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The Practice of Management Accounting in Finland – A Change?[1]

ABSTRACT

Accounting education is argued to be in crisis and several changes to it have been recommended lately (Siegel & Sorensen, 1999; Russell et al., 2000). This study is motivated by the question of how accounting education should be developed to provide the knowledge, skills and capabilities required by contemporary organizations. The aim is to ascertain the main managerial accounting tasks of practicing accountants. The relative importance of various tasks is identified and the knowledge, skills and abilities necessary for the competent performance of those work activities are studied. Moreover, we aim to focus on whether there has been a change in activities, especially from bean counters to business partners, and how the work will change in the next three years. The study was conducted as a survey (the number of respondents was 300, response rate 30 %). The results suggest that the most common and important activities are fairly traditional accounting duties, such as financial reporting and budgeting. These are assumed to change somewhat in the near future, however. Although no

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clear shift from bean counters to business partners can be detected based on this study, there are some signs of the growing importance of business partnering. The implications of these results for accounting education are discussed.

INTRODUCTION

The role of accountants is said to be changing from bean counters to business partners (Kaplan, 1995; Lukka & Granlund, 1998; Siegel & Sorensen, 1999). On the other hand, the demand for accounting as a major subject in business schools has been decreasing (Russell et al., 2000). We have observed a similar trend at the Helsinki School of Economics, where the number of students selecting accounting as a first preference for a major decreased remarkably for three consecutive years before 2002[2]. This is somewhat contradictory, as one might assume the role of business partner as attracting more students to accounting. The argument has been put forward that disciplines other than accounting may provide better capabilities for those wishing to serve in this new role of business partner (Russell et al., 2000). It is argued that accounting education is in crisis and several changes to it have been recommended (Siegel & Sorensen, 1999; Russell et al., 2000).

This study is motivated by the question of how accounting education should be developed, if at all, to provide the knowledge, skills and capabilities required by contemporary organizations. Is there a need to change the curriculum somehow, or is this decreasing demand for accounting education related more to the economic upturn, a trend likely to reverse in the future? To address these questions we decided to conduct a practice study of Finnish accountants, focusing on the managerial accounting part of their duties. The aim is to ascertain the main managerial accounting tasks of practicing accountants. The relative importance of various tasks is identified and the knowledge, skills and abilities necessary for competent performance of those work activities are studied. Moreover, we aim to focus on whether there has been a change in activities, especially from bean counters to business partners, and how the work will change in the next three years.

The paper is organized as follows: section 2 presents the research method and provides a description of the respondents' profiles. In section 3, the results are presented, followed by a discussion in the final section.

2 This year (2002) the trend at HSE has reversed, at least temporarily, as there was a 48 % increase in applicants for accounting compared to the previous year.

METHOD AND RESPONDENTS

A mail questionnaire was employed for empirical data collection. The questionnaire included 20 questions: three questions concerning working activities (current working activities, changes in working activities over the past years and expected changes in the coming years), one concerning important skills and abilities and one question concerning the effect of external change factors on a management accountant's work. The rest of the questions concerned time allocated to leadership (1 question) and management accounting (1), the physical location where the accounting work is done (2), the amount of team work (2), perceived value of accountants to the organization (1), the division of management accounting tasks among organizational members (2) and background issues (6). In order to test the validity of the questionnaire, several accounting educators were asked to comment on the questions. Based on these comments some changes to improve the questionnaire were made before mailing it to the sample in late May 2001.

The sample consisted of 1000 members of SEFE (Finnish Association for University Business Graduates). The respondents were selected randomly in accordance with job titles from the SEFE member database. We used all accounting and controller-related job titles, including financial manager, CFO, financial executive, accounting manager, accounting director, business analyst, business controller and controller. There were altogether 2464 individuals holding one of these titles. As there is no such professional association for management accountants in Finland as IMA in the USA or CIMA in the UK, we have to accept that presumably some individuals in the sample are not responsible for any management accounting tasks. This may lead to increased non-response. As we received 300 usable responses by mid July, the response rate was 30 %.

In order to compare the results of this study to those conducted elsewhere (IMA sponsored studies in US, CIMA sponsored in the UK), we analysed, in addition to all the respondents, a sub-group of those respondents spending more than 50 % of their time in management accounting tasks. The alternative would have been to use controllers as a sub-group. However, according to our study, it appears that some controllers perform fairly few management accounting activities whereas some finance managers work mainly in management accounting. Hence, it seems that work titles do not well describe the content of the actual work activities. Cluster analysis was performed in order to find possible clusters based on the working activities of the respondents. Different clustering techniques, as well as different numbers of clusters, were tried to reveal the possible clustering of work activities. However, no meaningful or easily interpretable clusters were found. Our conclusion based on this investigation is that the work activities are more continuously scattered rather than appear in clear groups.

Based on the unsatisfactory results of cluster analysis and the wide array of activities controllers appear to practice, we regard time spent on management accounting activities to be a better way to classify accountants for our purpose than their job titles. Nevertheless, we also report differences based on job titles.

The respondents

Financial manager[3] was the most common job title within respondents (34 %). Chief financial officers (CFOs) and different forms of controllers came second both representing 25 % of the respondents. Accounting manager was used as a title by less than 10 %. Nearly 70 % of the respondents worked at a company level, 12 % in divisions and 18 % in business units.

The ages of the respondents were quite equally divided between the groups in the range from 30 to 54, with a share between 14–20 % of the total in each group as can be seen in table 1. Of the CFOs 72 % were older than 45 years and they were older on average than the others, as can be expected (statistical significance of $p<0,001$).

TABLE 1. Age of the respondents

Age	20-29	30-34	35-39	40-44	45-49	50-54	55-59	Over 59	Total
Number	16	52	57	42	59	51	18	3	298
%	5.4	17.4	19.1	14.1	19.8	17.1	6.1	1.0	100

The respondents represented companies and units of various sizes (Table 2). About half of the respondents come from companies having a turnover of under FIM 500 million. Of those having a turnover of more than FIM 500 million, 70 out of 147 units were part of some bigger company.

TABLE 2. Turnover (FIM million)

MFIM	< 51	51-200	201-500	501-1000	> 1000	Total
Number	41	56	48	37	113	295
%	13.9	19.0	16.3	12.5	38.3	100

Out of 300 respondents, 171 (57 %) worked for companies in the service sector and 129 (43 %) for industrial companies. In the service sector, 47 of the respondents' companies operated in retail and wholesale operations, 25 in transport, warehousing and information technol-

3 Financial manager = Talouspäällikkö, CFO = Talousjohtaja, Accounting manager = laskentapäällikkö, Controller = Controller

ogy, 25 in business services (including real estate, leasing, research and business consulting services) and 15 in the construction sector. In the industrial sector, 22 companies operated in the metal industry, 15 in the forest industry and 18 in the machinery industry. In addition, 19 companies manufactured electrical and optical equipment.

Out of 300 respondents, 247 included the name of their organization in their reply. Of these, 67 responses can be classified to be from global or leading edge organizations. These organizations seem to use the title controller more often than the rest of the organizations (46 % whereas in other firms only 16 %, $p<0.001$). Moreover, these organizations are generally bigger than the rest as well, controllers working for big organizations clearly more often than for small ones (64 % of controllers work in organizations having a turnover of FIM 1000 million or more, whereas out of all respondents 38 % work in such companies, $p<0.001$).

Although most respondents are responsible for managing another's work, more than half of the respondents spend only 20 % or less of their time on that, about one fifth spend 20–30 % and one fourth spend 30–50 % of their working hours in managing others. Only 4 % spend more than half of their time managing others' work. Out of these, only one person belongs to the management accounting sub-group. This is in contrast to Siegel & Sorensen (1999) who reported that half of their respondents spend more than half of their working time managing others' work. No obvious reason for this difference could be detected; for example, the US companies were not bigger on average than the Finnish ones. Perhaps this indicates a cultural difference where the head of the accounting function still acts merely in a leadership role in the US whereas their Finnish counterparts accept more accounting duties for themselves. Or it may be that in US culture the concept of managing may be construed differently.

Only 13 % of respondents spend more than 75 % of their working hours in management accounting tasks. These were mostly controllers, but also some finance managers. The majority of accountants focusing primarily on management accounting tasks are to be found in large organizations, as might be expected (58 % in companies having a turnover higher than FIM 1000 million). On the other hand, only 26 % of the respondents spend less than one fourth of their time in management accounting. These, in turn, appear to be mainly CFOs and finance managers. A 36 % spend 26 to 50 %, and 25 % spend 51 to 75 % of their time in management accounting. Hence, it seems that most Finnish accountants involved in management accounting also undertake financial accounting tasks.

Out of 300 respondents, 112 spend more than 50 % of their time in management accounting tasks. 182 spend 50 % or less, and six respondents did not answer this question. Those working more than 50 % of their time in management accounting are on average 6 years younger than the others. They are to be found more often in large organizations, but working on average at lower levels in the organizational hierarchy than others. In the following analy-

sis, we use the term "management accountant sub-group" (or MA) to refer to the group of respondents spending more than 50 % of their time in management accounting.

RESULTS

The most common work activities

90 % of the respondents perform financial reporting and also 90 % prepare budgeting or annual planning (see Table 3). Development and planning of accounting information systems followed them in popularity. This reflects the central role information technology plays in today's accountants' work. Also the development of accounting and management control systems, budget control and ad hoc analyses are carried out by more than four fifths of the respondents. Among management accountant sub-group these duties were even more common than among all respondents. All these activities carried out by most practitioners can be considered fairly traditional accounting tasks.

TABLE 3. The most common work activities of respondents .

	All		MA	
Tasks	**N**	**%**	**N**	**%**
*Budgeting + annual planning	270	90.0	108	96.4
Financial reporting (at company or business unit level)	270	90.0	106	94.6
Development and planning of accounting information systems	255	85.0	98	87.5
Development of accounting and management systems	250	83.7	95	84.8
*Preparation of ad hoc financial analyses	247	82.3	101	90.2
Budget control	247	82.3	99	88.4
*Managing the finance function	221	73.7	64	57.1
Internal consulting	195	65.0	75	67.0
Investment calculations	170	56.7	62	55.4
Strategic planning and strategy implementation	165	55.0	61	54.5
Planning for working capital	160	53.3	56	50.0
Educational tasks in the organization	158	52.7	64	57.1
*Tax planning and strategy	152	50.3	38	33.9
Project accounting	144	48.0	64	57.1
*Calculation of product and customer profitability	141	47.0	64	57.1
Process improvement	130	43.3	52	46.4
Analyses of corporate restructuring	130	43.3	41	36.6
Credit control and collection	123	41.0	37	33.0
Risk management	120	40.0	42	37.5
*Using and development of balanced scorecards	118	39.3	56	50.0
*Performance measurement	118	39.3	55	49.1
Use and development of enterprise resource planning systems	113	38.0	48	42.9
*Planning and development of reward systems	107	35.7	27	24.1
Participation in pricing decisions	84	28.0	31	27.7
Transfer pricing	62	20.7	27	24.1
*Standard costing	52	17.3	29	25.9
Quality systems and control	44	14.7	12	10.7
Total	300		112	

*** Statistically significant difference of p<0.01 between the MA group and the others**

As far as activities related to business partnering are concerned, two thirds consult management. Strategic planning and strategy implementation is handled by more than half of all the respondents as well as of the management accountant sub-group. This appears to be in contrast to the UK where management accountants are found to provide managers with strategically important information, but are usually not participating in strategic decision-making (Bhimani & Keshtvarz, 1999). Based on this comparison far-reaching conclusions should be avoided, however, as management accountants in Finland seem not to perceive strategic planning and strategy implementation as important (see table 4 below). This may suggest that management accountants actually have a fairly similar role in strategy work in both countries. More than half of the respondents perform educational tasks in the organization. Hence, relatively many accountants seem to engage in activities outside the accounting function (see also Evans & Ashworth, 2000; Lukka & Granlund, 1997).

Standard costing and transfer pricing, both appearing in most basic accounting textbooks in elementary management accounting courses, are performed by a fairly few accountants in practice. Among management accountants every fourth seems to be engaged in these activities.

There were some statistically significant differences in performed job activities between job titles. We classified respondents into five groups: financial managers (101 respondents), CFOs (79), controllers (74), accounting managers (26) and others (20). The other group includes titles such as export manager, unit manager, etc. and are not analysed further in this study. Financial reporting and the development of accounting information systems are more often duties of the financial or accounting manager than of a CFO or a controller. Controllers in turn seem to be involved in performance measurement, balanced scorecards and process improvement more often than the others. Strategy, company restructuring, investment calculations, risk management and reward systems, as well as leading the finance function, appears to generate work for CFOs more than for others. Only a minority of financial managers or accounting managers is involved in strategy work. Working capital management, credit control and tax issues are handled more often by CFOs or financial managers than by accounting managers or controllers. Budgeting occupies more time in the case of controllers and CFOs than financial or accounting managers.

The most important work activities

The perceived importance of various tasks is perhaps a better indicator of the relative importance of various activities than their occurrence. Financial reporting was regarded as one of the most important tasks according to 76 % of the respondents (Table 4). Even a higher 86 % of the management accountant sub-group considered it as important ($p<0.01$ compared to others). In the US, Siegel & Sorensen (1999) found approximately two thirds of respondents con-

sidered financial reporting important. In Finland, financial managers find it important more often than other groups based on job titles (84 %, p<0.01).

Budgeting still seems to play a significant role in Finnish companies, as it was perceived important by 61 % of the respondents (70 % of management accountants). It was considered the second most important task. In the US, only 37 % regarded it as important (Siegel & Sorensen, 1999). The development of accounting and management control systems ranked third, followed by managing the finance function, developing accounting information systems and budget control. Among management accountants in Finland, the managing finance function was not perceived as important (30 %) as among all respondents (46 %), whereas developing accounting information systems scored higher in importance (50 % vs. 44 %). Siegel & Sorensen (1999), in turn, reported that only one fifth of US respondents considered the accounting IS development to be an important task. In Finland, CFOs find accounting information systems development more seldom important than other groups do (35 %, p<0,01). It is notable that the most important work activities seem to be the same as those performed by most accountants.

TABLE 4. The work activities considered most important .

	All		MA	
Tasks	**N**	**%**	**N**	**%**
***Financial reporting (at company or business unit level)**	**227**	**75.7**	**96**	**85.7**
Budgeting + annual planning	**182**	**60.7**	**78**	**69.6**
Development of accounting and management systems	**138**	**46.0**	**52**	**46.4**
***Managing the finance function**	**137**	**45.7**	**34**	**30.4**
Development and planning of accounting information systems	**133**	**44.3**	**56**	**50.0**
Budget control	**101**	**33.7**	**44**	**39.3**
Internal consulting	**91**	**30.3**	**31**	**27.7**
Strategic planning and strategy implementation	**78**	**26.0**	**24**	**21.4**
Preparation of ad hoc financial analyses	**71**	**23.7**	**29**	**25.9**
***Calculation of product and customer profitability**	**62**	**20.7**	**32**	**28.6**
Planning for working capital	**53**	**17.7**	**14**	**12.5**
Process improvement	**44**	**14.7**	**16**	**14.3**
Educational tasks in the organization	**42**	**14.0**	**18**	**16.1**
Using and development of balanced scorecards	**39**	**13.0**	**17**	**15.2**
Tax planning and strategy	**39**	**13.0**	**12**	**10.7**
Use and development of enterprise resource planning systems	**38**	**12.7**	**19**	**17.0**
Analyses of corporate restructuring	**37**	**12.3**	**12**	**10.7**
Project accounting	**34**	**11.3**	**19**	**17.0**
***Credit control and collection**	**30**	**10.0**	**4**	**3.6**
Performance measurement	**28**	**9.3**	**14**	**12.5**
Investment calculations	**28**	**9.3**	**10**	**8.9**
Risk management	**27**	**9.0**	**7**	**6.3**
Participation in pricing decisions	**16**	**5.3**	**6**	**5.4**
Planning and development of reward systems	**15**	**5.0**	**3**	**2.7**
Standard costing	**11**	**3.7**	**8**	**7.1**
Quality systems and control	**9**	**3.0**	**2**	**1.8**
Transfer pricing	**6**	**2.0**	**4**	**3.6**
Total	**300**		**112**	

Internal consulting is considered to belong to the most important work activity by 30 % of the respondents (28 % among management accountants) In the US, 42 % of management accountants find internal consulting important (Siegel & Sorensen, 1999). Accounting managers seem to perceive it as less important than the others group (12 %, $p<0.01$). Furthermore, more than one fourth of the respondents consider strategic planning and strategy implementation essential. CFOs value it most (47 %) – finance managers (14 %) and accounting managers (12 %) regard it seldom as essential ($p<0.01$). Educational activities are practiced by many, but considered important by fairly few.

Accountants did not perceive quality-related issues, and tasks like developing reward systems, important. This suggests that these tasks are still taken care of primarily by quality people and human resource managers. The relatively low importance of reward systems to Finnish accountants seems to support the concept of accounting as primarily functioning as a decision support mechanism instead of understanding it as one lever of control (cf. Simons, 1995; see also below). It is interesting that calculations related to investments were not perceived as important, although done by more than half of the respondents, and despite 70 % of respondents working at company level where investment decisions are typically made. Perhaps this reflects the limited role of investment calculus in investment decisions rather than the relative importance of these decisions. Product and customer profitability accounting was performed by less than half, and perceived as important by one fifth of the respondents. Among management accountants both the occurrence and perceived importance of product and customer profitability accounting were clearly higher than among all accountants.

Controllers regard performance measurement (46 %, $p<0.05$) and CFOs perceive process development (22 %), corporate restructuring (28 %) and risk management 17 %) as important more often than others ($p<0.01$). Working capital management, credit control and tax issues, as well as managing the finance function, are important to CFOs and finance managers more often than to controllers or accounting managers ($p<0.001$).

The most important skills and abilities

The respondents perceive skills and abilities typical of a business-partner to be the most important (Table 5). The ability to analyse and solve problems is perceived to be the most important skill for a management accountant (see also Siegel & Kulesza, 1996). This was closely followed by the ability to understand the impact various decisions have on the bottom line and to distinguish the relevant costs for decision making (see also Granlund & Lukka, 1997; 1998). This heavy emphasis on decision support-related skills suggest that respondents either take part in such decisions or such support is constantly required from them. Moreover, also skills next in the descending order of importance, namely oral and written communications

skills, understanding cost behaviour and business and competition as well as interpersonal skills, can easily be interpreted as supporting the partnering role.

TABLE 5. The importance of various skills and abilities. Scale: 1 = not important at all, 5 = extremely important.

	All		MA	
Skills and abilities	**N**	**Mean**	**N**	**Mean**
Analytical and problem-solving skills	297	4.71	112	4.74
Ability to understand the implications of day-to-day decisions on the bottom line	300	4.58	112	4.63
Ability to understand relevant costs in decision making	299	4.33	112	4.38
Oral and written communications skills	300	4.18	112	4.21
Understanding cost behaviour	300	4.17	112	4.28
Understanding business processes and competition	297	4.10	111	4.10
Interpersonal skills	299	4.10	112	4.13
Understanding the meaning of internal co-operation between functions	296	4.06	111	4.19
Understanding the informational needs of int. & external customers	296	4.01	112	4.03
Work ethics	299	3.99	112	3.97
Negotiation skills	300	3.89	112	3.92
Understanding the cost-volume-profit analysis	299	3.87	112	4.02
Leadership and management skills	299	3.86	112	3.98
*Variable costing skills	299	3.80	112	4.01
Ability to plan and develop information systems	298	3.73	112	3.86
Understanding value added and non-value added costs	296	3.71	112	3.80
Understanding time value of money	298	3.60	112	3.68
Understanding the matching of direct and indirect costs	298	3.56	112	3.67
Benchmarking skills	298	3.52	111	3.66
Understanding non-financial measurement	299	3.45	112	3.47
Knowledge of customers and markets	299	3.43	112	3.53
Ability to understand and prepare decision-making models	296	3.44	112	3.45
Understanding of behavioural and motivational effects of budgeting	300	3.40	112	3.54
*Ability to optimise the inventory levels	290	3.34	107	3.52
*Just-in-time understanding	291	3.27	107	3.48
*Inventory valuation skills	298	3.19	111	3.37
Ability to draw up process maps	297	3.15	112	3.24
Target costing skills	297	3.11	112	3.24
*Standard costing skills	296	2.97	111	3.14

*** Statistically significant difference at 1 % level between the MA group and the others**

Accounting-specific skills queried in this section were not ranked very high, except cost-volume-profit analysis and variable costing (see also Stone et al., 2000). Among management accountants these were even more highly appreciated than among the rest of the accountants. Note, however, that when all respondents are considered, e.g. work ethics was regarded as more important than the above-mentioned techniques. Capabilities in standard costing, target

costing and inventory valuation and optimization were not considered as important on average. It should be borne in mind that a number of accounting-related skills were not asked for in this question. Given the importance of tasks like financial reporting, budgeting and developing accounting information systems, it should be obvious that also skills and abilities to perform these activities are important. Similarly, Allott (et al. 2000), Lukka (1998), Russell et al. (1999), Matthews (1998) and Philips & Ross (1996) emphasise that solid accounting skills are still needed in companies.

In general, respondents holding various job titles have fairly similar views on the required skills and abilities. Accounting managers were exceptions what it came to their relatively lower appreciation of the knowledge of customers and markets, and leadership and management skills.

From bean counters to business partners?

One of the most interesting questions of this study concerns the change in management accounting work activities. Is there truly a change under way? Have Finnish accountants been bean counters? If so, are they now transforming into business partners? Let us first study how respondents see how the content of their work has changed during the past five years and what they expect to happen in the years to come.

Changes in tasks over the past 5 years

In general, our results suggest that accountants have more to do today than five years ago. This is to say that in absolute terms respondents consider that the amount of work in most activities has increased quite a lot whereas there are only a few activities where reductions in workloads have occurred. Compared to their US counterparts, Finnish accountants report much higher growth rates in their work activities. They may work for longer hours or the efficiency might have increased a lot during the past years (e.g. due to automation). They may engage less in financial accounting or routine management accounting duties, increased work experience partly explaining this shift**.** Or there could be a tendency to remark on increases but not decreases in job responsibilities. Therefore, the following results should be interpreted with care.

Financial reporting (56 % of respondents, 63 % of the management accountant sub-group), development of accounting information systems (50 % and 50 %) and development of accounting and control systems (49 % and 51 %) have increased the most during recent years (Table 6a). These can hardly be considered business-partnering activities. Siegel & Sorensen (1999) made a fairly contradictory observation. One fourth of US respondents shared an opinion that time spent on reporting has diminished in the past few years.

Also the volume of partnering activities has increased. The preparation of various analyses and internal consulting showed fairly substantial growth rates, 41 % and 37 %, respectively. The growth was even bigger among management accountants, 48 % and 41 %, respectively. The respondents have also spent more time in such tasks as process improvement, educating in the organization, performance measurement, and the development of reward systems. Moreover, new tasks such as development and the use of multidimensional measurement systems and ERP- systems have become more common, 36 % and 26 % of the respondents, respectively, working with them more than before. However, it appears that in general, more time is spent today on mostly practiced and the most important activities.

TABLE 6a. Work activities requiring more effort today than five years ago

	All		MA	
Tasks	**N**	**%**	**N**	**%**
Financial reporting (at company or business unit level)	**169**	**56.3**	**70**	**62.5**
Development and planning of accounting information systems	**150**	**50.0**	**56**	**50.0**
Development of accounting and management systems	**147**	**49.0**	**57**	**50.9**
Preparation of ad hoc financial analyses	**122**	**40.7**	**54**	**48.2**
Internal consulting	**110**	**36.7**	**46**	**41.1**
Use and development of balanced scorecards	**108**	**36.0**	**47**	**42.0**
Strategic planning and strategy implementation	**105**	**35.0**	**37**	**33.0**
Calculation of product and customer profitability	**95**	**31.7**	**43**	**38.4**
Process improvement	**92**	**30.7**	**41**	**36.6**
Educational tasks in the organization	**88**	**29.3**	**38**	**33.9**
Analyses of corporate restructuring	**85**	**28.3**	**26**	**23.2**
Performance measurement	**81**	**27.0**	**31**	**27.7**
Use and development of enterprise resource planning systems	**78**	**26.0**	**33**	**29.5**
Managing the finance function	**75**	**25.0**	**28**	**25.0**
Project accounting	**75**	**25.0**	**37**	**33.0**
Planning and development of reward systems	**66**	**22.0**	**19**	**17.0**
Budgeting + annual planning	**61**	**20.3**	**30**	**26.8**
Planning for working capital	**56**	**18.7**	**14**	**12.5**
Budget control	**47**	**15.7**	**18**	**16.1**
Quality systems and control	**43**	**14.3**	**13**	**11.6**
Risk management	**41**	**13.7**	**14**	**12.5**
Investment calculations	**39**	**13.0**	**17**	**15.2**
Credit control and collection	**37**	**12.7**	**8**	**7.1**
Participation in pricing decisions	**31**	**10.3**	**10**	**8.9**
Transfer pricing	**25**	**8.4**	**11**	**9.8**
Tax planning and strategy	**24**	**8.0**	**7**	**6.3**
Standard costing	**15**	**5.0**	**7**	**6.3**

*** Statistically significant difference at 1 % level between the MA group and the others; none found here**

Changes in work activities have been fairly similar irrespective of job titles. Strategic planning, the analysis of corporate restructuring, performance measurement, managing the finance function, planning reward systems and risk management are activities that have increased among CFOs more than in other groups ($p<0.05$). It may be that the increase in work experience, e.g. promotion from finance manager to finance director, explain some of these differences.

Perhaps the most interesting observation in this context is related to budgeting. 13 % of respondents indicated that the amount of work related to budgeting has diminished; for budgeting control this figure was 12 % (Table 6b). The situation is similar in the management accountant sub-group. This is important as budgeting is still performed by most of the respondents and is regarded as the second most important task they have. This observation seems to support the notion that some organizations have abandoned budgeting in its traditional form (see e.g. Ekholm & Wallin, 2000). The next biggest reductions were in taxation (9 %) and standard costing (8 %).

TABLE 6b. Work activities requiring less effort today than five years ago .

	All		MA	
Tasks	**N**	**%**	**N**	**%**
Budgeting + annual planning	**38**	**12.7**	**14**	**12.5**
Budget control	**35**	**11.7**	**15**	**13.4**
Tax planning and strategy	**28**	**9.3**	**13**	**11.6**
Standard costing	**24**	**8.0**	**8**	**7.1**
Development and planning of accounting information systems	**21**	**7.0**	**9**	**8.0**
Investment calculations	**21**	**7.0**	**6**	**5.4**
Credit control and collection	**20**	**6.7**	**5**	**4.5**
Analyses of corporate restructuring	**18**	**6.0**	**8**	**7.1**
Planning for working capital	**18**	**6.0**	**7**	**6.3**
Transfer pricing	**16**	**5.4**	**5**	**4.5**
Financial reporting (at company or business unit level)	**15**	**5.0**	**4**	**3.6**

*** Statistically significant difference at 1 % level between the MA group and the others; none found here**

Expected changes in coming years

The most important and common activities today are not the same as those that are expected to develop most in importance in the following years (Table 7a). Respondents perceive the development of accounting and management systems and the development and use of multidimensional measurement systems to increase the most in importance (57 % both; in the management accounting group the former is 65 % and the latter 58 %). This seems to support the

notion that Balanced Scorecards (BSC) are becoming a key element in every accountant's tool kit. Product and customer profitability ranks third (55 %). Among management accountants it ranks second (59 %), slightly higher than BSC. This is interesting as only every fifth respondent (every fourth management accountant) currently considers product and customer profitability accounting important. Product costing has had quite a central role in many accounting curricula due to widespread interest in activity-based costing. Perhaps this expected rise in importance is due to this new generation of accountants. The growing interest in customer relationship management may explain this as well. Or perhaps the expected economic downturn will lead many organizations to assess the profitability of their products and customers more carefully in the near future.

Respondents regard the partnering type of activity as growing in importance. In addition to the use and development of balanced scorecards, process improvement, strategy-related work, internal management consulting, the preparation of ad hoc analysis, performance measurement and the educating in the organization are regarded as becoming more important in the years to come. There are more respondents who expect these to increase in importance than there are those who believe traditional accounting tasks, including e.g. financial reporting, to become more important. The results are similar as regards the conceptions of management accountants. It should be noticed that also here Finnish accountants expect the importance of activities to change more often than their foreign counterparts do.

CFOs and controllers assume balanced scorecards, process improvement, strategy work, the analysis of corporate restructuring and risk management to grow in importance more often than finance managers and accounting managers do ($p<0.05$). Finance managers expect financial reporting to grow in importance whereas controllers seem to hold the opposite view.

The respondents expect that budgeting (25 % of the respondents, 27 % of the management accountants), budget control (21 % and 20 %) and standard costing (15 % and, 11 %) will diminish the most in importance within the next three years (Table 7b). Budgeting seems to be loosing popularity as a central control tool in Finnish companies. Similar observations were made by e.g. Siegel & Sorensen (1999) and Burns & Yazdifar (2001) elsewhere. However, they both point out that budgeting still has a strong position as a control tool in the US and in the UK. This is the case also in Finland, as documented in this study. The situation in Finland may be a bit different than appears at first sight, though. Ekholm & Wallin (2000) reported that traditional budgeting is complemented with rolling forecasting and scorecards in many Finnish companies. Burns&Yazdifar (2001) also noticed that rolling forecasts are widely used and are becoming more important in the UK. As we did not ask about rolling forecasts separately, it may be that the strong position budgeting appears to have may hide the fact that the content may have changed considerably. In fact, a number of authors (see e.g. Scapens 2000;

Burns et al., 1996, Lukka & Granlund, 1997) have argued that work activities do not necessarily change as such, but the way in which these are performed may be changing.

TABLE 7a. Work activities that are expected to increase in importance in the next three years.

	All		MA	
Tasks	**N**	**%**	**N**	**%**
Use and development of balanced scorecards	172	57.4	65	58.0
Development of accounting and management systems	172	57.4	73	65.2
Calculation of product and customer profitability	166	55.0	66	58.9
Development and planning of accounting information systems	154	51.3	65	58.0
Process improvement	146	48.7	58	51.8
Strategic planning and strategy implementation	132	44.0	50	44.6
*Internal consulting	131	43.7	60	53.6
Preparation of ad hoc financial analyses	130	43.3	46	41.1
Performance measurement	129	43.0	52	46.4
Educational tasks in the organization	118	39.3	48	42.9
Financial reporting (at company or business unit level)	112	37.3	41	36.6
Use and development of enterprise resource planning systems	106	35.3	48	42.9
Project accounting	102	34.0	46	41.1
Analyses of corporate restructuring	97	32.3	37	33.0
Planning and development of reward systems	94	31.3	32	28.6
Risk management	84	28.0	36	32.1
Quality systems and control	66	22.0	23	20.5
Managing the finance function	59	19.7	27	24.1
Investment calculations	57	19.1	24	21.4
Planning for working capital	52	17.3	24	21.4
Participation in pricing decisions	44	14.7	15	13.4
Budgeting/ annual planning	32	10.7	18	16.1
Tax planning and strategy	30	10.0	11	9.8
Budget control	28	9.3	15	13.4
Transfer pricing	24	8.0	12	10.7
Credit control and collection	16	5.3	5	4.5
Standard costing	12	4.0	5	4.5

*** Statistically significant difference at 1 % level between the MA group and the others**

TABLE 7b. Work activities that are expected to decrease in importance in the next three years

	All		MA	
Tasks	**N**	**%**	**N**	**%**
Budgeting + annual planning	74	24.7	30	26.8
Budget control	62	20.7	22	19.6
Standard costing	46	15.3	12	10.7
Credit control and collection	31	10.3	11	9.8
Financial reporting (at company or business unit level)	28	9.3	10	8.9
Managing the finance function	27	9.0	9	8.0
Transfer pricing	26	8.7	8	7.1
Tax planning and strategy	25	8.3	10	8.9

*** Statistically significant difference at 1 % level between the MA group and the others; none found here**

Other evidence on potential role shift

We asked respondents to evaluate the importance of various factors that might have influenced the content of their work. The scale was from no impact =1 to extensive impact =5, value 3 representing a moderate impact. Table 8 presents the results.

Table 8. Driving forces in the content of work

	All		MA	
Driving Forces	**N**	**Mean**	**N**	**Mean**
Working experience	**296**	**3.64**	**111**	**3.68**
Technological development	**291**	**3.61**	**107**	**3.75**
New accounting software	**292**	**3.33**	**109**	**3.51**
Changes in the role of the finance function	**293**	**3.08**	**110**	**3.22**
Changes in corporate strategies	**285**	**3.04**	**107**	**3.05**
Organizational restructuring	**290**	**3.04**	**106**	**2.95**
Customer orientation	**286**	**2.87**	**106**	**2.91**
Changes in the competitive environment	**286**	**2.80**	**108**	**2.85**
***New accounting techniques**	**288**	**2.69**	**108**	**2.91**
Changes in legislation	**290**	**2.52**	**107**	**2.43**
Electronic commerce	**282**	**2.13**	**104**	**2.11**

*** Statistically significant difference at 1 % level between the MA group and the others)**

As is evident, working experience and technological development seem to have had the most profound impact on the development of the respondents' work activities. Respondents with all job titles regard the change in the role of the finance function to have had only a moderate impact on their tasks. However, for those working mainly in management accounting the role change seems to have had a stronger impact than for the rest of the accountants. There is a statistically significant difference ($p<0.01$) in the perceived impact of customer orientation as it appears to have by far the least impact on accounting managers' work, and less on finance managers' work than on CFOs' and controllers' work.

New accounting techniques seem to have a less than moderate effect on respondents' work. According to Burns et al. (1999) companies are unwilling to change their accounting systems because organizational structures and management systems are changing all the time. They argue that the old systems are complemented by more accurate non-financial information in many companies.

We aimed to assess the possible shift from bean counters to business partners also by asking how management accountants are physically located in the organization and if they participate in cross-functional teamwork. In most organizations the majority of management accountants seem to be physically located in the accounting department (Table 9). On the other hand, in almost half of the organizations at least some management accountants work

outside the finance function. These findings are fairly similar to those of Siegel & Sorensen (1999). There seems to be no precise trend here as in 25 % of organizations the trend has been out from the finance function to other units and in 14 % of organizations from other units to the finance function. A logical explanation for this could be that in those organizations where centralization has occurred some type of shared service centres are created or ERP-technology is applied (see Granlund & Malmi, 2000). Controllers as well as those spending more than 50 % of their working time on management accounting, report the trend as being towards other units more often than others.

TABLE 9. Physical location of management accounting staff

Physical location	N	%
A) All located in accounting & finance Department	160	53.5
B) Most located in accounting & finance Department	74	24.7
C) About half of accountants are located in the accounting department and the rest elsewhere	30	10.0
D) Most located in other departments	31	10.4
E) All located in other departments	4	1.3
Total	299	100

Roughly 76 % of the respondents and 71 % of the management accountant sub-group work in cross-functional teams. 60 % of the respondents report that time spent on teamwork has increased (56 % of management accountants) while only 4 % (3 %) indicate it has diminished during the past five years. There were no statistically significant differences among responses by job titles with respect to teamwork. This would suggest accountants in general engage more in business partnering activities today than five years ago. The time spent on working in cross-functional teams appears to be higher in Finland than in the USA (56 %, Siegel & Sorensen, 1999).

We asked respondents to evaluate how other professional groups in their organizations perceive the value added by accountants has changed. More than half of the respondents believe that accountants have succeeded in value creation in their companies and they are appreciated more than before by other members of their organizations. This belief is stronger among management accountants (57 %) than among the rest of the respondents (49 %). Only 4 % think that appreciation has diminished and the rest have not noticed any changes. In the US, nearly 70 % of respondents think that they are appreciated more than earlier (Siegel & Sorensen, 1999).

Non-accountants are performing more accounting-related tasks than before and their accounting expertise has increased according to one half of the respondents. This trend might be explained by the development of IT-systems (e.g. ERPS) and the improved accounting skills of managers (Scapens 2000, 21), the empowerment of workers (Cooper 1996) and the outsourcing or concentration of routine reporting tasks (Burns & Yazdifar, 2001).

Summary

Based on changes in the past five years, nothing definite about the shift from bean counters to business partners can be said. Although it appears that among the management accountant sub-group the changes towards the business partnering type of activities have been stronger than among the rest of the accountants (Table 6a), some of this may be explained by the fact that our management accountant sub-group may include accountants who have previously worked more on financial accounting than on management accounting. The expected changes in years to come reflect this trend, however, but whether it will materialize remains to be seen. The partnering role of accountants is supported by the required skills and abilities, although the most appreciated analytical skills are fairly traditional qualities related to managerial level accountants. The increasing time spent on team-work suggests the partnering role will be more important in the future than it is today. On the other hand, respondents perceive the role change of the accounting function to have had only a moderate effect on their duties. Hence, looking at all respondents at once, or judgement based on the management accountant sub-group, the results are somewhat mixed.

Controllers seem to perform somewhat different activities than the rest of the accountants. They are engaged in performance measurement, balanced scorecard and process development more often than other accountants. Working capital management, credit control and tax issues, i.e. duties traditionally performed inside the accounting organization, controllers seldom do. Therefore, the emergence of controllers in large global organizations during the past decade, specializing mainly in management accounting, may be seen as a change inside the accounting profession in Finland. Note, however, that the duties of CFOs are not that far from those of controllers. CFOs perform a wider scope of activities than other accountants do, but it would be unjustified to classify them as bean counters. Judging CFOs by the activities they do, we would suggest most of them are business partners rather than bean counters. Moreover, nothing in this study suggests that there has been a transformation of CFOs from bean counters to business partners during recent years. The same applies to many finance managers and accounting managers. The scope of their activities is fairly large, including e.g. internal consulting and educating in the organizations. The scope is narrower than that of CFOs, but that appears as only logical. In line with work experience comes a new title and more respon-

sibilities. Hence, many accounting and finance managers do get involved with other professional groups. Of course, there are also accountants mainly working inside the accounting department, but also these duties must be taken care of. Both business partners and "watchdogs" are needed. Hence, we could not conclude, based on this research, that a major shift from bean counters to business partners has occurred. Business partnering activities seem to increase in importance, but we interpret it to be more a gradual shift than a revolutionary change.

DISCUSSION AND SOME THOUGHTS ABOUT CURRICULUM DEVELOPMENT

Financial reporting and budgeting seem to belong to the work responsibilities of most practicing accountants in Finland. Many consider them important as well. As regards financial reporting, in our study there were a number of respondents assuming it to become more important in the coming years, whereas in the USA its role is expected to diminish. As to budgeting, it still plays a remarkable role in accountants' work in Finland. Times may be changing, however. Many respondents see the importance of balanced scorecards to grow in the near future, whereas the time and effort allocated to budgeting seems to be reducing. Balanced Scorecards may be replacing or complementing budgeting. The problem in interpreting this observation lies in the definition of budgeting. Many organizations seem to carry out some sort of rolling forecasts (Ekholm & Wallin, 2000; Scapens, 2000). As forecasting was not asked about separately in this study, it is impossible to determine how respondents conceived the term budgeting. Some may conceive budgeting to be equal to rolling forecasts whereas others may regard budgeting and rolling forecasting to be different tasks. Hence, too definite conclusions about the future role of budgeting should be avoided, based on this study.

The development of accounting and management systems, as well as accounting information systems, seems to occupy a lot of accountants' time. Both are also widely regarded as important. The time allocated to these development activities has increased during the past five years and is still expected to increase in the future. Accounting information system development is considered as even more important among management accountants than all accountants.

Standard costing and transfer pricing do not belong to the most performed, and are not perceived to be the most important work activities. Furthermore, their role is assumed to diminish in the future. Investment calculus is done by fairly many, although only few regard it as important. Internationally, research results on the importance of these activities have been quite similar to this study.

Although we can't say that there has been a change from bean counters to business partners in general, the expected changes in work activities appear interesting. Balanced scorecards, development of accounting and management systems, product and/or customer profitability and the development of accounting information systems were ranked high. Process improvement, strategic planning and internal consulting followed close by. Many of these are not traditional accounting tasks. Therefore, these expected changes suggest the increasing business partnering role for accountants in the future.

The role of a business partner is supported also by respondents' views on the required skills and abilities. Analytical skills are considered important, as has been observed in a number of recent studies (e.g. Siegel & Sorensen, 1999; Siegel & Kulesza, 1996; Granlund & Lukka, 1998). In addition, communication skills, general business understanding as well as interpersonal skills are considered as important. All these skills support the role of the business partner.

The results above should have some implications for the business schools accounting curriculum. Given the strong role, both strategy related issues (e.g. BSC was among the two activities expected to increase most in importance in the future) as well as the development of accounting and management systems have in many accountants work, management control system issues deserve more attention than seems to be the case today. Or, the emphasis could be shifted from budgeting to other management control tools such as BSC. Strategy is usually taught by other disciplines in business schools as well, but its interrelationship to accountants' work and managerial control should be made explicit. Hence, the role of strategy related issues in accounting courses and exercises could be increased.

Information technology should be an integral part of accounting teaching at all phases of education. Special software could be used to support the learning of various topics. Moreover, every curriculum would benefit from courses dealing purely with accounting information systems. And, capstone courses incorporating systems used in other functional areas would be of great help.

Many accountants seem to engage in developing accounting, management and information systems. Skills related to managing change are essential to successfully cope with such projects. Such skills are seldom taught in the accounting curriculum. It applies to teaching and consulting skills as well. Even a separate course focusing on change management, including how to sell ideas in organizations, and how management consultants work, might be appropriate.

In addition to these substance-related issues, more emphasis should be placed on providing a solid business understanding and good interpersonal and communications skills. The latter may be more a question of teaching methods and pedagogy than the course substance, although some changes to course content may prove beneficial.

Less emphasis than today, at least in introductory courses, could be put on the detailed presentation of alternative accounting methods and techniques. This includes e.g. details on inventory valuation. Standard costing and transfer pricing issues could be left to special courses. Topics in restructuring, taxation and risk management, although not practiced by junior accountants in organizations, should be retained in the curriculum as a number of accounting students work for various types of consulting and professional service organizations. But their place may not be in introductory courses. Scarce teaching resources could be saved also by reducing the time spent on traditional lectures. Instead of lectures, professors could use cases and group presentations. This would support the development of interpersonal and communications skills.

For practicing accountants this study poses two challenges. The first one relates to the assumed role change. As many of respondents believe duties not widely practiced today will increase in importance in the near future, skills and capabilities to cope with such duties probably require updating. This would be a challenge in tough economic conditions where typically headcounts are cut and investments in personal development are reduced. The second challenge is related to the first one. It is the duty of accountants themselves to make this change happen. In other words, it is the duty of accountants to craft their own profession towards increased partnership. ■

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