napoleon demanded Dom John adhere to the Continental blockade. However, because Portugal had a long-standing commercial relationship with England, he decided to adhere to the embargo but continue trading with England in secrecy. Napoleon discovered this betrayal, and invaded Portugal. On 29 November 1807, two days before the Napoleonic forces invaded Lisbon, the Portuguese royal family and the Royal Court departed for Brazil escorted by the English Royal Navy.

3 The opening up of ports was implemented by Royal Charter, dated 28 January 1808, and known as Decreto de Abertura dos Portos às Nações Amigas. In practice, however, British vessels and traders were its main beneficiaries.

4 Controlling interests of companies are concentrated in four countries: Brazil, US, Germany and France. Brazil corresponds to the biggest share.

5 ANEFAC is an association of executives of finance, management and accounting. In its home page it identifies itself like this:

The association was founded in the same manner as the NAA U.S. to discuss issues that add value to the activity of individual members through technical lectures presented in English, about Comptroller, Public Accounting and Financial Management.

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3 The evolution of management accounting in Canada

Sophie Tessier and Samuel Sponem

Introduction

The timing of this book, and particularly this chapter is very *apropos*. Indeed, the year 2013 marked the end of the 93-year timeline of CMAs in Canada following the merger of the three main Canadian accounting associations (CA, CMA and CGA) into a single association (CPA),[1] thus ending one chapter of the Canadian management accounting history and starting a new one.

Why mention professional bodies regulating accounting in a chapter on management accountants? In Canada, as opposed to many European countries, management accounting is organised as a profession and most management accountants hold a professional designation (Caron et al., 2011). Thus, reviewing the historical development of management accounting in Canada implies reviewing the history of accounting organisations and understanding how these organisations were successful in establishing jurisdiction over management accounting practices.

Each country having its own specificity, it is also important to explain the Canadian context. Canada has 11 jurisdictions of government authority: the federal jurisdiction and ten provincial jurisdictions. Professions (designations and practice rights) and education fall under provincial jurisdiction. As a result, the development of the management accounting profession has evolved differently, to some extent, in each province. Generally speaking, the provincial associations deliver services to and collect revenues from members, while the national association provides coordination and joint services (Richardson & Kilfoyle, 2012). Similarly, accounting education, including management accounting education, has developed differently in the provinces (Richardson, 1992). Hence, national and provincial developments of the profession, as well as professional and educational developments, are intertwined and reflect the changing role of management accountants throughout the last 100 years or so.

The remainder of the chapter is organised as follows. First, the historical development of management accounting profession in Canada is presented. This section provides the development of the profession in terms of status of management accountants, their education and their roles. It is based on a review of public documents, books and articles as well as informal discussions with actors of this development. Second, the state of the profession today is explored in more detail. This section is based on round tables exploring the roles of Canadian financial directors as well as prior literature. The last section offers concluding remarks.

Management accounting in Canada: the making of a profession

The development of the management accounting profession in Canada can be regrouped into five stages: emergence, professionalisation, expansion, legitimisation and rationalisation. These stages represent the 93-year timeline of management accounting as a separate profession as well as the impact the merger had on management accounting.

The emergence of management accounting: moving away from public accounting

The last decades of the nineteenth and first decades of the twentieth century saw the professional emergence of financial accounting with the incorporation of provincial associations and, ultimately, the incorporation of the Dominion Association of Chartered Accountants (DACA) at the national level in 1902 – later renamed the Canadian Institute of Chartered Accountants (CICA) (Murphy, 1986). These newly created associations and institutes had the power to grant the CA designation and focused on the practice of public accounting. Apprenticeships and examinations were based on teaching and testing knowledge of auditing and financial reporting (Richardson & Kilfoyle, 2012). However, very early on, accountants working within organisations wanted "professional training and recognition but without the necessity of articling with a public accounting firm" (Richardson & Kilfoyle, 2012, p. 86).

As early as 1908, a competing association was founded in Montreal, that of the Certified General Accountants (CGA) (Murphy, 1986) with the intended goal to meet this need. CAs saw this new organisation as a direct competitor and a strategic threat (Richardson & Kilfoyle, 2012). Moreover, although CGAs were moving away from public accounting, there was still no accounting organisation specifically overlooking cost accounting. Eight men, CAs from across the country, sought to cater to the specific needs of industrial accountants working in the manufacturing sector by creating in 1920 the Canadian Society of Cost Accountants (CSCA), referred to as "the Society" by its members[2] (Law, 2013). Although the Society was independent from the DACA (Allan, 1982), it had its unofficial blessing (Law, 2013). This organisation did not have the power to hold examinations or establish a designation. Rather, it was "a mechanism to allow cost accountants to share information and improve their craft", without becoming a rival to the CA designation (Richardson, 2000, p. 112).

As the name of the Society suggests, the main concern of industrial accountants was cost accounting. Increased scrutiny over profits of industrial companies, by both the government buying their goods and employees working for them, made cost accounting a popular discipline worthy of its own organisation (Murphy, 1993). The close link with the industry was highlighted by the location of the Society's headquarters itself. Indeed, in 1937, the Society's headquarters were moved from Toronto to Hamilton (Law, 2013), which was an important centre of manufacturing activities. The Society was also concerned with more general topics such as industrial organisation and accounting systems. Hence, according to Georges Edwards, the Society's first president, the Society would "[open] up a field of legitimate endeavor not hitherto covered by either the Chartered Societies or the various existing media for the preparation of young men for industrial pursuits" (Allan, 1982, p. 6).

From the beginning, the Society was concerned with educative objectives. Upon its creation in 1920, the CSCA stated that one of its goal was "to establish and conduct classes, lectures, bulletins, correspondence courses, and other instructional means" (Allan, 1982, p. 7). One of the pedagogical methods it implemented was its *Cost and Management* journal, which was launched in 1926 (Murphy, 1986). During the same period, universities were introducing industrial accounting courses. For example, in 1922, HEC Montréal introduced its first course entirely dedicated to industrial accounting in its commercial licence curriculum. The course covered topics such as cost accounting (raw material, labour and general expenses).[3] A cost accounting course was also added to the Bachelor of Commerce programme at the University of Toronto.[4]

It was in 1927, however, that an official base of knowledge, required for accessing the management accounting profession, saw the light of day when the CSCA adopted the Cost Accounting and Factory Organization examination programme, which led to a Certificate of Efficiency (Allan, 1982, p. 23). The CSCA reached an agreement with McGill University to offer courses allowing students to take these examinations (Cost and Management, 1929, p. 32). This certificate was a first step towards professionalisation.

The professionalisation of management accounting

The birth of the CSCA was a response to "a market demand for professional representation (i.e. an association), and for continuing professional development opportunities" for industrial accountants (Richardson & Kilfoyle, 2012, p. 87). However, at the time, management accounting was not yet a profession. Indeed, the CSCA did not grant any official designation. Moreover, the boundaries between cost accounting and engineering were still not well defined. For example, in 1930, the national Society was renamed the Canadian Society of Cost Accountants and Industrial Engineers (Law, 2013). As White (1930, p. 208) explains in regards to the US context, "since the advent of so-called scientific management, debits and credits have been called upon to an increasingly great extent to furnish facts upon which the decisions of modern industry are made". Hence, he adds, engineers, who were often senior managers, had to familiarise themselves with cost accounting as they were users of this information.

It was not until early 1940s that management accounting became a formal profession. Some people opposed this movement as they feared that professionalisation would move the focus from cost accounting and management to exam preparation (Law, 2013). Specifically, those opposing the professionalisation, who were mostly from Montreal, argued that the Society would shift its focus on candidates occupying lower hierarchical levels, who produced accounting information, as opposed to managers, who used and interpreted this information. Accordingly, these members believed the Society should focus more on management issues (Allan, 1982). The Society nevertheless received designation-granting power in Ontario (Registered Industrial and Cost Accountant, RIA) and in Québec (Licentiate of the Cost and Management Institute, LCMI). Other provinces followed which led to an increase interest in the profession. Although different provincial bodies adopted different names, a clear focus on management accounting emerged. This designation could be granted to members with many years of experience in cost accounting. It could also be granted to members of other accounting associations or to industrial engineers with experience in their field (Richardson, 2002). This inclusive strategy “reflects an attempt to co-opt members of the other professions and thereby gain jurisdiction over the work that they perform” (Richardson, 2002, p. 106). Finally, this inclusive strategy worked, jurisdiction contests between engineers and management accountants were resolved resulting in management accountants being responsible for costing and performance evaluation (Richardson & Kilfoyle, 2012).

The professionalisation of management accounting had a deep impact on the number of members, i.e. it more than doubled between 1938 and 1942, while it had remained stable between 1925 and 1938 notwithstanding some yearly fluctuations (see Table 3.1).

In parallel to this development, efforts were made to expand the offer in regards to education. Indeed, at that time, Montreal was the only city where university courses preparing for the examination were given (Allan, 1982). Thus, these courses started to be offered as evening courses at the McMaster University, in Hamilton were the Society had its headquarters. Topics included bookkeeping, accounting, cost accounting, industrial organisation and management, advanced cost accounting, industrial law and a thesis in cost accounting (Allan, 1982). To reach even more candidates, the CSCA introduced in 1943 correspondence courses (Law, 2013), developed by universities. These courses would prove to be particularly important for smaller provinces, since access to universities was more difficult in these smaller provinces.

Table 3.1 Number of members (Ontario and Québec)

Year	*Number of members*
1925	354
1927	244
1930	359
1932	427
1934	327
1937	266
1938	363
1942	760

Source: Allan (1982).

With the creation of provincial sections in Alberta (1943) and British Columbia (1945), the national organisation started to reflect the political landscape of the country: a federation of autonomous provincial organisations (Côté, 1992). More than a simple coordination mechanism, the CSCA played a role in the setting up of other provincial societies (Manitoba (1947), Saskatchewan (1948), New-Brunswick (1950) and Nova-Scotia (1950)), by providing administrative support, especially in the smaller provinces. However, one of its biggest role was the standardisation of education and examination. To achieve this, a national committee was created in mid-1940s and was constituted of members of different provincial societies. For the first time, a national view was taken which led to all correspondence courses being revised in 1946. These would continue to be revised every three years afterwards. The Society of Ontario supervised the creation of these courses and in the end provided teaching notes for all the different teaching centres across the country, thus assuring uniformity (Allan, 1982). As a result, the national Society standardised across the country the content of its previously provincial examinations (Richardson, 1992).

To reflect this search for uniformity, a standardised name was also adopted. In 1947, the national organisation was renamed the Society of Cost and Industrial Accountants in Canada (SCIAC) (Law, 2013), abandoning the word “engineer” from its denomination. Provincial organisations were asked to replicate this name by replacing “Canada” with their own provinces’ names (Allan, 1982).

Expanding the roles of management accountants

To ensure the advancement of the profession, the national Society gave itself the mandate to innovate. At the beginning of the 1950s, the Society introduced managerial statistics and report drafting courses. It also revised its final cost accounting course to emphasise cost control, budgetary analysis, forecasts and the break-even analysis. During this period, 22 universities and colleges offered courses leading to the title issued by the SCIAC (Allan, 1982). To prepare for their examination, candidates could either enrol in a university and follow lectures in accounting or register to the correspondence courses.

The pedagogical materials developed in the field of management accounting, however, remained inferior to that developed in the field of financial accounting and auditing. This may be explained by the fact that “[m]anagement accounting is a staff position within organizations and, consequently, does not generate funds for its own use. In addition, it is regarded as a ‘private good’ that benefits only the firm in which it is used” (Richardson, 2002, p. 111). Nevertheless, in the next two decades, the body of knowledge in management accounting and the roles of management accountants would greatly expand.

During the 1960s and 1970s, the Society repositioned the profession to reflect the changing reality of cost accountants (Law, 2013). Indeed, cost accountants expanded their presence beyond industrial cost accountant. The Canadian economy was diversifying itself and becoming more service oriented. Management accountants thus moved away from the manufacturing sector to embrace this new sector of the economy. In early 1960s, 60 per cent of members of the Society were from the manufacturing sector. However, by early 1970s, this percentage had dropped to 40 per cent. Moreover, the proportion of members working in the public sector rose to 25 per cent (Allan, 1982). Accordingly, management accountants also diversified their roles. Following global trends in the field, there was a decline in the development of cost accounting, while operations research techniques, capital budgeting, electronic data processing and simulation methods for budgeting were introduced, in addition to cost-volume analysis which had gained in popularity in the 1950s (Mattessich, 1984). Moreover, management practices, behavioural sciences, communication skills, business law and information systems were now considered as important as accounting techniques (Allan, 1982).

To further fulfil its mandate to innovate, and to respond to members' request for more guidance on management accounting, the Society established a committee whose role was to provide its members with Management Accounting Guidelines (MAGs) and Management Accounting Practices (MAPs). The objective was to create a body of knowledge useful in the management of organisations. Four subcommittees were created: management accounting, financial accounting, legislative issues and thematic studies (Allan, 1982). The research mandate of the Society led to special studies such as capital expenditure appraisal (Special Study #1) or the impact of computers on accountants (Special Study #6). Other research projects included a project on the nature and scope of accounting published in 1968 and a project by Henry Mintzberg on the use of data in decision making jointly sponsored by the Society and the US National Association of Accountants (Mintzberg, 1975). According to Law (2013, p. 26), "continuous research helped the Society keep pace with leading-edge businesses".

During the same period, university education evolved to reflect the development of the profession: teaching focused on using costs to make decisions. These developments were supported essentially by American textbooks adapted to the Canadian context, which are still used today, at least in English-speaking universities (Beaulieu & Lakra, 2005). As Beechy (1980, p. 73) explains:

> The 1962 publication of Horngren's work on cost accounting had a rapid and far-reaching impact on the teaching of management accounting in introductory courses. Students no longer spent the first trimester studying job order costing or process costing in detail. […] Studying the costs required for decision-making was of the utmost importance in most courses, while the study of processes was delayed until the second course or to the second half of the courses.[5]

In parallel, the two other Canadian accounting associations (CA and CGA) also integrated elements of management accounting into their programmes. At the end of the 1970s, 21,240 students were enrolled in introductory or advanced management accounting courses in Canadian universities (Beechy, 1980).

In search of relevance and legitimacy

In the 1970s, the Society started to reflect on the name of the Society. First, it was believed that, in light of the new extended roles of industrial accountants, the name no longer represented what the members were doing and therefore, that it was no longer relevant. Indeed, by 1975, only 10 per cent of RIA were directly associated with cost accounting.[6] Hence, the word "Industrial", included in the name of the society and the designation of its member, was too restrictive. In addition, issues with the bilingualism of the name surfaced, with the designation not being translatable in French (Allan, 1982). Finally, the term "management accounting" was gaining popularity in the UK and the USA, as well as in universities in

Canada. Hence, the Society changed its name to the Society of Certified Management Accountants of Canada (SMAC), and changed the designation to CMAs. This had the advantage of standardising the name of the Society and using the same acronym in both official languages (in French: Société des Comptables en Management Accrédités du Canada, CMA). Accordingly, it also changed the name of its journal *Cost and Management* to *CMA Magazine*, which would later be changed again to *CMA Management* in 1995 (Richardson, 2002).

This, however, was more than a simple name change. It was the promotion of a new field of expertise, that of management accounting, a profession that provided the wisdom of accountants with the audacity of managers.[7] What followed was an intense communication strategy to increase the popularity of CMA, joined by a search for legitimacy through education. Underlying this communication campaign and the increased requirement for education was a latent threat: that of a merger between the different Canadian accounting associations (CA, CGA, CMA). The idea of a merger was not new, with discussion between the different associations in the 1960s and 1970s (Allan, 1982). Being the smallest of the three associations, the Society would not have a lot of negotiation power in the advent of a merger. Therefore, the underlying strategy was to increase credibility and notoriety in anticipation of a merger.

In regards to the communication strategy, it was important to break the image of "cost accountants". This was particularly true in Québec, where the provincial organisation actively promoted the new CMAs as part of a movement called the "Emergence of Quebec Inc." (Normand, 2013). For example, the Society sponsored a book called "Les guerriers de l'émergence" [Warriors of Emergence], in which the CEO of CMA Québec promoted the new management accountant.

> The new values promoted by the phenomenon of emergence[8] in Quebec and more particularly by the strategists of this emergence are those corresponding to the mission of the professional corporation of CMAs, a mission first and foremost focused on pre-eminence in the field of management accounting in Quebec.
>
> True managers, CMA professionals are at the heart of the action and decision-making in the most diverse organisations. They are part of this generation, of these actors of the emergence that make things happen. In addition to the traditional skills of accounting, we recognize this new class of professional the flair and skill of the manager. That's why the work of CMAs fits right inside of this emerging phenomenon that is currently experiencing Quebec.
>
> (Renauld, 1986, pp. 18–19)[9]

This attempt to change the image of the Society was supported by an innovative advertisement campaign. Slogans such as *Pour changer l'ordre des choses* (1988) (which can be translated as "To change the order of things", a pun in French with the word *ordre* which is also another word used for Society, i.e. Ordre des CMA) and *Le M fait toute la différence* (1990) (which can be translated as "The M makes all the difference", meaning that management skills is what makes the difference between CAs and CMAs). Visuals were also used to sell the added-value of CMAs. For example, CAs were portrayed as a single pencil whereas CMAs were portrayed as set of coloured pencils. The aim was to associate CMAs with decision making and to introduce the notion of business partners. In order word, CMAs were bilingual: they could talk accounting as well as management.[10] This proactive strategy was pursued during the 1990s and 2000s. Bob Dye, the president and CFO of CMA Canada stated at the end of his term in 2006 that "Our critical success factors – from which we have derived our strategic intent – are market relevance, marketplace recognition, product differentiation, member competence, quality growth, and operational excellence" (Fletcher, 2003, p. 18). To fulfill this new strategy, it was important to stop training RIA and start training CMAs.[11] Hence, in the 1980s, the Society increased the development of its members' decision-making skills by including into their training programmes skills such as team building, leadership, presentation and communication (Law, 2013). Furthermore, it increased requirements leading to the CMA designation to improve the credibility of the profession.

The teaching of accounting in Canada has always been characterised by a "host of educational programs including professional courses, university and community college programs, correspondence schools and in-house training programs of accounting firms" (Richardson, 1992, p. 263). However, university education did become increasingly prevalent during the second part of the twentieth century: "the education of accountants evolved from a system of apprenticeships and ad hoc proprietary instruction to an emphasis on university-based training supplemented by a period of practical experience" (Richardson, 1992, p. 264). In addition to changing the focus of education, it was important to increase the credibility of the CMAs designation. For professional associations, university education was both a source of legitimacy and a means of regulating access to the profession (Richardson, 1987). It was therefore a major element of their strategy, and it garnered much attention. Since the Society was the only accounting association that did not require a university degree to obtain the designation, it faced legitimacy issues. Therefore, by the end of the 1980s, the Society made enrolment in its professional programme conditional upon holding a university degree, as had Certified General Accountants (CGA) and Chartered Accountants (CA) (Richardson, 1992). In fact, during this period, the CMA designation evolved from being the one with the least training to the one requiring the most training, since it was the only one that required additional training after completion of an undergraduate degree, a requirement that was eventually copied by the other two associations.[12] The Society also introduced the executive programme designed for managers with professional experience. In partnership with universities, managers could combine an MBA programme with the CMA designation.

Generally speaking, the Society's goal was to develop professional skills through a mix of university training, professional learning, and practical experience. To achieve this, in the mid-1990s, the SMAC began to develop a skills-based learning approach (Boritz & Carnaghan, 2003) based on a competency framework. The CMA competency framework identified 346 skills-related outcomes (Morpurgo, 2015). It was based on three pillars: strategy, accounting and management (Society of Management Accountants of Canada, 2011). The framework identified functional skills (the hard cognitive skills professionals draw upon to do the work required of them) and enabling skills (the softer skills that are required to determine which functional skills and tools should be employed to perform certain tasks, make decisions, lead, communicate and exercise professional and ethical judgement) (SMAC, 2011).

As of 1983, formal education was supported by the publication of MAGs and MAPs based on the various research projects (Cost and Management, 1982) on topics as diverse as the estimation of cash flows for capital expenditure decisions, a framework for internal control, the management of the annual financial statements audit, the strategic schedule for information resource management, the preparation of annual reports (Chlala & Girard, 1993), the implementation of benchmarking, the development of comprehensive performance indicators and the design of the finance function. Forty-six MAGs were published between 1983 and 1998 (Sturge, 1998).

Derrick Sturge, the chair of the board of directors of the SMAC was proud that CMAs were leaders in regards to these guidelines as illustrated by the fact that the Financial and Management Accounting Committee (FMAC) of the International Federation of Accountants (IFAC) used them to draft a new statement of management accounting concepts based on best international practice (Sturge, 1997). Getting recognition on the international scene was part of the Society's international objectives. Indeed, the Society wanted

> to build acceptance for the expanded profile of management accounting as it is practised in Canada, to reinforce the profile of the Society as a standard setter in this sphere of the profession, to establish management accounting as a distinct and equal branch of the profession along with the field of independent assurance services.
>
> (Stuart, 1997, p. 5)

In addition, the Society published 18 Management Accounting Standard (MASs) in 1998 (Sturge, 1998). While the guidelines looked "at a management accounting issue from a strategic and management perspective" the MASs focused "on narrowly defined topics within three overarching categories – cost finding, cost using, and strategic management control" (CMA Management, 2005). In 2005, the SMAC had a library of 61 MAGs and 50 MASs. The word "standard" would later be abandoned, however, as the Trustees of the Society expressed some concern over this term, considering that the "word standards tends to be misleading to the marketplace, with the connotation of mandated 'standards', whereas these documents in fact aim to be best practices" (Benn, 2007, p. 18).

All these initiatives paid off. Between 1984 and 2012, membership increased from 2,096 members (La Corporation Professionelle des Comptables en Administration Industrielle du Québec, 1984) to 8,180 members (L'Ordre des CMA du Québec, 2012), in Québec alone. In Canada, membership doubled between 1982 and 1992 to reach 23,000 members (Diebel, 1992). In fact, during these years, the Society's growth rate was higher than CAs and CGAs combined.

Rationalising the profession: management accounting and public accounting reunited

As mentioned above, this "golden age" of CMAs was done in conjunction with constant talks of a potential merger. Indeed, negotiation between the three Canadian organisations occurred but failed in 1983–84, 1987–88, 1995–96 and 2004 (Richardson & Jones, 2007). However, by 2010–11, negotiation resumed and succeeded provincially first, and then nationally in 2013.

Several factors contributed to the creation of CPA Canada. First, the differences between the three designations had slowly disappeared (Richardson & Kilfoyle, 2012). According to Caron (2003), there were not really any differences between the three designations when working in organisations. The real distinction was between accountants working in audit firms and accountants working in organisations, notwithstanding their designation (Caron, 2003). On the one hand, CAs increasingly worked outside of public accounting (from 56 per cent in 1991 according to Côté (1992) to 63 per cent in 2009 according to CMA Québec (2009)). On the other hand, while very few CMAs worked in audit firms (only 6 per cent in 2009, (CMA Québec, 2009)), which still reflected the initial *raison d'être* of CMAs, with time, both CMAs and CGAs developed an interest for public accounting (Richardson, 1987). As a result, by the early 2010s, both CMAs and CGAs had obtained the right to practise public accounting (Richardson & Kilfoyle, 2012). A second reason in favour of the merger was that the three Canadian societies needed to regroup to compete against international accounting bodies (Richardson & Kilfoyle, 2012). Finally, the societies felt they needed to be proactive to avoid a government-imposed reform (Richardson & Kilfoyle, 2012), accounting being one of the only professions overseen by more than one association.

After the merger of the three accounting professions, a new competency framework was developed. The CPA framework, which is the one still used today, combines aspects of the CMA, CGA and CA programmes (Morpurgo, 2015). In a similar way to the CMA framework, it distinguishes between technical competencies and enabling competencies (Chartered Professional Accountants Canada, 2012). Core and Elective modules replace the "Strategic Leadership Program" from the CMA programme. The new CPA Professional Education Program (CPA PEP) includes an optional elective module, called "Performance Management" that prepares candidates to management accounting positions. A Capstone module emphasises enabling competencies and includes a team-based written case and board presentation, heavily influenced by the legacy of the CMA programme. The entire CPA certification programme culminates in a multi-day national Common Final Examination, which is a carry-over from the legacy of the CA programme. This new CPA programme seems to be more directed towards younger, inexperienced university undergraduates and MBA/MPacc/MAcc graduates than the previous CMA programme (Morpurgo, 2015).

The Canadian accountant within the organisation

The Canadian accountant can take two paths to reach an organisation. As mentioned above, CPAs starting their career in audit firms often move on to a career within organisations. They thus "opt out" of the practice of external auditing (Caron, 2003). Other CPAs begin their careers directly in an organisation where they often move from a controller position to positions of Chief Accountant or Director of Finance. It is also not rare for accounting professionals to expand their skills beyond accounting and end up in more operational functions (Caron, 2005). Generally speaking, the holder of an accounting designation enjoys strong legitimacy in the Canadian organisations. S/he often sees himself/herself as an actor who “knows more than others” and who can impose her/her knowledge on other organisational actors (Caron, 2003). In addition, accounting technique is seen as a prerequisite to which many accountants do not want to be limited. The knowledge of the business and the development of interpersonal skills are often considered by accountants as essential to the success of their mission (ibid.).

It is worth mentioning that in Canada, the “management accounting” functions are performed under various names. In fact, the designation of “management accounting” per se is quite rare and the one performing the functions of management accounting is more commonly called “a controller”. In a study investigating 90 Canadian accountants performing the functions of a controller, five different designations were used to describe this position: “controller”, “business manager”, “chief accountant”, “vice president finance” and “analyst” (Caron, Boisvert & Mersereau, 2011). Caron et al. (2011) show that the controllers they investigated divide their time between six main activities: preparing and disclosing financial statements; ensuring the integrity of the organisation; managing financial resources; analysing and making business recommendations; managing the organisation’s performance; and performing transactional or technical activities. Depending on the accountant’s profile, managing the organisation’s performance, which is the heart of the management accounting trade, occupies between 5 and 25 per cent of the respondents’ time. More recently, interviews with CFOs investigating the activities included in their agendas have shown that even at the CFO level, activities associated with management accounting (cost calculation, scorecards and budgeting in particular) represent a substantial part of their role: between 15 and 35 per cent of their time (Jerman & Sponem, 2016).

Concluding comments

During the twentieth century, the SMAC and its predecessors played a key role for the development of the management accounting profession in Canada. Indeed, it standardised and elevated requirements for education, it supported ground-breaking research on management accounting techniques, it published articles in its journal, it provided MAGs and MAPs for its members, etc. All these initiatives paid off and the membership of the Society grew quickly from the 1970s to the beginning of the twenty-first century.

The competition and the diversity of accounting professions in Canada seemed to have cultivated the vitality and the legitimacy of the profession. From the 1980s to the 2000s, the accounting profession and the teaching of accounting was in crisis in the United States (Accounting Education Change Commission and American Accounting Association, 1990; Johnson & Kaplan, 1987). A report from the American Accounting Association expressed worries that the number and quality of students majoring in accounting had been decreasing rapidly, that the students did not perceive an accounting degree to hold the same value it once had, and that both practicing accountants and accounting educators would not major in accounting if pursuing their education today (Albrecht & Sack, 2000). Technological changes, globalisation of business and the increasing power of institutional investors to demand more comprehensive disclosures explained this lack of relevance (Albrecht & Sack, 2000; Johnson & Kaplan, 1987). On the other hand, in Canada, the accounting profession was not affected as much with this crisis since it was able to adapt. Indeed, as explained by William Langdon, who was the Society senior's staff in the 1980s:

> the presence of smaller and thus relatively more agile professional accounting bodies in Canada has meant that the linkages between the identification of customer expectations, the accreditation of accounting professionals, and the content of university accounting curricula are shorter and more responsive. Therefore, the entire chain in Canada from employers to students appears to be more agile at adjusting to changing employer expectations than that found in the United States.
>
> (Langdon, 2002, p. 97)

Although CMAs no longer exist as a separate profession, the push for accountants to become business partners has made its way to the CPA designation. Indeed, a recent article entitled "the Ideal Candidate" (Stefanac, 2016), emphasises the need for future accountants to make decisions, act ethically, have strong communication skills, adapt to change rapidly and be a team player, in addition to having the required technical skills. However, what remains to be seen is whether the innovativeness, pushed by the management accounting Society throughout the twentieth century, which ensured the development of the field, will still be nurtured by CPA Canada.

Notes

1 CMA: Certified Management Accountants; CA: Chartered Accountants; CGA Certified General Accountants; CPA: Chartered Professional Accountants.
2 While the name of the Society has changed throughout the twentieth century, the reference to "the Society" has remained.
3 Annuaire HEC Montréal, 1921–22, HEC Montréal, Fonds du Directorat, A007/W1,0009.
4 Faculty of Arts and Sciences Calendar, 1921–22, University of Toronto, p. 212, internet archive https://archive.org/details/uoftartsciencecal1921.
5 Our translation.
6 Interview with François Renauld, former CEO of CMA Québec.
7 Ibid.
8 In the original quote, in French, the word "emergence" is used as a noun. The "phenomenon of emergence" is described as a period in Quebec's history characterised by Quebecers becoming more aware of the business world.
9 Our translation.
10 Interview with François Renauld, former CEO of CMA Québec.
11 Ibid.
12 It is worth pointing out that the relationships between universities and the various Canadian accounting associations were complex. In theory, there was no direct link between the associations and the universities, yet the Canadian accounting organisations reviewed and evaluated different university courses that could be credited towards the designation requirements (Etherington & Richardson, 1994). Therefore, the associations and the universities competed with each other to benefit from each other's prestige.

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4 Management accountants in mainland China and Taiwan

Jizhang Huang, Tsuilin Kuo, Fei Pan and Anne Wu

Introduction

The purpose of this chapter is to provide an overview and assessment of the roles played by management accountants in mainland China and Taiwan over the last several decades. Specifically, it reviews the history of the management accounting profession in both regions, examines the influence of region-specific factors on the role of management accountants, describes their task profiles and briefly introduces the current status of academic education and professional training for management accountants.

While the focus of this study is on management accountants, this inevitably relates to the historical development of management accounting practices in mainland China and Taiwan more generally, since the roles performed by management accountants in each period have evolved alongside the improvement of the practices implemented in the field. Additionally, a wide variety of management accounting studies are surveyed. On one hand, the topics examined by academic studies in a specific period provide a good reflection of the most popular management accounting practices and the most important issues of the time. Thus, a summary of the topics along the timeline can facilitate the formation of a historical view of the management accounting profession. On the other hand, academic studies have also pushed the development of management accounting in emerging markets like mainland China and Taiwan, as some leading domestic scholars often write papers to introduce advanced ideas and techniques from western countries, which encourages local firms to experiment with and implement them.

The remainder of this chapter is structured as follows. The next section provides a brief history of management accountancy in both mainland China and Taiwan. The third section discusses how the region-specific institutional factors of these two regions affect the management accounting profession. Section 4 describes the task profiles of management accountants in two regions respectively, while section 5 presents the current status of academic education and professional training for management accountants. The chapter concludes with a summary.

The emergence of the management accountant in mainland China and Taiwan

Mainland China

Despite the long-term existence of management accounting in Chinese firms, recorded evidence shows that management accountants were neither viewed as an independent profession nor equipped with a separate position until the early 1990s. The following section reviews the development of the management accounting profession since its emergence in the early 1990s. In general, it was found that the profession evolved through three different stages, each with distinctive characteristics.

Stage one: emergence of the management accountant in mainland China

The economic boom in mainland China in the 1980s stimulated the emergence of the management accountant in Chinese firms. The reforms to the general economic system implemented by the Chinese government in the late 1970s successfully shifted the power of resource allocation from the government to the markets. In particular, this reform led to the blossoming of private sector enterprises. The increasingly severe market competition brought enormous pressure to former state-owned enterprises (SOEs), most of which had operated under the rigid planning imposed by the Chinese central government and had run at low efficiency for quite a long time. These SOEs found that they were unlikely to be able to survive in the competitive marketplace unless they could control their costs and reduce their expenditure. Thus, cost management gradually became a major topic for both practitioners and accounting professors in the late 1980s and early 1990s. Many papers published in the major Chinese accountancy journals shed light on new approaches to cost management. For example, Activity-Based Costing (ABC) was first introduced into mainland China during this period by some leading accounting researchers. Accordingly, Chinese companies also made considerable effort to experiment with novel cost management methods. To deal with more and more complicated costing issues and cost-management practices, those companies realized the urgent need to establish special positions to supervise the whole process. These positions were normally affiliated with the finance department and were usually termed “cost accountant” or “cost manager”. The staff members who specialized in analysing and managing costs constituted the earliest form of management accountants in Chinese firms.

Stage two: diffusion of the management accountant in mainland China

The Chinese economy has become increasingly integrated with the world economy since China’s entry into the World Trade Organization in 2001, which led to a considerable increase in the implementation of management accounting and the employment of management accountants by Chinese firms. More and more international companies were attracted to entering the Chinese market during this period. On the one hand, this situation stimulated the demand of local companies for advanced management accounting techniques, since they had to improve their operating efficiency in response to the increased market competition in China. On the other hand, it provided Chinese companies with more opportunities to improve their management accounting practices, as the Chinese divisions of international companies could not only be seen as possible benchmarks or role models for local firms to learn from, but also inadvertently served as training camps to produce experienced professional managers for the Chinese job market.

During the early 2000s, more and more Chinese companies began to realize the importance of management control systems. After the Balanced Scorecard (BSC) was first introduced into mainland China in 2001, some firms even raised the implementation of management accounting to the level of strategic importance. Remarkably, the Chinese Ministry of Finance (MOF) issued a series of documents in 2001 and 2002 to advocate the implementation of total budget management in SOEs. In response to the requirements of the MOF, most of the SOEs, as well as many of the non-SOEs, had gradually built up their budgeting systems. Accordingly, special positions, which were normally titled "budget manager" or "planning manager", or working units such as the "budget and planning department", had been set up in these companies to manage the entire budgeting process. For management accountants, budget-related managers were much more influential and significant than the cost accountants who preceded them. Not only were they positioned in the higher levels of the managerial hierarchy, but they also undertook a much broader range of tasks of relevance to firms' operation and management.

Stage three: popularization of the management accountant in mainland China

A nationwide wave of implementing management accounting has taken place in Chinese firms since 2014. The year 2014 is now widely recognized as the opening year of the "Management Accounting Era" in mainland China, because the MoF of the Chinese central government issued a key document entitled "The Guidelines of Widely Implementing and Constructing Management Accounting Systems", with the objective of promoting and encouraging the use of management accounting in Chinese firms. In the document, the government described the severe lack of qualified management accountants as the key issue hindering the development of management accounting in China. It proposed a number of projects to facilitate the training of management accountants for Chinese firms and to push the development of management accounting theory under a Chinese-specific framework. For example, the MoF funds major universities and National Accounting Institutes to provide training programmes for Chinese enterprises and to conduct relevant research projects. Consequently, firms have paid increasing attention to the functions of management accounting in improving a firm's value. According to a joint survey conducted by the Association of Chartered Certified Accountants (ACCA) and the Shanghai National Accounting Institute (SNAI), 39.4 per cent of the sampled firms set up a management accounting department to take charge of planning and control issues in 2014.[1] Some of these departments are affiliated to the finance department, while others might be under the direct leadership of the CFO or one of the vice-presidents. Moreover, firms are highly motivated to seek management accountants in the job market[2] explicitly, and to design special career paths for them to develop related abilities further, because management accountants are widely deemed important in the processes of strategic planning, management control and risk management.

Taiwan

The role of the management accounting profession in Taiwan changed enormously during the period from 1985 to 2015. Generally speaking, the development underwent three different stages. The characteristics of each phase are discussed individually as follows.

Stage one: emergence of modern management accounting

In the mid-1980s, advanced management accounting knowledge was introduced by Taiwanese scholars who had been educated in western countries. Many Taiwanese management accountants tried to learn from American companies or those in other developed countries in order to improve their management accounting skills. From 1985 to 1989, management accountants, such as financial controllers or management controllers, in Taiwan claimed that accountants were considered as managers' "watchdogs", and that management accounting helps with business management and to set up the health diagnosis of an organization. In Taiwan, the most important management accounting and control topics at that time were (1) responsibility centre accounting, (2) budgeting and (3) just in time.

Stage two: initiation of practical implementation

At this stage, Taiwanese scholars who had returned from western countries played an important role in leading the development of management accounting practices in Taiwan between 1990 and 2005. Those scholars not only introduced many novel ideas on management accounting into the classrooms of Taiwanese universities, but also became deeply embedded in the field to help Taiwanese companies implement the most advanced management control tools (such as the ABCM and the BSC) for free. As trust gradually built up between scholars and practitioners in the consulting process, the companies that had received help wished to return the favour to those scholars by providing them with private datasets collected from within their companies to support their academic research. Using these valuable private datasets enables researchers to examine management accounting innovations that suit local companies, and to put those innovations into practice eventually. Everything in this cooperative relationship became a virtuous circle. Several important management accounting practices that were emphasized by management accountants in this period are listed below.

1. ABCM: Many companies have tried to implement ABC and ABM since 1990 to improve the quality of decision-making, understand the approach of cost allocation, as well as to analyse the contribution of profitability of different products or customers and to intensify the competitiveness of the business (Wu 1990, 1991, 1992a, 1992b, 1992c). Accordingly, special positions entitled "cost control manager", "budget manager", "operation manager" or "project manager" have been established in these companies to analyse the actual activity process and provide relevant data.
2. BSC: Many organizations have tried to implement the BSC since the tool was first introduced into Taiwan in 1997. The BSC is regarded as an integrated strategic management tool. Therefore, how to solve performance measurement problems and how to successfully implement the BSC are key issues for management accountants (Wu 1997a, 1997b, 1997c, 2002, 2003a, 2003b, 2003c, 2004a, 2004b, 2007). BSC-related

management accountant positions are normally affiliated to the top management team and usually given the job titles “management accounting controller”, “chief financial officer” or “strategic manager”.

3 IC: The concept of intellectual capital (IC) was introduced into Taiwan in 2002. The topics of interest for management accountants regarding IC include (a) an analysis of intellectual capital (Wu 2002), and (b) the introduction of a strategic intellectual capital evaluation management model and case analysis (Wu 2012). In the knowledge-economy era, Taiwanese companies have made the transition from making cheap and high-quantity products to creating digital and intangible assets. In this scenario, management accountants have not only helped organizations to introduce IC across different departments, but also to find new business models or blue ocean strategies (Kim and Mauborgne 2005) for their companies.

Stage three: integration into globalized communication and the international research community

From 2006 to 2015, two characteristics defined the development of management accountants in Taiwan: (1) the integration of academia and practice, and (2) increased communication between Taiwanese management accountants and the international community. In order to help management accountants better understand the concept of management accounting and to promote the development of management accounting in Taiwan and mainland China, Professor Anne Wu developed a special management accounting framework entitled the “Integrative Strategic Value Management System”.[3]

How the institutional context shapes the management accounting profession in mainland China and Taiwan

Mainland China

The evolution and characteristics of the management accounting profession in a specific region are largely shaped by relevant local institutional factors. In mainland China, the active involvement of the government and the form of ownership of the company are likely to have been the main influences. The influences of the two institutional factors are discussed individually as follows.

Active involvement of the government

The MoF of the Chinese central government, the sole authority in charge of setting accounting standards in mainland China, has played a key role in regulating and guiding accounting practices in Chinese firms.

Chinese regulators and professional accountants have made tremendous progress in reforming the financial accounting system and improving accounting standards since the foundation of the market-based economy in early 1990s. However, compared to the rapid development of financial accounting, the promotion and application of management accounting lagged behind in mainland China, which eventually triggered a series of requests for the enhancement of management accounting practices in recent years. Under this scenario, the China Association of Chief Financial Officers (CACFO) organized a series of workshops in July 2014 on the development of Chinese management accounting practices. The financial minister of the Chinese central government, Mr. Jiwei Lou, gave a plenary speech entitled "Upgrading the model of economic growth by speeding up the development of Chinese-specific management accounting". By systematically reviewing the history and functions of management accounting in mainland China, Mr. Lou associated the issues with the current status of management accounting in Chinese firms and expressed his aspiration to popularize the employment of modern management accounting practices throughout the country. Accordingly, as mentioned earlier, the MoF released "The Guidelines of Widely Implementing and Constructing Management Accounting Systems" in October 2014. These guidelines advocate the exploration by researchers and practitioners of the influence of Chinese-specific characteristics on management accounting. Eventually, the guidelines aim to create an integrated framework on management accounting that suits the current economic system of mainland China. The guidelines propose the production of a considerable number of well-trained management accountants in three to five years and a significant improvement in the implementation of management accounting and corresponding information systems in mainland Chinese firms in the next five to ten years.

The government's effort has had a significant influence on the management accounting profession in mainland China. The Association of Chartered Certified Accountants (ACCA) and the Shanghai National Accounting Institute (SNAI) jointly conducted a series of investigations to depict the development of the management accounting profession in Chinese companies before and after 2014. Figure 4.1 presents some of their statistics. By 2013, 29.4 per cent of their sample firms had set up a management accounting department; the proportion rose to 39.4 per cent in 2014. While only 42 per cent of the sampled firms had clearly defined the task profile of the management accountant in 2013, 63.3 per cent of firms reported a clear definition in 2014.

The property of ownership

The diversity of the type of ownership constitutes one of the most important characteristics in the economy of mainland China. As the Chinese government used to manage its economic system based on the philosophy of central planning, all enterprises were owned by the state by the end of the 1970s. With the implementation of the Reforming and Opening Policy in 1980s, which aimed to transform the central-planning economic system into a market-oriented one, the Chinese government gradually allowed individual investors to enter many sectors in the economy. Since then, private- and foreign-owned firms and various forms of joint ventures have played an increasingly significant role in mainland China.

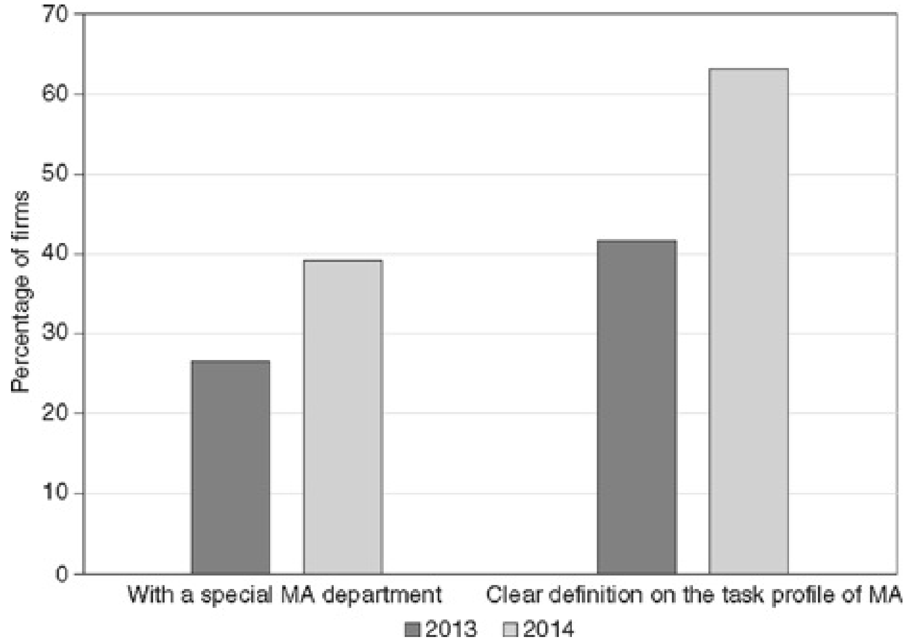

Figure 4.1 Development of MA from 2013 to 2014 in mainland Chinese firms.

Data source: The Association of Chartered Certified Accountants & Shanghai National Accounting Institutes. (2014). *Investigation Report: The Application of Management Accounting in Chinese Enterprises*. Please note this diagram has been reshaped by the authors of this chapter.

The type of company ownership is one of the main institutional factors shaping the management accounting profession. For example, the Chinese central government, as well as all local governments, set up a State-Owned Assets Supervision and Administration Commission (SASAC) in 2002 to evaluate the performance and manage the high-level personnel of government-controlled companies. The roles of the SASAC include: monitoring enterprise operations to protect the rights of the government owner; dispatching supervisors to audit and monitor the enterprise; appointing members of boards of directors and establishing procedures for appointing managers; and reporting on enterprise performance and revenues to the appropriate level of government. The SASAC also issues guidelines to direct strategic pathways for the SOEs.[4] The launch of the SASAC implies that an outside bureaucratic institute undertakes some of the management accounting tasks for Chinese SOEs. A field study of the behaviour of the SASAC by Du, Tang and Young (2012) noted that the performance evaluations conducted by the SASAC suffer from bias originating from superiors' favouritism and the influence of subordinates' activities.

Some of the evidence in the joint study conducted by the Association of Chartered Certified Accountants (ACCA) and the Shanghai National Accounting Institute (SNAI) also sheds light on how the type of ownership affects the management accounting profession in mainland China. As shown in Figure 4.2, while only about 18 per cent of the state-owned and state-controlled enterprises have set up a management accounting department, the proportion is about 40 per cent in foreign-owned enterprises and joint ventures. About 36 per cent of the sample firms owned or controlled by domestic investors reported a clearly defined task profile for management accountants; the proportions are over 50 per cent for either foreign-owned enterprises or joint ventures. Finally, only about 20 per cent of the state-owned or state-controlled enterprises in the sample have clearly defined the competences of qualified management accountants, whereas over 50 per cent of foreign-owned enterprises and joint ventures reported an explicit requirement.

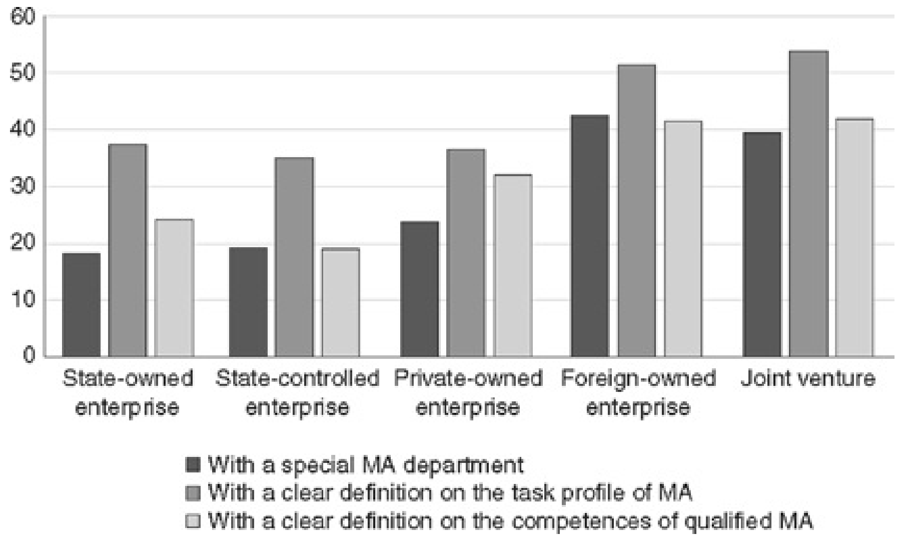

Figure 4.2 Management accounting in Chinese enterprises with different forms of ownership.

Data source: The Association of Chartered Certified Accountants & Shanghai National Accounting Institutes. (2014). *Investigation Report: The Application of Management Accounting in Chinese Enterprises*. Please note this diagram has been reshaped by the authors of this chapter.

Taiwan

The influence of the institutional context on the management accounting profession in Taiwan can be explained by the evolution of the industrial development, the institutional context is divided here into four phases: (1) the manufacturing industry; (2) the electronics industry; (3) the services industry; and (4) the technology industry. The influence of the four institutional factors are discussed individually as follows.

Manufacturing industry period

The first economic miracle in Taiwan took place mainly because of the rapid growth of the manufacturing industry. Companies focused on manufacturing high-quantity, low-end and low profit margin products. In the early 1980s, irrespective of GNP, exports or foreign-exchange reserves, Taiwan was always ranked as one of the top countries in the world for manufacturing (Yang, Wang & Hsu, 2013). Using data for 1960 to 1985, economists found out that the fundamental reason for the high economic growth rate in Taiwan at that time was the accumulation of fixed capital and the growth in the workforce, given that the rate of progress in production technology was not outstanding. During this period, management accountants mainly focused on "cost reduction". Since the products generated low gross profit, management accountants had difficulty in creating value and were regarded as general accounting staff.

Electronics industry period

In the late 1980s, with the growth of the electronics industry throughout the world, manufacturing companies in Taiwan were gradually replaced in their dominant economic role by firms from the electronics industry. In 1983, the Industrial Technology Research Institute, Acer and other Taiwanese companies jointly produced the first Taiwanese personal computer, which laid the important foundation for the electronics industry in Taiwan. In the early days, computer production in Taiwan was based on Original Equipment Manufacturers (OEM), the proportion of which increased from 54.8 per cent in 1984 to 72.1 per cent in 1998. The value chain activities of the OEM companies were merely based on manufacture and assembly, and these companies produced products in complete conformity with the specification assigned by their customers. Since the 1990s, the electronic industry in Taiwan has developed strongly, gradually becoming a competitive source of global electronic products, and has transformed from an OEM to ODM (Original Design Manufacturer). The value chain activity of ODM companies includes product design, manufacture and assembly, for which the capability of design, R&D and product assembly are essential. Moreover, ODM companies are able to negotiate with their customers and to design or modify products as required, in contrast to OEM companies. For companies in the electronics industry, product cost and profit are vital information when making decisions. The development of the electronics industry had an impact on the management accountants in Taiwan. Their main tasks were to calculate and control the cost of products, identify cost drivers, decrease invalid waste and increase efficiency. An important task of management accountants was to provide more accurate cost information to assist decision-making, such as pricing and improving the production process. To be more specific, every value chain includes a number of different "activities", from R&D to manufacturing and customer services. An "activity" is the "cell" of a management process; it is the smallest unit and the most vital foundation of a business. Firms should thus focus on the activities that could create value for customers. Accordingly, management accountants should provide information and help analyse each "activity" in the value chain of the company to determine whether it could be improved further. Moreover, management accountants use more intensive non-financial information, such as quality, flexibility and value in their analyses in order to improve competitiveness.

Service industry period

In 1988, the total value produced by the service industry exceeded 50 per cent of GDP in Taiwan. In the same year, the number of employees in the services industry exceeded the number of employees in manufacturing. In the 2000s, the development of services accelerated due to economic liberalization and globalization, as well as the outsourced businesses of traditional industries. The booming service industry largely assisted the upgrading of traditional industries in Taiwan. Intensive knowledge was one of the most important characteristics of the newly developed service industry; companies were successful either because they could design creative commodities with distinctive local features, or provide valuable and highly efficient technical support on operating, marketing or financing to traditional manufacturing companies. In 2012, the services industry accounted for about 68.52 per cent of GDP, and employed 58.57 per cent of the total workforce. In this period, management accountants did not simply analyse financial data, but also needed comprehensively to consider company policies, customer behaviour, and the internal or external environment. As far as services are concerned, under the premise of creating customer value, the key point of customer management was to understand the attributes and profitability of different customers, to decide how to filter customers, set prices and provide differentiated services. Management accountants employed the information generated by the ABC system to compute and analyse the profitability of each individual customer. Furthermore, management controllers also often used the BSC to improve strategy implementation.

Technology industry period

The GDP growth of Taiwan's service industry has slowed since 2001. During the same period, the GDP growth of the high-tech industry (7.4 per cent) has been higher than that of the service industry (3.2 per cent). The high-tech industry, especially the semiconductor industry, has become the backbone of the Taiwanese economy. Technology-intensive products have also become the leading source of exports. A total of 14 items from Taiwan, such as the monitor, motherboard and mouse, now account for the biggest share of the global market (Ho, Wu & Xu, 2011). The production of integrated circuits in Taiwan is the fourth-largest in the world. The output value of the wafer accounts for up to 70 per cent of the world total, and the output of the information industry once ranked third in the world. In the knowledge economy era, intangible intellectual capital, such as the leadership of the management team, the centripetal force of employees, the relationships between customers and suppliers and innovation have created the highest value for companies. For example, in Taiwan's high-tech industry, management accountants emphasize that the accumulation, sharing and integration of knowledge is the main driver to creating value for companies, and that the creation, management, measurement and evaluation of a company's intellectual capital is the key to improving the competitive advantage of a company in the long run. This intellectual capital can help management accountants within organizations reach the goal of sustainable development.

The task profile of the management accountant in Chinese and Taiwanese companies

Mainland China

In 2014, the Association of Chartered Certified Accountants (ACCA) and the Beijing National Accounting Institute (BNAI) jointly conducted a study of management accounting practices in mainland Chinese enterprises. A diversified sample of accounting practitioners from ACCA qualified members and trainees of the BNAI was used, with 552 suitably completed questionnaires eventually collected. Some of the statistics presented in the report depict the task profile of management accountants in Chinese firms, as shown in Figure 4.3. This shows the tasks that are supposed to be undertaken by management accountants and the tasks that they actually undertake in the respondents' firms, from the perspective of managers in the finance department or top-level executives. It is apparent that more than 80 per cent of respondents consider budgeting management, financial forecasting, financial analysis, cost management and performance management to be important tasks for management accountants. More than 70 per cent of respondents think that management accountants should also participate in financial planning, risk management, investment evaluation and strategic decision-making. Additionally, operations management, performance measurement and evaluation and financing decision-making are also considered to be tasks for management accountants in more than 60 per cent of the firms. Some of the respondents even believe that management accounting should play a role in the process of tax planning.

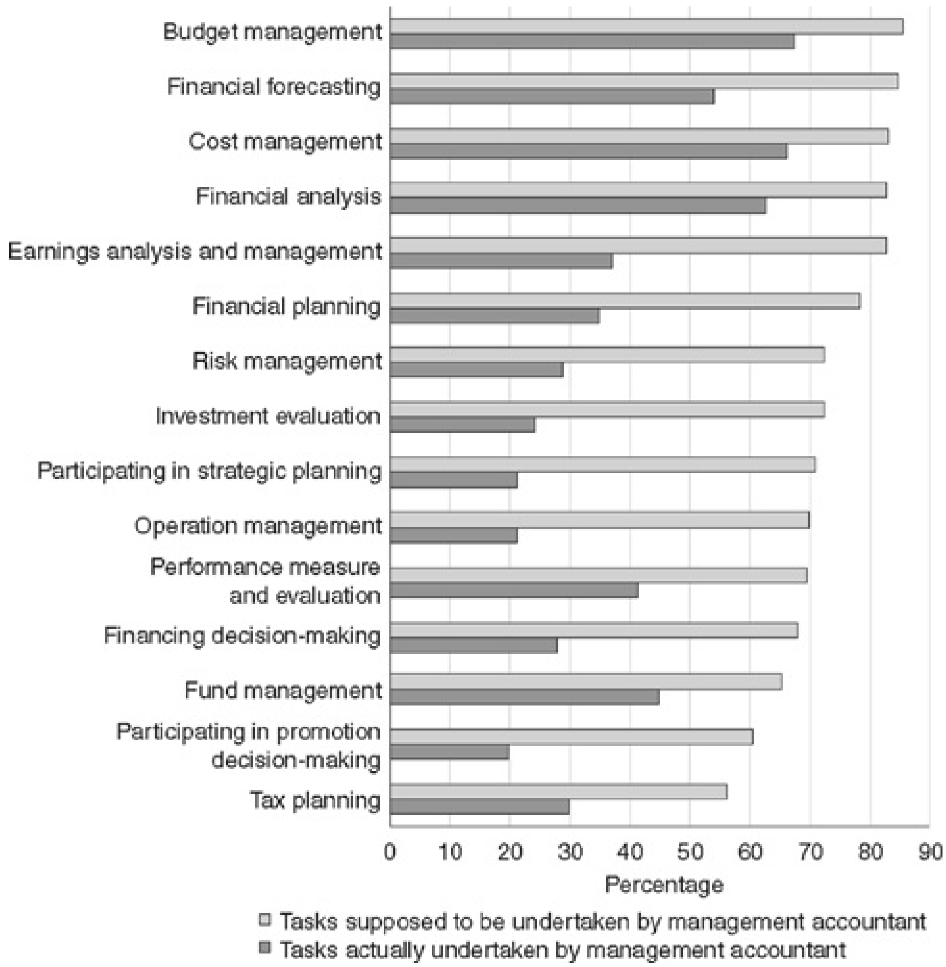

Figure 4.3 Comparison between tasks supposed to be undertaken by MA and tasks actually undertaken by MA.

Data source: The Association of Chartered Certified Accountants & the Beijing National Accounting Institutes. (2014). *Investigation Report: Management Accounting Practices in Chinese Firms*.

However, since the importance of management accounting has only been realized in mainland China in recent years, many Chinese firms have not been able to take good care of all the perceived management accounting tasks. Thus, such tasks are actually performed by management accountants at a much lower frequency than they are supposed to be in the perception in mainland Chinese firms. Only four of the listed tasks, namely budgeting management, financial prediction, financial analysis and cost management, are undertaken by management accountants in more than 50 per cent of the surveyed firms. Only slightly more than 20 per cent of the sample firms let their management accountants play a role in strategic planning and operations management. Less than 30 per cent of firms involve their management accountants in risk management practices, which have also become increasingly important in recent years. Overall, as the investigation shows, Chinese companies still have a long way to go in making better use of management accountants' professional skills and knowledge so as to fully explore their potential in improving the efficiency of management and the firm's value.

Taiwan

A literature review by Kuo and Wu provides an overview of management accounting research published in Taiwanese academic journals; it sought to identify trends in various characteristics of the task profile of Taiwanese management accountants (Wu, Peng, Kuo & Chan, 2016). This began by identifying all of the management accounting articles published in 23 local journals between the beginning of 1984 and the end of 2014. A total of 257 articles are of relevance to the tasks typically undertaken by management accountants in Taiwanese companies. After identifying all of the articles that met the criteria for inclusion, each one was grouped using three to five keywords drawn from the title, abstract and conclusion. Each article was also coded using three dimensions (task profiles).[5] Figure 4.4 shows the tasks that are mainly undertaken by management accountants in Taiwanese firms, including the three task profiles: designing management control systems (144 articles), cost management (69 articles), and strategy formulation and implementation (44 articles). Some examples are presented below.

The task profile under the "designing management control systems" heading includes performance measurement and evaluation (79 articles, 55 per cent), incentives and compensation (36 articles, 25 per cent), operational and capital budgeting (17 articles, 12 per cent) and organizations and management control systems (12 articles, 8 per cent). Specially, management accountants in Taiwan emphasize how relative performance evaluation affects the performance of a company and employee satisfaction; how incentives and reward systems impact team and individual performance; how to effectively implement a performance evaluation system and strengthen a governance mechanism; how to predict and manage risk through budget planning; and how the management control system can bring about change and innovation within the organization. Management accountants combine the management control system and management accounting information to provide a detailed decision-making basis for top managers. In addition, they need to develop good performance evaluation and incentive compensation systems to motivate employees to create value for the organization.

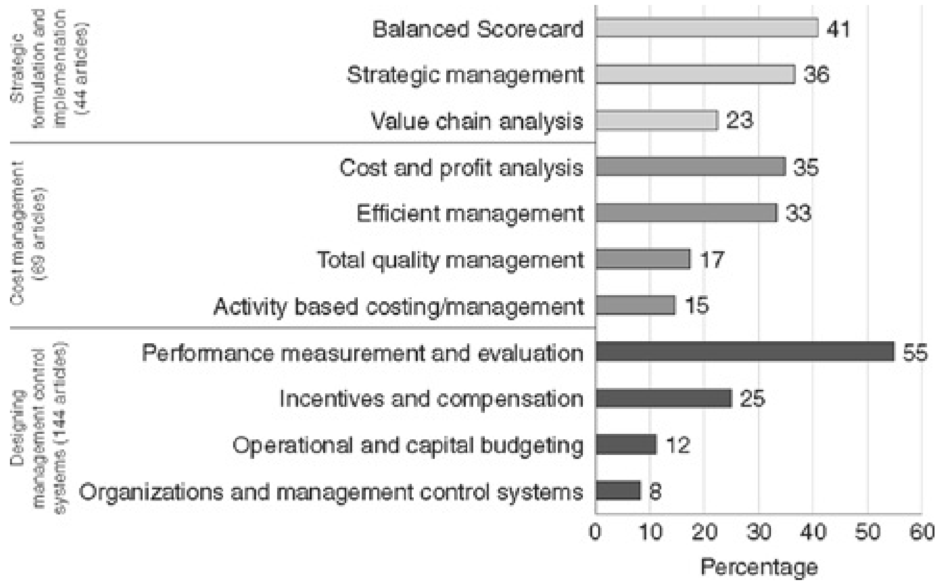

Figure 4.4 Tasks of the management accountant in Taiwanese companies.

The tasks usually performed by Taiwanese management accountants in the "cost management" field are cost and profit analysis (24 articles, 35 per cent), efficiency management (23 articles, 33 per cent), total quality management (12 articles, 17 per cent), and activity-based costing/management (10 articles, 15 per cent). All of the task profiles for management accountants focusing on cost and profit analysis deal with how different cost allocation methods affect communication and employees' behaviour among departments. Furthermore, the duty of cost controlling is also described, including: (1) transfer pricing; (2) just in time; and (3) target costing. In addition, the task related to efficient management focuses on applying enterprise resource planning (ERP) systems in daily operations or project management. Efficient management can prompt management accountants to make efficient use of limited resources, to increase the utilization of capacity and to reduce costs. Tasks related to total quality management (TQM) concern the impact of this and service quality on business performance. The activity-based costing/management (ABCM) tasks are concerned with explaining the concepts and contents of ABCM and how it should be implemented.

The task profile that comes under the "strategy formulation and implementation" heading includes the BSC (18 articles, 41 per cent), strategic management (16 articles, 36 per cent) and value chain analysis (10 articles, 23 per cent). More than 40 per cent of the articles analysed focus on the BSC, emphasizing it is an important tool that also helps management accountants in Taiwanese companies to create links with the strategic and operational levels of the firm. The strategic management tasks pertain to the analysis and implementation of strategies, not only in enterprises but also in governmental or non-profit organizations. Management accountants emphasize strategic planning and control, and how to create added economic value for enterprises. The tasks linked to value chain analysis encompass the comparison of financial and other non-financial performance on their association with the value chain.

Academic and professional institutions and their relevance for management accountants

Mainland China

The implementation of the reform and opening policy in mainland China in 1978 led to rapid growth in the Chinese economy over the past 30 years. The huge demand for professional accountants because of the booming number of enterprises stimulated the development of accounting education in Chinese universities (Sun & Li 2014). By the end of 2015, 401 Chinese universities had set up an accounting major for college students. According to the ranking developed by the Research Centre for China Science Evaluation, Wuhan University, and the Network of Science and Education Evaluation in China, 20 out of 401 undergraduate accounting programmes were rated as A+ level, while 60 have been rated as level A.[6] With regard to graduate programmes, by the end of 2015, 35 Chinese graduate schools had set up an accounting PhD programme, and 155 graduate schools offer a Master's degree in accounting.

Besides colleges, some practical institutions also exert significant influence on the education of management accountants in mainland China. Their roles are summarized below.

National Accounting Institutes

Under the strong support of former Chinese Premier Zhu Rongji, three National Accounting Institutes were established consecutively in Beijing (1998), Shanghai (2000) and Xiamen (2002) as public service institutions affiliated to the MOF. These three institutes are now able to provide three different kinds of accounting education and training services in mainland China. They have their own MPAcc, EMBA and EMPAcc programmes,[7] which are authorized to issue degrees to students, and operate a variety of training programmes to serve individual-level and enterprise-level customers to facilitate the development of executives and professional managers. As a third-party business education provider, they also deliver distance education via the Internet for managerial staff and accounting practitioners in western China. To date, the three National Accounting Institutes have trained over 3 million trainees in total.

These three National Accounting Institutes have also made tremendous contributions to training management accountants and advocating the improvement of management accounting practices in Chinese firms. For example, many of the programmes, such as the National Leading Accounting Talents Programme, which is for chief accountants of SOEs, place significant emphasis on MA-related courses and seminars in their training curricula. They have set the education and promotion of management accounting in China as one of their major purposes. The Shanghai National Accounting Institute (SNAI) organized an annual management accounting symposium since 2013 to bring together academics and practitioners and facilitate the improvement of management accounting research and practice in greater China. Moreover, SNAI set up the Amoeba Research Centre in 2015, which aims to facilitate the efficient application of advanced management accounting techniques in Chinese firms.

Association of Chartered Certified Accountants (ACCA)

ACCA is a global body for professional accountants. It offers business-relevant, first-choice qualifications to people of ability and ambition around the world who seek a rewarding career in accountancy, finance or management. ACCA has been active in mainland China since 1988.

It mainly cooperates with major Chinese universities to improve the quality of higher education in accounting. To date, about 100 accounting departments in Chinese universities have set up an ACCA major, and it has more than 24,000 licensed members in mainland China, 48 per cent of whom serve as CFOs or management accountants in various types of Chinese enterprises.

Chartered Institute of Management Accountants (CIMA)

As the world's largest leading professional body of management accountants, CIMA has been active in mainland China since 2004. Since then, CIMA has cooperated with many local education institutes in the training of management accountants. For example, CIMA sponsors the National Leading Accounting Talents Programme, which has been supported by the MOF of the Chinese central government and run by the three National Accounting Institutes for five years. CIMA has also cooperated with about 40 local universities and colleges on the education of MA at both undergraduate and graduate levels. So far, CIMA has more than 10,000 registered learners and more than 1,000 licensed members in mainland China.

Taiwan

In Taiwan, there are 49 universities with accounting departments. These include 10 public universities, 18 private universities, 6 public vocational colleges and 15 private vocational colleges. All these universities and colleges have included cost accounting and management accounting as part of their curriculum. Most of those universities and colleges run programmes to issue specialized Master's degrees in accounting and five schools have set up a PhD programme in accounting, including managerial accounting.

In addition to the above-mentioned institutions, there are some other representative academic institutions in Taiwan. Their roles for management accountants are summarized below.

Taiwan Accounting Association (TAA)

The TAA was established in 1995 with the objective of improving the professional level of Taiwanese accountants, and promoting knowledge creation and sharing in the accounting community. In recent years, it has supported accounting education development and cultivated the employment of professionally skilled people in managerial accounting. Moreover, in order to facilitate communication between domestic and foreign academics and practitioners, the TAA conducts academic as well as practice-oriented research projects and holds regular meetings or conferences.

Taiwan Strategic Cost Management Association (TSCMA)

Established in 2003, the purpose of the TSCMA is to innovate, integrate, accumulate and spread integrative strategic cost management techniques to support domestic and foreign companies and non-profit organizations. It shares experiences in classes and helps Taiwanese organizations to implement tools like the BSC, ABC, modern incentive systems and intellectual capital.

Accounting department of National Chengchi University (NCCU)

The accounting department of NCCU is the only department in Taiwan that has acquired the certification of the Association to Advance Collegiate Schools of Business (AACSB), which represents the courses and teaching quality that have achieved recognition from the international accounting industry. National Chengchi University became the first contracting school with CIMA in Taiwan, and is to date the only cooperation partner. CIMA signed a joint contract with the NCCU College of Commerce in 2015 to establish the course to improve the capabilities of management accountants in Taiwanese companies. As long as the students complete the assigned courses and pass the examination, they can acquire the CIMA certificate, which helps management accountants to find jobs.

Chinese Strategic Management Accounting Institute

The Chinese Strategic Management Accounting Institute is the Taiwanese branch of the IMA. Its mission is to promote world-class management accounting knowledge as well as its certification in Taiwan and other places in the Greater China area. The Chinese Strategic Management Accounting Institute has held the authentication test for CMA since 2007, which serves to evaluate and diagnose management accountants' professional knowledge as well as their abilities to employ this knowledge in practice on the right occasions. Participants who pass the series of examinations can earn a certificate of being a qualified management accountant.

Conclusion

This chapter has provided an overview of management accountants in both mainland China and Taiwan. The economic growth in Taiwan the 1970s and in mainland China in the 1980s both played a dominant role in driving the emergence of management accountants in the two regions. With the aid of the institutional background, the active involvement of the government and the form of ownership of enterprises have been found to exert significant influence on the management accounting profession in mainland China, whereas in Taiwan, the development of the profession has been mainly shaped by the development of different industries. The authors' investigation of the task profiles of management accountants show that, in both mainland China and Taiwan, management accountants are widely supposed to be involved in a variety of management activities, such as strategy formulation and implementation, and cost management. Finally, both mainland China and Taiwan have developed a multi-layer and comprehensive education system for the management accounting profession.

To conclude, the authors have considerable confidence that management accounting will continue develop well in the long term in both mainland China and Taiwan. Both scholars and practitioners will continue to gain experience from western countries and to cooperate closely with international management accounting researchers to develop a good foundation for management accounting research and practice in the two regions.

Notes

1 Source: Association of Chartered Certified Accountants and Shanghai National Accounting Institutes (2014). Investigation Report: *The Application of Management Accounting in Chinese Enterprises*. More detailed information is presented in Figure 4.1.

2 An online search found many job advertisements explicitly calling for management accountants (for example, www.51job.com). For example, the Marifor technology company in Shanghai is offering 15,000 RMB (a decent salary) to hire a management accountant; the job description states that the new employee will be required to manage the budgeting process for the company, make financial predictions and perform financial analysis, analyse the cost model for each product and provide precise cost information to senior executives.

3 In 2010, Professor Wu took out a patent for her "Strategic Intellectual Capital Evaluation Model (SICEM)" and a trademark called the "Integrative Strategic Value Management System (ISVMS)" in 2012 and 2013 from Taiwan, China and the USA. Professor Wu subdivided the management accounting of an organization into five systems: strategy-forming system, strategy implementation system, activity-oriented management system, activity-oriented value management system and strategic value creation system. Further information on the frameworks can be found in ISVMS. These products allow her as a researcher to gain access to corporate practice and thus establish close cooperation.

4 See Du, Tang, and Young (2012) for a more detailed description of the supervision of SASAC on SOEs.

5 If an article pertains to various tasks that can be categorized into different dimensions listed, the authors tried to select a main topic (task) of the article using its title and listed keywords.

6 Source: www.nseac.com.

7 MPAcc stands for Master of Public Accountant; EMBA stands for Executive Master of Business Administration; EMPAcc stands for Executive Master of Public Accountant.

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5 Management accountants in France

A range of fragile, open-ended positionings

Caroline Lambert and Jérémy Morales[1]

Introduction

It was only in the 1970s that the position of management accountants "flourished" in French firms and French organizations more broadly. Today, many management accountants occupy relatively strategic positions given their direct contact with the CFOs, who are becoming more important as financial methods of management become generalized (Zorn, 2004). Contrary to what was sometimes predicted in the past, they look unlikely to disappear in the foreseeable future (Bouquin & Fiol, 2007). However, the occupation covers such a heterogeneous collection of activities, roles and profiles that it can be difficult to define what they have in common. Management accountants' work is always affected by its organizational setting, and this explains the diversity of positionings observed. Yet certain features connected with historical and cultural backgrounds have an influence on the occupation, and although it would be an exaggeration to talk of a "French-style" management accountant, France does have a certain national tradition that goes some way to explaining the practical expressions of management accounting observed in French business. The dominance of engineers and the "honor principle" (d'Iribarne, 1989, 1994) help to grasp the environment in which management accountants work in France. As we shall see, this context often forces management accountants in France to position themselves in relation to competing functions and "sell their work to the operationals."[2]

Historical background to the function's emergence: the dominance of engineers

In the United States, the emergence of management accounting dates back to the 1920s. It was marked from the outset by a clearly financial orientation. Alfred Sloan and Donaldson Brown were both qualified engineers, but what made them famous was the introduction of financial ratios (the famous ROI pyramid) and control of a primarily budgetary and profit-driven nature at General Motors and DuPont (Sloan, 1963). In the United Kingdom, cost accountants appeared as early as the First World War and soon gained significant influence, under the explicit model of the accounting profession in the UK (Loft, 1986). In France, the principles of "*contrôle de gestion*," literally "management control," spread essentially from the 1960s, chiefly through engineers (Bhimani, 1998). The struggles between engineers and accountants to have sole competence for management accounting happened in different ways in France and the United States.

In France, the management accounting field had long been the preserve of engineers,[3] especially graduates of the prestigious *Ecole Polytechnique* (Moutet, 1984), some of whom headed projects that were accounting, industrial and political in nature all at once (Bouquin, 1995, 2008, 2011). Lieutenant-Colonel Emile Rimailho (inventor of a method for allocating indirect charges called the "homogeneous sections" method) and Auguste Detoeuf (the first president of Alsthom and promoter of uniformized cost calculation methods), are good examples (Bouquin, 1995, 1997; Lemarchand & Le Roy, 2000). The dominance of engineers, with their talent for complex numerical reasoning, doubtless explains the level of sophistication found in the management accounting methods adopted by French firms (Bhimani, 1998; Bouquin, 2008).

Also, French management committees have not been affected by the "rising power" of the accounting function as much as observed in the United Kingdom and United States. Referring to a 1972 study by the British Management Institute about management committee membership, Armstrong (1985, p. 129) underlined that more British Chairs and CEOs had a banking or accounting background than a technical engineering-type background. Fligstein (1990) reported similar observations for the United States. In contrast, a study of French employers from 1912 to 1973 by Levy-Leboyer (1979) showed the dominant role played in management bodies by engineers, many of them graduates of the top engineering schools, particularly the *Ecole Polytechnique*. Even today, the top French engineering schools supply close to 50 percent of the managers of the largest French firms (Gomez & Guedri, 2014).

In a context where technical development of control systems and management accounting was attributable to engineers, the principal managers were for a long time reluctant to appoint management controllers, whom they did not perceive as providing any added value. In the first edition of *Echanges*, the principal journal for management accounting practitioners in France, de Fréminville (1967) rejected the idea of using the services of a management accountant, arguing that "control" was the CEO's responsibility and "no-one else can do it for him." The title of "management controller" was also "hard to accept for the management, who find it too ambitious," and "the people who might bear the title, because it does not give them the degree of prestige and authority to which they believe they are entitled" (de Fréminville, 1967).[4] Furthermore, as Martin (1969) observed following a study conducted for the *Association Nationale des Contrôleurs de Gestion* (ANCG)[5] of French management accountants (who in this study were called *contrôleurs d'affaire*s or "business controllers") in French subsidiaries of US firms, "French business controllers still often wonder what their role is."

Cultural context: French specificities in hierarchical relations and performance assessment

D'Iribarne's (1989) analysis of national management methods brings out the tensions and contradictions that exist between the French way of management and the principles and methods of management accounting. These contradictions have a significant impact on the work of management accountants in France.

The honor principle

D'Iribarne (1989) describes French organizations as being founded on an "honor principle." Some of the rules applicable in a "French-style management model," particularly the vision of responsibilities and judgment criteria, but also hierarchical relations inside organizations, are not without impact on the place and role of management accountants.[6]

According to d'Iribarne (1989), French society is marked by strong corporatism (which Bourdieu (1989) calls the "esprit de corps"). Every individual is defined by his or her "status," which confers certain prerogatives but also obligations:

> Each of the groups I observed appears to be not only attached to prerogatives, but also duties. Each "status" is marked by a demanding idea of the responsibilities incumbent on its members solely by virtue of belonging to it, without having to be required by some authority; there are many duties that must be fulfilled above and beyond any legal and contractual obligations, and any formal sanction threatening the man [*sic*] who shirks them. Far from being incompatible with the defense of particularisms and privileges, this vision of duty is closely associated with it.
>
> (d'Iribarne, 1989, p. 57)

D'Iribarne outlines a connection between this view of responsibility as independent of any legal, hierarchical and contractual framework and the concept of honor as defined by Montesquieu in *The Spirit of the Laws*:

> What every group considers honorable or contrary to honor is not defined by reason, or by law, or by the prince. It is a "prejudgement." It depends "on its own caprice," not the will of any other person. Only a tradition can set it. It is less "what we owe to others than what we owe ourselves"; it is not "so much what calls us towards our fellow citizens as what distinguishes us from them." It is closely bound up with pride in one's "rank" and the fear of being deprived of it."
>
> (d'Iribarne, 1989, p. 59)

This logic of responsibility founded on honor means that each individual wishes to work (or feels they work) for an objective that reaches beyond the sphere of their own direct interest. The organization thus benefits from "the intensity with which each person applies themselves to their work, as long as he [*sic*] feels honored" (d'Iribarne, 1989, p. 98). But "height," "rank" and "distinction" lead people to refuse anything that could reduce them to a servile condition. Since honor is what everyone "owes themselves," the forms of incentive will only be effective if they preserve a feeling of independence, and servile submission is contrary to honor.

In their idea of work, French management accountants appear to follow the national culture. But that culture is not totally convergent with a management accounting logic founded on a view of the organization that tends to be associated with an Anglo-American idea of responsibilities and relations at work in which the contract plays a central role. While the two logics are not totally opposed (both, for example, stress the notion of independence), they do sometimes conflict. This has an effect on the work, position and role management accountants may hope for in French firms. We examine four points of tension: the service relationship, the concept of control, the concept of accountability and the relationship with financial data.

Helping without becoming servile

Hopper (1980), in a UK setting, presents the service role for management accountants as prestigious, but the French view of the relationship to work sees more ambiguous connotations in the idea of "service." In a logic of honor, service is perceived as low-prestige when it is considered equivalent to a situation of servitude (d'Iribarne, 1989). This is a general concern for all support functions (Lambert, 2005). They often try to avoid being perceived as "at the service of" others, which can easily be considered as a relationship of servility in which everyone must know their place. Instead, they present themselves as "helping" and "cooperating" with managers in a relationship of exchange between individuals who consider themselves peers. As d'Iribarne (1989, p. 109) notes: "It is perfectly honorable to do voluntarily, 'to help,' something that would be humiliating to do under the obligations of a position where one is 'at the service of'." This idea also means managers with whom good informal relationships have been built up will be less reluctant to respond to management accountants' requests for information (Morales & Lambert, 2013). "Cultivating" relationships by personalization and special arrangements, opening the door to cooperation in a give-and-take dynamic that extends over time, can limit the asymmetry of service relationships and encourage mutual trust and cooperation (Bigus, 1972). Gaining acceptance in units they are supposed to work with and developing interpersonal relationships with managers becomes an integral part of management accountants' work.

The ambivalence of control

The second tension for French management accountants derives from their name of "management controllers." The French word "*contrôle*" can mean "check" or "inspection" and carries negative connotations of checks by the police, or the tax or legal authorities. In France, as in Germany and Austria (but unlike the United Kingdom), control is perceived as a form of subordination (Scheytt et al., 2003, p. 531). While the British tend to see control as an opportunity for personal development, the French generally consider it related to an embarrassing, awkward situation: being "controlled" is perceived as being a victim of a power structure (Scheytt et al., 2003, p. 532). In such a context, controllers are often caricatured as following "ridiculous" behavior (Scheytt et al., 2003, p. 526).

The very fact that a superior can closely control, or monitor, a junior seems inappropriate in France. It is interpreted both as a sign of distrust and as despicable behavior by the superior (d'Iribarne, 1989). This is even truer when an outsider asks a member of the group for explanations. In a corporate spirit, "solidarity" must reign between all the members of the group, including between superiors and juniors. This means that the person sent by the finance division is no more welcome in the operational departments than the external auditor in the very same finance division: each person is careful not to disclose any information that might put their superior (or junior) in difficulty without prior consent, which would be perceived as a form of denunciation. This leads certain business partner-style management controllers who are strongly involved in the business units to collude with managers to subvert hierarchical control (Lambert and Sponem, 2005; Lambert & Sponem, 2012).

The limits of accountability

This ambivalent attitude toward control is hard to reconcile with the central importance of accountability processes in Anglo-American systems of management accounting. In France, asking a junior for explanations can easily be experienced as a humiliation if the junior feels the request is an implicit accusation of incompetence, or indicates a lack of trust. Compliments remain implicit and encouragements and congratulations are rarely expressed. The bonus and promotion periods are interesting. Asking for a pay rise is coherent with a conception of performance in which everyone must advertise themselves; talking about one's own achievements is much more problematic under an honor principle that sanctions individuals who do not "know their place" and are too "self-interested" or "proud" (Weber, 1989). It is often considered more "natural" in the French business culture to receive a promotion without having actively sought it.

Accountability processes also raise questions in a context where intelligence is reflected less in the ability to achieve the objectives set than in the ability to find new ways to get round procedures in order to lighten the workload, simplify the task, change the rules of the game or divert the attention of distant controllers (Crozier & Friedberg, 1977). In a culture where rules and monitoring are perceived as contrary to the honor principle, and resistance and circumvention are readily celebrated, such compromises are rarely considered illegitimate, but rather seen as a clever way to "play the system," or make up for the absurdity or complexity of hierarchical or bureaucratic directives that are issued by remote authorities or are "unreasonable." And conversely, anyone who simply "does as he's told" is perceived as naïve and lacking in ambition, mediocre, unworthy of honor.

Asking for proof of the results achieved, holding long meetings where everyone must promote their recent achievements, making no secret of successes and failures: the whole accountability process is often perceived by the French as a fool's game or a sham, because such exercises appear hard to reconcile with the honor principle, *esprit de corps* and rank.

Financial data versus "useful" data

In this situation, figures are accepted, but only if they are useful for understanding "how things work" (d'Iribarne, 1989, p. 106), if they enable everyone to understand their own scope of intervention and act on that. Technical data are more easily accepted than financial data. Financial data, particularly if they are used to "judge" "individual performance," can elicit rejection and bafflement. It is not unusual to hear a manager say that "you can't do anything with" accounting data (Morales, 2009). However, collecting and using technical data is accepted when the aim is to improve procedures, and the manager remains completely in control of them. Figures are thus considered useful, but must not come into conflict with the sense of duty and autonomy claimed by individuals in the French model of society. To achieve this, figures must help the manager "steer" the activity rather than enabling the superior to assess his/her juniors (even if the manager and superior in this example are one and the same person); inform him/her about the activities managed, but not inform the people to whom he/she is accountable. This tricky relationship with figures is central to the safeguarding function of French management accountants (Lambert & Sponem, 2012). The data produced and used by management controllers, perceived by engineers as less robust than the data they themselves produce, and incorporated into a reporting system that shows little congruence with the honor principle, are particularly difficult to legitimize in the eyes of French managers.[7]

Problematic positioning: neither accountant, nor manager

Non-specialist training and various career trajectories

In contrast to their British and American counterparts, French management accountants, like the Germans, are not formally organized into a profession. Theses on the subject of French management accountants, although they are not free of bias,[8] provide a picture of their training (Demaret, 2014; Lambert, 2005, Legalais, 2014; Morales, 2009; Redslob, 2012). The vast majority of people interviewed followed general management studies, and did not opt for any specialization in accounting or management accounting. Legalais (2014) observes that specialist management accounting courses are finding it difficult to attract students, both in universities and business schools. It is extremely rare to find a management accountant who is a qualified accountant (or has any other professional certification). However, most of them have a qualification equivalent to five years of higher education, and generally have "*cadre*" or executive status. Some engineers round off their studies with an MBA or one-year master's in management before they become management accountants. Management accountants may complete an internship in management accounting during university, in certain cases complemented by experience in auditing which they see as a kind of finishing school. Both students and practitioners appear to value an education that combines general management knowledge (acquired through a postgraduate course in the case of engineers) with practical specialization in management accounting.

Ahrens and Chapman (1999) show that the difference in educational background has a strong influence on perception of the role that management accountants are prepared to play in organizations. Auditing experience also influences the management accountants' view, making them more inclined to perceive themselves as guardians of internal control and objectivity in figures, while engineers are generally more interested in the "realities of the business." Redslob (2012) and Legalais (2014) show that as their careers progress, management accountants in France often seem to have to choose between their organizational identity and their occupational identity. As a result French management accountants follow a varied range of career trajectories that are open-ended but lack uniformity. Puyou (2015), for example, sees a distinction between management accountants from the operational side of business and their counterparts who consider themselves primarily as financial specialists (and move between group companies, or between groups); this places them in separate professional networks, with different expectations and consequences as regards the nature of the reporting information sent