

Are Management Accountants still relevant

Key areas of focus

Triggers or drivers of change in the management accounting profession,

- changes in the management accounting function,
- changes in the tasks performed and the skills required by management accountant

Skills required

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Drivers of Change

Broad Environmental Level

- globalisation of markets,
- advances in information and production technologies,
- increasing competition

organisational level

- greater emphasis on core competencies,
- emphasis on customer and supplier relationships,
- downsizing, outsourcing, flatter organisational structures and team work

Functions of management accountant

- management accountants have traditionally provided information which facilitates or supports effective and efficient operations and management

Traditional Roles

- from the 'bean counting' and 'number crunching' to computerised accounting systems,
- From calculation of price, quality, speed of delivery, and customer service.

Current Roles

- to analyse and interpret the information produced. To "valued business partner" with greater strategic and managerial decision making responsibilities.
- To measures and performance indicators on all these factors, and management accountants being the traditional information specialists of the organisation, must provide these

Changes in the Management Accounting Function

- purpose of management accounting was to “provide management with the necessary key information as quickly and accurately as possible, to enable appropriate action to be taken” (p 16). The 1994 ASCPA study concluded what was it before
- the management accounting function was...value-adding participation in organisational processes of strategy formulation, control, and change”). Significantly, the terms ‘value- adding’, ‘organisational processes’, ‘strategy’, and ‘change’ had found their
- internal consultants or business analysts
- cross functional teams”, are “actively involved in decision making” and “work closely with their ‘customers’ to provide the right information and help use the information to make better decisions” (Russell et al, 1999, p 40). The term ‘change’ also features in this study. Management accountants are increasingly assuming the role of change
- Management accountants are increasingly assuming the role of change agentsaren’t just managing change: They are initiating change.” (p 41). Binnersley (1997) agrees that management accountants “need to recognise and facilitate the changes taking place rather than resist them....

skills

- Current skill needs identified were: • computational, statistical, interpretative, analytical and financial information system design skills.
- Future skills identified were more progressive, eg: • adapting management accounting technologies to new forms of manufacturing process, using modern information technology in managing organisational change, using a deeper understanding of organisational structuring, functioning and processes, sponsoring and innovation. (Barbera, 1996b, p 67)
- The 1994 Australian study by Barbera (1996b, p 67) found an increased emphasis on: • personal skills – tolerance of ambiguity, ability to take leadership roles; • interpersonal skills - to facilitate work in cross-functional teams, employee empowerment, and the consultative/educative role. • analytic/constructive skills – to facilitate the business analyst, change agent and strategy formulator roles. • an ability to be intuitive, synthetic and creative thinking.
- Other attributes proposed by Barbera include proactivity and innovativeness and organisational design skills.
- The UK perspective reported by Burns et al (1999) suggests that “it is important to develop not only management accountants’ financial knowledge, but also their broader personal skills and commercial capabilities” (p 29). The paper suggests that accountants should have an understanding of the broader commercial environment (eg some marketing knowledge) and the
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- business they work for, and the ability to work closely with other members of the management team – ‘hybrid accountants’.
- In the US study, respondents were asked to identify the most important KSAs (Knowledge, Skills and Abilities) necessary in the management accounting function. The results point to the following, clearly mirroring the other studies already reviewed: • Communication (oral, written and presentation) skills • Ability to work in a team • Analytical skills • Solid understanding of accounting • An understanding of how a business functions. (Russell et al, 1999, p 41)
- Computer skills were identified as the most important skill that respondents had learned in the past five years. Other skills mentioned include: • data modelling, • making forecasts and projections, • developing assumptions and criteria, • analysing processes • being adaptable and not resistant to change • being strategic and forward looking.
- Finally, Zarowin (1997) suggests that accountants must possess skills in persuasion and facilitation, as well as good presentation skills to be an effective change agent. In addition, accountants should have more foresight, be less backward looking, and more risk taking.
- Research Questions From the predominance of literature that addresses the three issues discussed above, a series of research questions were developed. These are outlined as follows:

Conclusion

- current 'solutions' to management accountants' need for relevant skills, techniques and practices are not apparently useful.

Instead

- emphasis needs to be placed on developing the personal skills rather than technical skills – management accountants need skill in communication, analysis, creativity and adaptability.
- It seems that there is a need for more emphasis on the 'management' than the 'Accounting'

- The most common reasons for people saying that they work in finance, rather than accounting, have to do with the positive connotations that respondents have of finance and the negative connotations they have of accounting. Finance is forward-looking, while accounting is backward looking. Finance is all-inclusive. Accounting refers to debits and credits. Accountants are number crunchers". (Siegel and Sorensen, 1999, p 13)