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Management Accounting in Context:
Industry, Regulation and Informatics

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ABSTRACT. This commentary is based on the remarks I made as the chair of the panel on "the future of management accounting research" on the occasion of the *Management Accounting Research* 25th Anniversary Conference at the London School of Economics in April 2015. The three panelist's contributions are published in this issue immediately following this commentary, and cover perspectives on management accounting research "in context" related to the panelists' chosen applications of industry, regulation or regulatory "shocks", and informatics or, especially, "big data". The audience at the conference also wanted to hear my views on the future direction of the journal as the then-incoming Editor-in-Chief of *Management Accounting Research*. I offer a few thoughts on this in the second part of my commentary.

KEYWORDS: Research Opportunities; Regulatory Change; Industry Context; Big Data; Digitization; Informatics; Accounting History; Editorial Policy.

1. The Panel

The panel discussion, which I chaired, offered a blank canvas to the three panelists to look ahead and assess the opportunities for management accounting research and the field generally. The panel members did not disappoint when using their canvas: Martin Messner (Universität Innsbruck) offered ideas to exploit "industry" in management accounting research (Messner 2016); Alfred Wagenhofer (Universitat Graz) gave several ideas to try and leverage "regulatory shocks" in our research (Wagenhofer, 2016); and Paolo Quattrone (University of Edinburgh) reflected on the "knowledge/action" aspect of accounting illustrated by the advent of Big Data although pertinently put in light of a historical perspective (Quattrone, 2016).

The paper sessions at the conference (also published in this issue) were primarily set by boundaries on methods/approaches to research (e.g., experimental, inter-organizational, critical, contingency, managerialist). I did not want to set any boundaries for the panelists, but

I hoped that they take on a "topic" or "issue" focus (as I discuss relatedly in Van der Stede 2015a).[1] And they did.

I will not attempt to summarize the panelist's key points, calls or arguments, as that would be merely repetitive at best, or possibly do them injustice by virtue of generalities at worst. I strongly recommend reading the essays on their own. Instead I will try to add a few observations of my own.

Messner on "industry". To Messner's essay I would like to add that as an editor I often see comments from reviewers that ask how industry-specific studies—many features of which Messner (2016) elaborates—are "limiting" in terms of generalizability beyond the focal industry. This is, in one way, a legitimate concern, but it is also sometimes just a "cheap shot" that misses the point about key trade-offs that every study inevitably makes. I am, therefore, sympathetic to this "limitation" only for studies that fail to persuasively motivate why their study requires or benefits from the chosen industry focus. The methodical discussion by Messner (2016) of industry context and how specifically it matters for management accounting practice offers some helpful reasoning to conceptually articulate such a motivation. And when such a motivation is pertinently offered, I am of the view that industry studies can offer both strong conceptual bases for a study, as Messner (2016) suggests, while being able to offer undiminished "theoretical generalization".

Messner also comments on how regulation is commonly industry specific, offering a pertinent connection with Wagenhofer (2016) who comments on, *inter alia*, how it affects organizational design, decision making, and management accounting practices.

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[1] The literal charge I gave the panelists in advance was the following: *I would like each of you to particularly comment on what you consider future opportunities for research in management accounting. You may interpret this question broadly, but I would still like you to have this as your focus. I see no need to coordinate amongst us, as I would like each of your points to stand on their own as you see fit. If there is overlap, then that simply may suggest that the point is particularly important or salient*.

Wagenhofer on "regulation". Two further points that Wagenhofer (2016) discusses in addition to how regulation affects organizational design, are whether regulation is effective in achieving its objectives, as well as the possible "boon" for researchers stemming from regulation's enhanced disclosure requirements ("data") and/or the "shock" that researchers can exploit in their research designs (see also Van der Stede, 2011).

On the disclosure/data point, however, "more" disclosure is not necessarily "better" or more informative, and much remains to be desired in terms of effective disclosures (see, for example, Cazier and Pfeiffer, 2016). Equally, so-called regulatory-induced "exogenous shocks" have their limits in terms of establishing causal inferences (see, for example, Gow et al., 2016). That said, Wagenhofer (2016) offers many fruitful suggestions which can lead to promising avenues for future research and advancing knowledge in management accounting.

I also note that I have observed that sophisticated textual analyses have been added to our "toolkit" as researchers to analyze (or "mine") narrative disclosures, expanding our range of possibilities and diversity of methods with which the many interesting questions and puzzles that Wagenhofer (2016) offers can be examined. I believe these methods have promise. But perhaps we could find inspiration to reflect on some of the issues with such sophisticated research tools in the same vein as Quattrone (2016) discusses in relation to data-driven approaches in the organizations that we study?

Quattrone on "informatics". Quattrone only uses the term "informatics" in the penultimate sentence of his essay, and I use it here to refer broadly to capture the interaction between humans (decision makers, accountants) and information (accounting), of which Quattrone (2016) provides a brief but pertinent historical perspective all the way from "auditing" in "aural form" in the sixteenth century to the "ERP explosion" and "Big Data" of our current time. Quattrone (2016) uses this historical perspective on the production of management accounting information from aural to digital to then discuss the effects of increasingly data-driven approaches to decision-making on management accounting, emphasizing the undiminished importance (or so he hopes) of the exercise of judgment.

If one accepts that if one tortures the data long enough, they will confess to anything,[2] one can sympathize with Quattrone's cautionary outlook that without proper judgment, a deluge of data may simply only bring about an uncritical "cult of the measurable", "tyranny of transparency" or "illusion of control".

2. The Journal

Following the panel discussion, I opened the session to questions from the floor. Because I had just become the Editor-in-Chief, and thus perhaps not surprisingly, the room wanted to hear my views on the future direction of *Management Accounting Research*—that is, the future of the journal instead of the panelist's views on the future of the field. I emphatically replied that *Management Accounting Research* will continue to be committed to diversity across all relevant dimensions of topics, settings, methods, and disciplinary lenses that one can envisage to rigorously examine all manner of relevant management accounting issues broadly conceived (see also Van der Stede, 2015b).

On the question of which articles *Management Accounting Research* "accepts", I responded that in the realm of the broad scope I set out in my reply to the earlier question, studies are assessed on their incremental contribution based on a robust execution through the chosen method. I hastened to add, though, that every study has weaknesses. Short of these weaknesses being fundamental, that is, short of these being flaws rather than merely

[2] The source of this adage is ambiguous, but according to Wikipedia, Ronald Coase (of *The Nature of the Firm* (1937) fame) used a variation of this phrase in a talk at the University of Virginia in the early 1960s (en.wikiquote.org/wiki/Ronald_Coase, accessed on 20 February 2016). The phrase also appears, *inter alia*, in an article of *The Economist* (2010).

weaknesses, we expect that authors carefully discuss their studies' limitations so that the findings can be properly interpreted. But we should not let perfect be the enemy of good. Better to have a diamond with some imperfections than a pebble without. A study does not have to be perfect—indeed none is or can be; instead we are looking for compelling incremental contributions to knowledge with sufficient rigor, one study at a time.

On the point of diversity, I was asked about "quotas" on disciplines or methods, which I said *Management Accounting Research* does not have nor intends to have. We simply do not think about what is publishable in the journal in this way. If, for example, economics-based research has gone down over time in terms of its share in the journal—as Wagenhofer noted in his panel talk, referring to the founding editors' reviews 10 and 20 years out from the journal's inception (Scapens and Bromwich, 2001, 2010)—then that is purely observational, but certainly not intentional.

On the question of whether we need to "create" innovations as researchers, I said that I didn't see this is as necessary, although we should be keen to want to study innovations and try to remain abreast of, and especially robustly understand, management accounting practice (see also Van der Stede, 2015a; Kaplan, 2011). But we should not limit ourselves to just this. Indeed, two of the panelists provided pertinent contexts and avenues along which established, changing, innovative, new, or even seemingly puzzling practices can be studied, whereas the third panelist suggested equally fertile ground for critical or historical perspectives, and indeed many other possible lenses.

Finally, I was asked whether *Management Accounting Research* should try harder to encourage research from underrepresented areas, including geographic (e.g., developing countries) or "marginalized sectors of society" (see Hopper and Bui, 2016). My answer was along the lines of Messner's (2016) panel contribution on "industry", where the question is not whether "country" is merely different, but instead where the onus is on the authors to persuasively motivate why their study requires or benefits from the particular geographic or other context. Again, the methodical discussion by Messner (2016) of industry context and how it matters specifically for management accounting practice offers good thoughts on how to conceptually articulate such a motivation. In other words, a study is unlikely to be moving the needle sufficiently by virtue of examining a management accounting practice in a given country unless the institutional, cultural or other pertinent features of that country that are theory relevant are made explicit. And this, again, can be fruitfully pursued from a variety of lenses, including the critical, allowing for the possibility that our theories may be "culturally laden" (as may be the case, or not, for agency-type conceptualizations of organizations or bases for contracting, for example).

And then we ran out of time. I look back with fond memories to the successful *Management Accounting Research* 25th Anniversary Conference, and I am especially grateful for the inputs by the three panelists that are now being published in *Management Accounting Research*. And I look forward to plentiful new and original work in management accounting, published in this journal or elsewhere, that the panelists' thoughts may help encourage.

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