

## MAPSD03

Chair : Jackson William

Room : Amphi 2

**Executive Bonus Target Ratcheting: Evidence From The New Executive Compensation Disclosure Rule**

Discussant : Iliya Komarev

Author : SUNYOUNG KIM, THE CHINESE UNIVERSITY OF HONG KONG

EA = Empirical Archival

Co-authors : ,

*This paper investigates whether compensation committees revise executive bonus compensation targets based on past performance. Studies in this area have suffered from a lack of detailed information on executive compensation. Using mandatory disclosures of executive compensation information under the U.S. Securities and Exchange Commission's (SEC's) new disclosure rule, this paper provides the first large-sample evidence of bonus target ratcheting. There are four major findings: that executive bonus targets ratchet asymmetrically; that the degree of ratcheting asymmetry is positively related to a firm's investment opportunities and the information asymmetry between its managers and compensation committee; that the asymmetric ratcheting practice results in more difficult next-year targets for managers who fail to meet their current-year targets; and that managers with good year-to-date performance report lower final-quarter performance compared with other managers, consistent with the well-known "ratchet effect."*

## MONDAY

## MAPSD03

Chair : Jackson William

Room : Amphi 2

**Human Capital Risk And Ceo Compensation**

Discussant : Francesca Franco

Author : STEPHEN HILLEGEIST, ARIZONA STATE UNIVERSITY

EA = Empirical Archival

Co-authors : Woo-Jin Chang, INSEAD  
Rachel Hayes, University of Utah, Eccles School of Business

*We examine how human capital risk affects CEO compensation. We use the firm's ex ante risk of financial distress to proxy for one aspect of human capital risk. CEOs experience large reductions in the value of their human capital when their firms become financially distressed, seemingly irrespective of their performance. In order to disentangle the joint effects of performance on compensation and distress risk, we restrict our analysis to new CEOs. As predicted, we find that new CEOs receive significantly more compensation when financial distress risk is higher even after controlling for numerous CEO ability measures. This result is driven by more equity-based compensation, not cash compensation. We also find pay-performance sensitivity is positively associated with distress risk. Our results indicate that human capital risk is an economically important determinant of CEO compensation.*

## TUESDAY

## MAPSD01

Chair : David Otley

Room : Amphi 2

**The Effect Of Financial Incentive Framing And Descriptive Norms On Internal Whistleblowing**

Discussant : Victor Maas

Author : XIAOLING CHEN, UNIVERSITY OF ILLINOIS AT URBANA-CHAMPAIGN

EX = Experimental

Co-authors : Jennnifer Nichol, University of Illinois at Urbana-Champaign  
Flora Zhou, University of Illinois at Urbana-Champaign

*Recent regulations promoting external whistleblowing heighten the need for internal whistleblowing programs to encourage whistleblowing within firms. However, it remains controversial how firms should provide financial incentives for internal whistleblowing. Drawing on social psychology research, we argue that framing financial incentives for internal whistleblowing as a penalty is more effective at communicating injunctive norms than framing them as a reward, and that consistency between injunctive norms and descriptive norms leads to greater injunctive norm salience, which, in turn, results in greater internal whistleblowing. We test our hypotheses experimentally using a 2x2 between-subjects design that manipulates the framing of financial incentives promoting whistleblowing (Reward vs. Penalty) and social norms supporting or opposing whistleblowing (Norms For vs. Norms Against). As predicted, we find an ordinal interaction effect between financial incentive framing and descriptive norms such that descriptive norms for whistleblowing will increase internal whistleblowing to a greater extent when financial incentives for whistleblowing are framed as penalties than when these incentives are framed as rewards.*

**MAPSD01**

Chair : David Otley

Room : **Amphi 2****Status And Discretionary Bonus Payments: Evidence From A Chinese Hospital**

Discussant : Paolo Perego

Author : CHUNG-YU HUNG, TILBURG UNIVERSITY

CF = Case / Field Study

Co-authors : Margaret A. Abernethy, The University of Melbourne  
Laurence Van Lent, Tilburg University

We examine how the status of department heads affects the degree of discretion they exert in allocating bonuses to themselves and to their subordinates. We argue that status disciplines the way department heads exercise discretion in bonus decisions. We expect high-status heads will exert less discretion in bonus decisions than low-status heads. We consider two (related) decisions: (1) the slice of the bonus pool department heads keep themselves and (2) the degree to which department heads differentiate the bonuses they allocate to their subordinates. Using a proprietary dataset from a Chinese hospital, we find evidence consistent with this expectation. We also find that the department's future performance is negatively associated with the discretionary bonus that department heads keeps themselves, but positively associated with the differentiation between subordinates' discretionary bonuses.

## TUESDAY

## 16:00-17:30

**MAPSD02**

Chair : Keith Hoskin

Room : **Amphi 2****Aicpa'S Communications To Its Members Between 1997 And 2010**

Discussant : William Jackson

Author : MARION BRIVOT, LAVAL UNIVERSITY

IC = Interdisciplinary / Critical

Co-authors : Charles Cho, Essec  
Randy Kuhn,

This paper examines the communications from the leaders of the American Institute of Certified Public Accountants (AICPA) to its members during the 1997-2010 period. Based on Bourdieu's sociolinguistic theory, we argue that before 2001, the AICPA's communications are indicative of an alignment of certified public accountants' linguistic habitus with the dominant language (marketing) of the economic context in which they operated, namely globalized consumerist capitalism. Following the Enron scandal (2002-2004), however, the marketing language was abruptly abandoned in favor of a celebration of Parrhesia: "speaking the truth" no matter what commercial risks were involved. Yet, the marketing language surrounding the AICPA's "Vision Project" prior to Enron reemerges after 2005, but it is juxtaposed to the language of "classic professionalism" and Parrhesia. AICPA leaders are thus capable of speaking the language of the dominant players in the field (i.e., marketing) as well as speaking the declassified language of the dominated (i.e., serving the public interest). We argue that this multi-linguistic habitus is symptomatic of the difficulty AICPA leaders have in renouncing the symbolic profit that they derive from aligning their linguistic habitus with that of the most powerful players in the field, including the international public accounting firms, large corporate clients of accounting/auditing services, and competing producers of business services.

## TUESDAY

## 16:00-17:30

**MAPSD02**

Chair : Keith Hoskin

Room : **Amphi 2****Makeover Accounting: Investigating The Financial Edutainment Of Everyday Life**

Discussant : Martin Messner

Author : CHARLOTTA BAY, UPPSALA UNIVERSITY

IC = Interdisciplinary / Critical

Co-authors : ,

The ability of accounting to produce effects has been widely acknowledged in accounting literature. This paper argues however that in order for accounting to have an impact on people, its numbers needs to be interpretable by its intended users. But what happens in situations where people are considered as inhibited in reading and interpreting numbers? This paper investigates how accounting numbers are presented to individuals believed to be impaired in their ability to make sense of numerical figures. It does so by moving the empirical focus beyond the borders of the professional organisation and into the private sphere of everyday life, examining how a televised financial makeover show re-presents accounting information in order to turn its participants into financially responsible citizens. The paper's empirical findings give reasons for problematising the conditions under which accounting is able to affect people, concluding that, without taking people's ability to interpret numbers into account, the possibilities of the numbers having an impact on their users risk falling short.

## MAPSD04

Chair : John A. Christensen

Room : Amphi 5

**Negotiating Under Uncertainty: The Influence Of Accounting Information And Monitoring Control On Negotiation Behavior And Outcomes**

Discussant : Khim Kelly

Author : SAMY ESSA, VU - UNIVERSITY OF AMSTERDAM, FACULTY OF ECONOMICS AND BUSINESS ADMINISTRATION EX = Experimental

Co-authors : Henri Dekker, VU University Amsterdam  
Tom Groot, VU University Amsterdam

Outsourcing relations generally face numerous coordination and control problems. At the root of these problems is uncertainty, which complicates the specification and achievement of desired negotiation outcomes. While prior experimental studies have shown that refined accounting information and monitoring control can enhance negotiation processes and outcomes, these studies have ignored the influence of uncertainty which can exacerbate negotiation problems. We develop an experiment in which 175 dyads of buyers and suppliers participate to investigate how uncertainty interacts with accounting information and monitoring control to affect negotiation behavior and outcomes. We find that uncertainty reduces negotiators' use of integrative tactics relative to distributive tactics, which in turn negatively impacts joint profit. Refined accounting information (i.e., total cost of ownership information) and third party monitoring of the negotiations weaken this negative impact of uncertainty on negotiation behavior, which in turn positively influences joint profit.

## MAPSD04

Chair : John A. Christensen

Room : Amphi 5

**Uncertainty And Information Asymmetry In Budget Negotiations**

Discussant : Hailan (Flora) Zhou

Author : ROBERT GILLENKIRCH, UNIVERSITY OF OSNABRÜCK EX = Experimental

Co-authors : Markus C. Arnold, University of Bern  
Robert M. Gillenkirch, University of Osnabrueck

Participative budgeting processes are an important element of management control systems. In practice, budgets are typically set through a negotiation process. This study investigates the effects of uncertainty and information asymmetry on budget negotiations. Unlike the prior literature, it distinguishes between information asymmetry, or one-sided uncertainty, where only the superior is uncertain about potential output, and common uncertainty, where both the superior and the subordinate face uncertainty. While both kinds of uncertainty have equivalent economic effects, they may strongly differ with regard to the psychological effects on conflict in budget negotiations. We conduct a laboratory experiment to disentangle these effects. We find that the psychological effect, but not the economic effect, increases conflict in budget negotiations and hurts performance. Specifically, superiors are more contending under one-sided than under common uncertainty. As a consequence, negotiation failures are more frequent. Furthermore, we find that superiors, when setting budgets following negotiation disagreement, account for the risk of losing the subordinate's motivation under common uncertainty but not under one-sided uncertainty. Finally, after controlling for financial incentives, subordinates' negative performance reactions to negotiation disagreement is particularly large under one-sided uncertainty.

## MAPS05

Chair : Simon Cadez

Room : P506

**Effective Central Control Over Transfer Pricing Negotiations**

Author : DANIEL KAISER, CARNEGIE MELLON UNIVERSITY AM = Analytical / Modelling

Co-authors : ,

It is common wisdom that headquarters sets the ground rules for decentralized transfer price negotiations. However, the exertion of central control has not received much recognition in analytical studies. This study introduces a transfer pricing model, in which an upstream supplier negotiates bilaterally and sequentially with multiple internal buyers that convert the intermediate product into imperfect substitutes. It is shown that uncontrolled negotiations are generally ill-suited to tackle the underlying coordination problem and different control mechanisms are identified that may increase efficiency. In particular, I argue in favor of central sequencing of bilateral negotiations. Further, if downstream divisions' productivities are highly correlated or little volatile, headquarters may effectively use the outcome of initial negotiations to resume control and specify a quantity budget for other internal trade relationships. Else, if products are good substitutes, headquarters may arrange exclusive supply negotiations.

**MAPS05**

Chair : Simon Cadez

Room : P506

**Centralized Contracting And Decentralized Task Assignment: On The Optimal Allocation Of Authority**

Author : ANNA ROHLFING-BASTIAN, WHU - OTTO BEISHEIM SCHOOL OF MANAGEMENT

AM = Analytical / Modelling

Co-authors : Steffen Reichmann, E.ON AG Duesseldorf

To provide efficient incentives, the three components of an incentive system (i.e., performance measurement, rewards, and the allocation of decision rights) need to be balanced against each other. In practice, the authority to decide on these components is frequently distributed across hierarchical levels, thus requiring to adjust centralized decisions with regard to decentralized authority. This paper investigates the centralized design of incentive contracts when decision authority with respect to the allocation of tasks is delegated to lower hierarchical levels. It provides an analysis of the optimal allocation of authority (i.e., "who should be the boss") and considers the interdependencies between organizational design choices and the design of optimal incentives.

## MONDAY

16:00-17:30

**MAPS05**

Chair : Simon Cadez

Room : P506

**Lower Price Limits For Flat-Fee Service Contracts Under Risk**

Author : JAN THOMAS MARTINI, BIELEFELD UNIVERSITY

AM = Analytical / Modelling

Co-authors : Hermann Jahnke, Bielefeld University

Capital equipment requires various services at the different stages of its useful life, e.g. maintenance, monitoring and repair. This paper addresses the determination of lower price limits for profitable flat-fee contracts from the perspective of a provider of such services. Management accounting traditionally focuses on costs as a major factor for lower price limits and neglects uncertainty. But under a flat-fee contract the service provider assumes part of the customer's risk. Our research analyses the impact of the contract's inherent risk on the service provider's lower price limit. The analysis is mainly based on the concept of almost stochastic dominance which makes it possible to consider decision making under both risk and restricted information on the decision maker's risk preferences. We extend the concept to model multi-person decision contexts such as the delegation of preparatory work, the delegation of pricing decisions and several decision makers. Besides opening a route to the calculation of price limits based on the risk assessments of the relevant decision makers, we discuss implementation issues concerning the assessment of preferences and a variable number of contracts. Our approach is not restricted to service contracts, but can be applied to a wide range of flat-fee contracts.

## MONDAY

17:45-19:15

**MAPS06**

Chair : Barbara Schoendube-Pirchegger

Room : P506

**Reporting Frequency And Substitutable Tasks**

Author : CHRISTIAN LUKAS, JENA UNIVERSITY

AM = Analytical / Modelling

Co-authors : ,

The optimal reporting frequency is an important issue in accounting. In many production settings, substitution effects across periods occur. This paper shows that the optimal reporting frequency depends on the strength of the substitution effect and on the information content of performance signals. For a subset of parameter combinations - the low-chance scenario - infrequent reporting is always efficient; for other parameter combinations - the high-chance scenario - infrequent reporting is efficient as long as first-period signals show high informativeness (and substitution effects are strong). Limited commitment by the principal does not influence results.

**MAPS06**

Chair : Barbara Schoendube-Pirchegger

Room : P506

**Timeliness Versus Accuracy And Information Externalities**

Author : CHRISTIAN HOFMANN, MUNICH LUDWIG-MAXIMILIANS UNIVERSITY

AM = Analytical / Modelling

Co-authors : Naomi Rothenberg, University of Memphis

In this paper, we employ a sequential production setting in order to study the tradeoff between timeliness and accuracy of a signal about productivity. An information externality arises because the upstream agent's information is disseminated to the downstream agent, and affects production decisions and incentives. The signal can be produced early, before both agents choose effort, in which case the signal is less accurate, or the upstream agent can produce a more accurate signal based on effort, but before the downstream agent chooses effort. When the signal can be verified, as with public information, the principal's preference for an early versus a late signal depends on the effect of the upstream agent's effort on the outcome of the signal. For the upstream agent, the tradeoff involves generating an early, inaccurate signal useful for decisionmaking, while a late signal is more accurate, but is only useful for performance evaluation. If either the incentive problem is insignificant or the use of the late signal as a performance measure is diminished, the principal will prefer an early signal. For the downstream agent, the signal is always pre-decision, and an early, inaccurate signal may be less costly because of stronger incentives with better quality information. With private information, the upstream agent must be paid information rents with both an early or late signal. The information rents dampen the use of the late signal as a performance measure.

**MAPS06**

Chair : Barbara Schoendube-Pirchegger

Room : P506

**Full Cost Pricing And Profit Maximization**

Author : PAOLO COLLINI, UNIVERSITY OF TRENTO

AM = Analytical / Modelling

Co-authors : Graziano Coller, University of Trento - Dept. of Economics and Management

Full-cost pricing appears to be a widespread pricing practice among firms, in spite of its lack of theoretical support. Previous research has analyzed the ability of full-cost pricing to provide profit maximizing prices, assuming that firms choose a markup close to the profit maximizing markup. However, these studies do not explore the conditions under which a maximizing markup could actually be set by the firm. In this paper, we develop an analytical model with the aim of understanding the conditions under which full-cost pricing can either guarantee or approximate a profit-maximizing performance. Furthermore, through a computer simulation, the loss in profit associated with the choice of an arbitrary markup is estimated. Together, the analytical model and the simulations provide many insights on why full-cost pricing can be considered to be a satisfactory approach in a high number of cases, and therefore, it is widely adopted by firms in real life.

**MAPS14**

Chair : Dorota Dobija

Room : P507

**Multiple Decoupling In The Adoption Of Accounting Tools**

Author : AZIZA LAGUECIR, LAVAL UNIVERSITY

CF = Case / Field Study

Co-authors : Anja Kern, Imperial College  
Bernard Leca, University of Lille & Rouen Business School

In this paper, we explore the different forms of decoupling taking place in organisational departments as an accounting tool is adopted at the departmental level. Through an in depth case study, this paper contributes to research on decoupling in several ways. First, by focusing at the departmental level, this research complements existing studies on decoupling which assumed that organisational response to decoupling would be uniform, and reveals that when responding to policy adoption, different departments will decide to comply or decouple depending on their specific agendas. Second, it contributes to research on means-ends decoupling as recently developed by Bromley and Powell (2012). While Bromley and Powell suggest that means-ends decoupling is an unintentional outcome of the complexity of the environment and the potentially opaque relationship between means and ends, the present research shows that means-ends decoupling can also be intentional as actors engage in such decoupling to pursue their own agendas. Third, this research identifies a new form of decoupling - between decision and policy - not identified by previous studies, opening new directions for research into the relationship between the adoption of accounting tools and the potential impact on decisions based supposedly on those tools. Finally, the research points to the importance when investigating decoupling of considering the political dimensions of the relationships between the actors.

## MAPS14

Chair : Dorota Dobija

Room : P507

**Technological Empowerment: Creating Local Knowledge With Calculating Practice**

Author : HIROTSUGU KITADA, HOSEI UNIVERSITY

IC = Interdisciplinary / Critical

Co-authors : Katsuhiko Kokubu, Kobe University  
Tatsumasa Tennaïya, Kobe University

The purpose of this study is to reassemble the process of knowledge construction in terms of measurements and calculations and to indicate the empowerment process enabled by the management mechanism that encompasses measurements and calculations. In order to analyze the case of Material Flow Cost Accounting (MFCA), we have employed the discussion on the relationship between inscription, knowledge and reference (Latour, 1999) and insight from accumulations of inscriptions (Latour, 1987). We analyzed implementation of MFCA in Japanese company by action research and participant observation. Our findings are mainly two points. First, this study shows that the technology of calculation enables the construction of localized practical knowledge by setting up objects of measurements and calculations dexterously. Rather than taking the dichotomous worldview of technological practice and social practice, we grasped the implementation of MFCA as a field of knowledge formation in the actor world created by measurement and calculation practices. Second, as a result, this study also shows that embedding calculating practices within management system programs can have an effect of empowerment. Local knowledge that was generated for each diverse context created power for autonomous actions, and at the same time, the aspect of uniformity of calculation inherent in the program acted for the control of the organization.

## MONDAY

## 16:00-17:30

## MAPS14

Chair : Dorota Dobija

Room : P507

**The Performativity Of Accounting: How Calculative Practices Deploy Pervasive Effects On Innovative Spaces**

Author : SILVANA REVELLINO, COPENHAGEN BUSINESS SCHOOL

CF = Case / Field Study

Co-authors : Jan Mouritsen, Copenhagen Business School

This paper explores how calculative practices help to shape innovative spaces. This performative dimension of calculative practices has effects even if actors may not believe it, may not imagine it, may get surprised about it, may not understand it, or may even ignore it. Results from a field study in Autostrade, a highway licensee which developed the Telepass innovation (an automatic toll collection device conceived to make traffic fast, safe and fluid), show that actors get surprised about the effects produced by calculations in shaping innovative spaces. They get surprised about how radical it became while most of the things they did were initially not considered radical. Instead, effects were pervasive as it became difficult to distinguish between radicalness and incrementalism; these apparently contrasting dimensions co-existed and more or less incremental changes welded and grew into something 'radical'. The case of this innovation shows that the process of making technology imaginable and translating it into compelling business propositions, which is realized through the mediation of calculative practices, intervenes in defining concerns and connections. Here, change occurs in such a way that many mediators intervene in welding elements and in warping plots rather than in breaking and forgetting.

## MONDAY

## 17:45-19:15

## MAPS15

Chair : Aziza Laquecïr

Room : P507

**Differing Paths In The Bsc's Implementation - The Multilevel Experience Within And Healthcare Organization**

Author : IRIS BOSÀ, THE UNIVERSITY OF EDINBURGH

CF = Case / Field Study

Co-authors : ,

The BSC has had a significant impact on practice. However, it has had both favorable and unfavorable reviews in the literature, some author arguing the benefits of a more collaborative environment through the adoption of the BSC, other highlighting the limitation of this managerial tool, particularly in its implementation. However, while there are considerable paper identifying strengths and weaknesses of this implementation tool, there is a considerable lack of insight in the implementation experience. This paper looks into the implementation of the Balanced Scorecard (BSC) within a healthcare organization and reflects on the implementation process experienced. The relevance of the case study is the emergence of the often uneven spread that the tool has in a complex organization. The characteristics of this sector makes particularly relevant to take time to read through this article, as it allows insights that often have been over seen in existing literature or handled with light touch, missing to provide the critical insight that helps to interpret the performance that organization seem to portray. It is of strong relevance the importance of motivational factors in the BSC that impinges on its success. While the BSC design may be promoted as 'standard', its implementation process cannot proceed successfully without factoring in the unique elements that constitute the scenario of the adopters. There steps that need to be followed in the implementation of the document as the human factor can never been underestimated in light of the 'rationality' and easiness of the BSC tool. From the study emerges also the central role that communication has in the success of the BSC.

## MAPS15

Chair : Aziza Laguecir

Room : P507

**Time Driven Activity Based Costing In Hospitals To Manage Limited Resources And Increasing Demands**

Author : LINO CINQUINI, SANT'ANNA SCHOOL OF ADVANCED STUDIES

CF = Case / Field Study

Co-authors : Cristina Campanale, Institute of Management - Scuola Superiore Sant'Anna  
Andrea Tenucci, Management - Scuola Superiore Sant'Anna

*Purpose: The purpose of this paper is to discuss the potentialities of innovative accounting tools in supporting "transparency" and "resource allocation" in public hospitals, by describing the implementation of a pilot project of TDABC. Methodology: An interventionist research approach has been adopted: two medical doctors, three financial controllers and three researchers have been involved. Collection of data used to implement the accounting model is based on hospital databases and interviews. Findings: Information produced may allow a higher coherence between resources and activities. TDABC may enhance transparency and support decisions toward a better organization of work and informed allocation of resources. Research limitations: Further studies are required to analyze decisions following the implementation of the TDABC model Original value: Accounting literature lacks of case studies describing the application of TDABC in hospital settings, despite good informative potentialities and limited investments are required. Moreover the use of the IR approach and the involvement of medical doctors may help to get coherence between accounting data and clinical work, and may support further diffusions and development of this costing model in hospitals.*

## MONDAY

## MAPS15

Chair : Aziza Laguecir

Room : P507

**Cost Pressure, Rationalization, Specialization And The Quality Of Health Care – Evidence From A German Hospital**

Author : SABINE MUELLER, WUERZBURG UNIVERSITY

EA = Empirical Archival

Co-authors : Andrea Szczesny, Julius-Maximilians University Wuerzburg

*Health care systems all over the world are subject to regulatory reforms with the objective to get under control the steady increasing costs. Cost containment instruments like capped hospital budgets or prospective payment may induce hospitals to cut costs at any price. But at the same time concerns over decreasing quality of patients' outcome arise. This paper uses empirical estimation techniques to investigate whether a small German hospital records impairments of quality measured as probability of complications after a surgical intervention at the recovery room. During the sample period 1994-2002 cost pressure has increased remarkably as a reaction of changes in reimbursement. Like many other hospitals specialization, selection and rationalization strategies were chosen to react on the cost pressure. Our analysis tries to shed light on the association between learning effects, economies of scale, efficiency and patient outcomes. Our findings reveal that the hospital was able to increase short term quality by an increase of the degree of specialization. Thereby the probability to underlie a complication decreases for specialized surgeries as well as for all other surgeries. Hence our results indicate a form of organizational learning in addition to individual learning concerning specialized surgeries.*

## TUESDAY

## MAPS01

Chair : JARI HUIKKU

Room : C110

**Functional Fixation And The Balanced Scorecard: Adaption Of Managers' Judgment Processes**

Author : MATTHIAS SOHN, MUNICH UNIVERSITY OF THE FEDERAL ARMED FORCES

EX = Experimental

Co-authors : Bernhard Hirsch, Bundeswehr University Munich  
Joachim Schauß, Bundeswehr University Munich

*This paper examines how managers change their judgment processes according to qualitative changes in the balanced scorecard (BSC). Although previous research examined functional fixation in several management accounting-related disciplines, the research was not completely successful in developing a deeper understanding of the cognitive processes that are responsible for the occurrence of this judgmental bias. To fill this gap, we use a combination of structural modelling and a process tracing method that monitors participants' information acquisition to better understand the underlying cognitive processes that affect managers' judgments in a BSC setting. Overall, our results indicate that functional fixation is present both from an input-output (structural modelling) and a process tracing perspective. Stable general individual differences, particularly in terms of intuitive versus deliberative preferences in decision making, influence the probability of functionally fixated behaviour. Additionally, we replicate previous findings concerning the overreliance on financial information in the BSC setting. Using process data, we find that managers rely more on financial measures than on non-financial measures in the pre-decisional phase of their judgment.*

## MAPS01

Chair : JARI HUIKKU

Room : C110

**The Role Of Visual Attention On Managerial Judgment In Balanced Scorecard Performance Evaluation: Insights From Using An Eye-Tracking Device**

Author : YASHENG CHEN, SIMON FRASER UNIVERSITY

EX = Experimental

Co-authors : Yasheng Chen, Simon Fraser University  
 Johnny Jermias, Simon Fraser University  
 Tota Panggabean, Simon Fraser University

*This study investigates the role of visual attention on managerial judgment in Balanced Scorecard performance evaluation. Using the Locarna eye tracker to collect data on the amount of time superiors fixated on cues presented to them, we hypothesize and find that superiors focus their attention more on the strategically-linked performance measures than on the strategically non-linked measures in evaluating their subordinates. Furthermore, we predict and find that superiors who spend more time fixating on strategically linked performance measures are more likely to make decisions that are consistent with the achievements of the subordinates' strategic objectives. This study contributes to the BSC literature by providing important insights into the influence of visual attention on judgment and decision making.*

## MAPS01

Chair : JARI HUIKKU

Room : C110

**Performance Management As Practice: The Dialectical Transformation Of A Balanced Scorecard**

Author : ED VOSSELMAN, RADBOUD UNIVERSITY

CF = Case / Field Study

Co-authors : Koos Wagenveld, Radboud University

*This paper portrays performance management as a socio-material practice, thus further building on a practice theory of management control as outlined by Ahrens and Chapman (Ahrens, T., Chapman, C.S. (2007). Management accounting as practice. Accounting, Organizations and Society 32, 1-27.). It is portrayed as a practice through which ideas that are developed in a macro-kosmos are translated in a micro-kosmos. Such a practice is related to theorization in a complex way. Through a case study into the shaping and enacting of a balanced scorecard the paper demonstrates how (ex ante and ex post) theorization at the local is loosely coupled with the 'theories' resulting from the innovation action research program as initiated and developed by Kaplan and Norton (see Kaplan, R.S. (1998). Innovation action research: creating new management theory and practice. Journal of Management Accounting Research 10, 89-118). From the perspective that the idea of a balanced scorecard travels through a network of localities it is demonstrated that the local practice of translation also produces ideas and objects that are ready to travel; there is dialectical transformation of the object of a balanced scorecard. A theoretical implication from our field study is that the local practice of performance management may be a practice of intra-action, a practice in which humans and other-than-humans (inscriptions, a trophy) are entangled. This social-material practice is embedded in an intentional structure in a relational network. This differs from a regular conception of performance management (and management control) as a system that incentivizes and constrains the behavior of individuals.*

## MAPS02

Chair : YAN DU

Room : C110

**The Impact Of Subjectivity In Annual Bonus Contracts On Managerial Fairness Perceptions**

Author : LUDWIG VOUSSEM, WHU - OTTO BEISHEIM SCHOOL OF MANAGEMENT

SU = Survey

Co-authors : Ludwig Vousse, WHU - Otto Beisheim School of Management / Institut of Management Accounting and Control  
 Utz Schäffer, WHU - Otto Beisheim School of Management / Institut of Management Accounting and Control

*This study examines how subjectivity in annual bonus contracts affects managerial perceptions of distributive and procedural fairness. By using a study design in which contract characteristics were assessed before bonus allocations were determined, we are able to obtain an ex-ante measure of subjectivity that is unaffected by managers' performance levels and supervisors' rating decisions. We find evidence for a nonlinear relationship between subjectivity in bonus contracts and managerial fairness perceptions with positive (negative) marginal effects of subjectivity at low (high) levels of subjectivity. These results highlight the trade-off associated with subjectivity use between a greater amount of flexibility on the one hand and increased occurrence of rating biases and reduced goal clarity on the other hand. The results also suggest potential benefits of studying specific contract design choices rather than broad performance evaluation and incentive system characteristics in behavioral management accounting research.*

## MAPS02

Chair : YAN DU

Room : C110

**Trends In Female Executives' Pay And Incentive Gaps**

Author : FRANCESCA FRANCO, LONDON UNIVERSITY / LONDON BUSINESS SCHOOL

EA = Empirical Archival

Co-authors : Mary Ellen Carter, Carroll School of Management  
Mireia Gine, University of Pennsylvania, WRDS

Prior research has documented a pay gap between female and male executives. We document recent trends in the gender pay gaps and explore the relative effect of concurrent changes in female executive responsibilities, female appetite for compensation risk, and female board representation. Using data from the 1993-2010 period, we find evidence that female executives' pay are gradually converging towards their male counterparts, but that the wedge between genders still exists because females still cover lower-tier positions and accept contracts with lower equity compensation incentives. However, we also find evidence that female representation on boards, and compensation committees in particular, has significantly contributed to mitigating the gap.

## MAPS02

Chair : YAN DU

Room : C110

**Delegation, Performance Measurement, Incentive Compensation And Performance: An Empirical Analysis**

Author : MALEEN Z. GONG, MONASH UNIVERSITY

SU = Survey

Co-authors : Maleen Z. Gong, Monash University  
Aldónio Ferreira, Monash University

This study examines the impact on firm performance of theoretically-consistent relationships between three management control systems (MCS) design choices — delegation, performance measurement, and incentive compensation. Based upon the 'three-legged stool' model and agency theory, it hypothesises that theoretically-consistent MCS design choices are associated with enhanced firm performance. Using survey data from large Australian firms, the findings largely support the hypotheses, suggesting that an appropriate MCS design is a determinant of firm performance. The study contributes to the literature by moving beyond a focus on the antecedents of three key MCS design choices to the consequences of alignment of those choices.

## MAPS07

Chair : Bianca Groen

Room : P506

**Agency Within Constraints: Exploring The Effects Of Organizational Structural Arrangements On 'business Partner' Role Of Controllers**

Author : KATARZYNA CIESLAK, UPPSALA UNIVERSITY

CF = Case / Field Study

Co-authors : ,

The literature about roles of controllers has been growing in the last years, but research focused more on descriptions and labeling of these roles, and still not enough is known about the drivers of the different roles of controllers (Byrne and Pierce, 2007, Hartmann and Maas, 2011, Graham et al, 2012). Lately Hartman and Maas (2011) investigated quantitatively a link between controllers' roles and uncertainty. By focusing on organizational context they developed previous research that ascribed explanatory power mainly to individual characteristics of controllers or 'interplay' with other organizational members (Sathe, 1983, Mouritsen, 1996, Pierce and O'Dea, 2003, de Loo, 2011). The current study also focuses on organizational context, in particular on different aspects of organizational structure. However, it uses a case study method to explain, based on a case company from a paper packaging industry, how different organizational arrangements can enable/constraint the 'business partner' role of controllers. The theoretical contribution is threefold. First, the study suggests 'agency within constraints' perspective to understand controllers' roles, where organizational circumstances cannot be downplayed. Second, the study outlines a number of organizational enablers/constraints of the 'business partner' role of controllers. Third, it provides a sketch of a possible mechanism of an impact of the 'business partner' role on creating value in organizations.

**MAPS07**

Chair : Bianca Groen

Room : P506

**Contradictory Discourses And The Identity Work Of Mother Managers In The French Accounting Profession**

Author : IOANA LUPU, ESC - ROUEN BUSINESS SCHOOL

IC = Interdisciplinary / Critical

Co-authors : ,

*Drawing from contemporary theories on identity, this paper explores the construction of female manager professional identity and its interaction with motherhood in the context of public accounting in France. It shows that in constructing their identities, female accounting professionals in leading positions dwell on socially defined roles and organizationally available discourses that are in contradiction with each other. It also highlights the strategies used by mother-accountants to reconcile contradictory identities and to construct themselves as both good mothers and good professionals.*

**MAPS07**

Chair : Bianca Groen

Room : P506

**Controllership In Turbulent And Distant Seas: How Environmental Uncertainty And Organizational Distance Demand For Strong Local Controllers**

Author : TIMO MEYER, WHU - OTTO BEISHEIM SCHOOL OF MANAGEMENT

SU = Survey

Co-authors : Utz Schäffer, WHU - Otto Beisheim School of Management / Institute of Management Accounting and Control (IMC)

*Uncertainty and distance are two fundamental challenges for controllership in decentralized firms. We use a combination of survey and archival data to examine how both contingency factors expand the roles of decentralized (or local) controllers. In addition to direct effects on their decision support and corporate control role, we find that both contingency factors affect and interact with individual antecedents of their roles. We largely find empirical support for the relevance of three such individual antecedents: high quality exchange relationships with operating managers, social effectiveness in dealing with conflict and ambiguity and local discretion to adapt to business unit specific needs. Our results suggest that these aspects function as personal resources and job resources to fulfil a strong dual role in uncertain and distant environments. However, the analysis of interaction effects reveals that personal resources and job resources differ in their capability to cope with distance and uncertainty. Taken together, the empirical results largely support a theoretical perspective on controller roles which interprets role involvement as a joint consequence of organizational-level demands and individual-level resources.*

**MAPS08**

Chair : Gwenaelle Nogachewski

Room : P506

**The Effect Of Group Performance Reports On Cooperative Effort**

Author : LAURA GOMEZ-RUIZ, UNIVERSITY PABLO DE OLAVIDE, SEVILLE

EX = Experimental

Co-authors : Eddy Cardinaels, Tilburg University  
David Naranjo-Gil, Pablo Olavide University

*Team-based incentives often trigger free-riding behavior. If team members observe free-riding, they can follow free-riders or they can try to adapt free-riders to the social norm of cooperation. Accounting literature has extensively analysed the control mechanisms that can reduce free-riding behaviour, but few studies have focused on how informational features of performance reporting influence team members' adaptation to social norms. In this paper we compare two types of group performance reports in either an aggregated form (which shows only aggregated outcomes) or in a more detailed form (which disaggregates the aggregated outcome to the level of individual effort of each team member) under different levels of social identity. While both reports allow people to form ideas about the level of effort of their teammates (free-riding), results show that providing detailed information is not necessarily good news. Our findings suggest that performance report influences team members' behaviour directly and indirectly via the social comparison process. A performance report in a detailed form may increase the negative effects of social comparison process, which in turn increases free-riding behaviour compared to a report in aggregated form. Furthermore, our results show that, only team members with high team identity and aggregated feedback maintain high levels of effort across periods.*

## MAPS08

Chair : Gwenaelle Nogachewski

Room : P506

**Performance Measurement Attitudes And Team Learning Explained After Co-Developing Team Performance Measures**

Author : BIANCA GROEN, UNIVERSITY OF AMSTERDAM

CF = Case / Field Study

Co-authors : Frank Evers, Windesheim University  
 Marianne Gravesteyn, University of Twente  
 Martijn Molenveld, Water Board 'Regge en Dinkel'  
 Mike Schopman, University of Twente  
 Rens Veerbeek, University of Twente  
 Celeste Wilderom, University of Twente

*Developing team performance measures together with the employees of a team whose performance will be measured may have many advantages for organizations. In this triangulated mixed-methods longitudinal action study we show how our intervention process shaped the acceptance of the resulting performance measures; and how this process has contributed to establishing team learning practices. In a period of two years, various team performance measures were crafted through a process involving all the members of the work-floor of a human-resource administrative call center of a large bureaucratic public-sector organization. Before and after our low-cost intervention we employed a survey and collected team performance and qualitative data with which we were able to support most of the hypotheses. Consistent with similar other studies, after the performance measures had been developed in a bottom-up fashion, we found a significant improvement in employee attitude toward performance measurement as well as in team performance. Moreover, we found employee professionalism; balanced leadership; and team psychological safety to explain employee attitude toward performance measurement and team learning practices. We will discuss the derived qualitative insights and lessons learned that are in accordance with these findings.*

## MAPS08

Chair : Gwenaelle Nogachewski

Room : P506

**The Drivers Of Management Accountants' Involvement In The Strategic Management Process: The Role Of Creativity And Skills**

Author : ALDONIO FERREIRA, MONASH UNIVERSITY

SU = Survey

Co-authors : Aldonio Ferreira, Monash University  
 Carly Moulang, Monash University

*This study examines the role of creativity and skills in management accountants' involvement in the strategic management process (MAISMP). Prior research suggests that the role of management accountants (MAs) is changing to include more strategic decision-making activities, but there is little indication of how individual attributes and skills influence this move. Drawing upon role theory, this paper investigates the relationship between MAISMP and both MAs' creativity and skills set (analytical, communication, and interpersonal). We also examine how breadth of work experience and skills set influence MAs' creativity. We surveyed members of CPA Australia and obtained 279 usable responses that were used to test the hypotheses using a PLS path model. We find that MAs' creativity is a factor that influences MAISMP, although this effect is only prevalent under differentiation and hybrid strategies. Skills have mixed effects on MAISMP – while analytical and communication skills contribute towards greater involvement, unexpectedly, interpersonal skills have a detrimental effect on MAISMP. Finally, we find that two dimensions of breadth of work experience have different effects on creativity. While work experience in 'senior managerial tasks' has a positive effect on MAs' creativity, experience in 'common managerial tasks' no effect. The findings have implications for human resource management practices, professional bodies, and accounting education.*

## MAPS09

Chair : Christian Hofmann

Room : P506

**Creative Performance In A Group Setting: The Impact Of Incentive Compensation Scheme And Relative Performance Feedback**

Author : NATHALIE BECKERS, K.U.LEUVEN

EX = Experimental

Co-authors : Martine Cools, Lessius - KULeuven  
 Alexandra Van Den Abbeele, KULeuven

*This paper investigates whether the presence of relative performance feedback has different effects on multiple dimensions of group performance (measured as both quantity and creativity) and on group behavior (measured as group synergy and the extent of task division among group members) when groups are compensated with a group incentive compensation scheme based on quantity only or on both quantity and creativity. Results of a two-stage computer lab experiment show that groups compensated for both quantity and creativity make a trade-off between both performance dimensions and focus on creativity. By benefiting from larger group synergy, these groups succeed in being more creative over time as compared to groups compensated for quantity only. This, however, comes at the detriment of quantity since groups working under an incentive compensation scheme based on quantity only show higher productivity levels caused by a higher division of tasks among group members. Furthermore, our findings indicate that relative performance feedback can be a helpful device in further strengthening these effects of incentive compensation schemes on group performance and behavior.*

## MAPS09

Chair : Christian Hofmann

Room : P506

**Ceo Pay At Uk Banks After The Financial Crisis**

Author : IREM TUNA, LONDON UNIVERSITY / LONDON BUSINESS SCHOOL

EA = Empirical Archival

Co-authors : Anya Kleymenova, London Business School

*In this paper, we examine the changes in compensation practices in the UK after the passage of the remuneration code and the related consequences. We find that although total CEO pay increased after the new regulation, this increase is similar in banks and other companies. Bank CEOs have a larger proportion of their compensation deferred compared to the CEOs in other industries. This change in bank CEOs compensation seems to decrease the pay-performance sensitivity of CEO incentives at highly-levered banks, but does not seem to affect subsequent risk. However, it increases the likelihood of CEO turnover in banks, consistent with banks' concern that new regulation may have unintended consequences. The regulatory changes on compensation are very recent and our post-regulation data is limited. Therefore we encourage the readers to be cautious with the interpretation of our results.*

## TUESDAY

## 14:00-15:30

## MAPS09

Chair : Christian Hofmann

Room : P506

**Ratchet Effect And Conscientiousness In A Dynamic Setting: A Laboratory Experiment**

Author : MAMEN ARANDA, UNIVERSITY OF NAVARRA

EX = Experimental

Co-authors : Mamen Aranda, University of Navarra  
 Javier Arellano, University of Navarra  
 Christine Choirat, University of Navarra  
 Raffaello Seri, Università degli Studi dell'Insubria

*Firms using past performance to identify employee's productivity and to revise targets face an adverse incentive problem. When future targets are ratcheted up for good past performance, agency theory predicts that employees remunerated with budget-based contracts have all the same inclination to opportunism and consequently they all opt not to exert their full effort, in what is called ratchet effect. In this paper, we conduct a multi-period laboratory experiment to examine if and to what extent employees' opportunistic reaction depends on personal traits, as documented by personality and organizational studies. We namely find that high conscientious individuals exhibit a lower ratchet effect, or equivalently, a higher level of effort and performance, than low conscientious individuals. Important implications not yet explored follow in the optimal design of incentive contracts: standardized budget-based contracts are no longer the first-best for all employees. Rather, customizing the contract's feature to match personality traits motivates employees to do their best. In this direction, this paper finally explores some of these features that could be modified in the attempt to tailor incentive contracts.*

## TUESDAY

## 16:00-17:30

## MAPS10

Chair : Mostafa Jazayeri

Room : P506

**The Appeal of the Appropriate: Accounting, Risk Management, and the Competition for the Supply of Control Systems**

Author : ANETTE MIKES, HARVARD UNIVERSITY / HARVARD BUSINESS SCHOOL

CF = Case / Field Study

Co-authors : Anette Mikes, Harvard Business School

*How do certain risk measurements in organizations come to be seen as more reliable and acceptable than others? Taking a multiple-control perspective, I investigate the aftermath of a control debacle at a financial services company (MultiBank), focusing on its insurance division (EurInsurance), which suffered large losses in the European insurance crisis of 2002-2003. At MultiBank, the insurance crisis opened up a field of contestability in which new control agents got the opportunity to become implicated in divisional control. The struggle for custody over divisional control was a micropolitical process of interprofessional competition, played out between accountants and risk controllers who promoted conflicting measures of the key strategic uncertainty, EurInsurance's capital adequacy. The control agents engaged in credentializing strategies (Power, 1992); they mobilized and drew on different cultural resources to construct the reliability of their techniques and to discredit and "minoritize" the others'. This credibility contest was won by the accountants who (unlike their opponents) were able to demonstrate the "institutional appropriateness" of their controls. Importantly, the fate of the competing control systems was contingent, not on how well their technologies addressed the problem of EurInsurance's capital adequacy, but rather on the controllers' capacity to generate top managerial acceptance and a widespread consensus among both internal and external stakeholders. The outcome of this type of professional competition is not determined by claims about representing the underlying economic reality, but by claims about representing those who care about it most. While competing controller groups have been observed to appeal to top management's logic of functionalism, this paper argues that, in certain circumstances, controller groups may successfully draw on the logic of appropriateness as they supply new control systems.*

**MAPS10**

Chair : Mostafa Jazayeri

Room : P506

**The Effects Of Autonomy, Internal Control, And Accountability On Overconfidence In Capital Budgeting Decisions**

Author : JOHNNY JERMIAS, SIMON FRASER UNIVERSITY

EX = Experimental

Co-authors : Billy Hu Kin Hoi, Nanyang Technological University

The purpose of this study is to investigate the effects of managers' autonomy in choosing a capital budgeting project on their confidence in managing the project. Furthermore, this study examines the role of internal control and accountability in mitigating the impact of autonomy on managers' willingness to abandon unprofitable capital budgeting projects. Building on the motivated reasoning theory, we hypothesize and find that managers who were given autonomy to choose their own projects are more confident that their project will be successful as compared to those who were imposed the projects by their superiors. This study also shows that internal control and accountability are effective mechanisms to reduce the influence of prior decision on managers' unwillingness to abandon the unprofitable projects.

**TUESDAY****16:00-17:30****MAPS10**

Chair : Mostafa Jazayeri

Room : P506

**Enterprise Risk Management And Accruals Estimation Error**

Author : JOSEPH ATKINS JOHNSTON, CITY UNIVERSITY OF HONG KONG

EA = Empirical Archival

Co-authors : Jared Soileau, Louisiana State University

In this study, we examine whether having an Enterprise Risk Management (ERM) system reduces errors in estimating accruals. The concept behind ERM is to think about risks at the enterprise level and to consider how risks in one part of the company are related to risks in other parts of the company. We argue that, through this process, managers gain a better understanding of the firm and can estimate accruals with less error. Using a sample of 6,237 firm year observations over the period 2009-2011, we estimate accruals estimation error and the choice of an ERM program simultaneously using a full information maximum likelihood technique. Consistent with our hypothesis, we find that having an ERM program is negatively related to accruals estimation error. In additional tests, we find that having an ERM program is positively associated signed abnormal accruals, suggesting that our findings are not due to simply a reduction of earnings management. We conclude that having an ERM program reduces accruals estimation error because ERM improves managers' understanding of the accounts of the firm. Our study is relevant to academics who investigate the determinants of poor accruals quality and to practitioners and managers who are considering implementing an enterprise risk management strategy.

**TUESDAY****9:00-10:30****MAPS16**

Chair : Iris Boca

Room : P507

**Budget Slack: Some Meta-Analytic Evidence**

Author : KLAUS DERFUSS, UNIVERSITY OF HAGEN

EA = Empirical Archival

Co-authors : ,

Budget slack is a controversial issue in the budgeting literature that still attracts considerable research attention. However, field research is inconclusive so that it neither adds up into a coherent body of knowledge nor offers reliable guidance to practitioners. In consequence, this study uses meta-analysis to consolidate results for 16 relations of frequently analyzed variables with budget slack. The findings show that slack is reduced by the ability to detect it, but increased by decentralization and business unit strategy. These results generalize across settings and thus are reliable components of theoretical models. Other relations are affected by considerable non-artifactual between-study variance which can be partially explained by the measurement of budget slack and of performance. Measurement of budget-based evaluations, incentives, and participation as well as differences in journal quality, sampling procedures, and industry exert no systematic moderating influence.

**MAPS16**

Chair : Iris Boca

Room : P507

**Management Control For Stimulating Different Types Of Creativity: The Role Of Budgets**

Author : MARTINE COOLS, K.U.LEUVEN

CF = Case / Field Study

Co-authors : Kristof Stouthuysen, Vlerick Leuven Gent Management School  
Alexandra Van Den Abbeele, KU Leuven

*In this paper, we examine the role of budgets, as a central instrument within the management control system, in a creative context. In particular we investigate whether Simons' (1990, 1991, 1995) claim that stimulating creativity requires an interactive use of management controls, holds when differences in the kind of creativity are taken into account. We hereby distinguish between expected creativity (for open, self-discovered problems) versus responsive creativity (for closed, presented problems) (Unsworth, 2001). Based on a comparative study involving four creative organizations, we find indications that creative firms being mainly characterized by expected creativity use their budgets in a more interactive way. In creative firms in which responsive creativity is most important, the budgets are used in a rather diagnostic way. This study makes an important contribution to the management control literature by acknowledging that a diagnostic use of budgets does not per se stifle creativity. Instead, it is important to understand that the specific creative context might have implications for the way in which management control instruments are used to sustain the creative process.*

**MAPS16**

Chair : Iris Boca

Room : P507

**Accounting Numbers And The Management Of Uncertainty: A Micro-Level Study Of A Forecasting Process**

Author : MARTIN MESSNER, INNSBRUCK UNIVERSITY

CF = Case / Field Study

Co-authors : Lukas Goretzki, University of Innsbruck, School of Management  
Silvia Jordan, University of Innsbruck, School of Management

*The paper examines the relationship between accounting information and the management of uncertainty. While existing literature has mainly drawn upon contingency theory to examine the use and usefulness of accounting systems under conditions of uncertainty, we look at how such conditions of uncertainty are actually recognised by managers and how managers use accounting information to make sense of and deal with such uncertainty. Drawing upon interactional data from forecasting meetings in one manufacturing firm, we suggest that accounting information is relevant both for recognising uncertainty and for managing it, although the former role appears to dominate the latter one. We furthermore find that managers shift between accounting information and operational knowledge when making sense of uncertainty. In our analysis, we distinguish between the uncertainty inherent in numbers, on the one hand, and the uncertainty of the operational business, on the other hand. We show how discussions tend to move from a concern with the numbers to a concern with operations. Importantly, it is not only when accounting numbers are perceived as uncertain that managers start discussing operational uncertainty; such discussions are also triggered when accounting numbers are established as reliable, but when these numbers raise questions about the feasibility to match demand and supply.*

**MAPS17**

Chair : Christian Nielsen

Room : P507

**Performance Management Systems in Hospitals – Empirical Evidence on their Design and Usage in the Light of Regulatory Influences**

Author : MAIK LACHMANN, DORTMUND UNIVERSITY

CF = Case / Field Study

Co-authors : Rouven Trapp, TU Dortmund University  
Felix Wenger, TU Dortmund University

*Our study analyzes the design and usage of performance management systems (PMS) in the context of a changing regulatory environment using the example of the German hospital setting. Based on a case study of three hospitals, we investigate the regulatory environment's effect on the strategic priorities of these organizations and the implementation of these priorities through PMS. Our study suggests that the regulatory environment impinges upon key success factors that are, however, only partially reflected in the PMS applied. Although a plethora of performance measures is implemented, these measures are used only partially for the performance evaluation of clinicians. We employ stewardship theory to explain the inconsistencies in the PMS applied.*

**MAPS17**

Chair : Christian Nielsen

Room : P507

**Market Orientation, Broad Scope Mas Information And Performance: An Empirical Investigation**

Author : UTAMI LESTARI, GRIFFITH UNIVERSITY

SU = Survey

Co-authors : Lokman Mia, Griffith University  
Lanita Winata, Griffith University

*Purpose* – This study examines the mediating role of broad scope management accounting system (MAS) information and customer performance on the relationships between responsive market orientation (RMO), proactive market orientation (PMO) and financial performance.

*Design/methodology/Approach* – The participants were 127 general managers who fully completed the questionnaire mailed to them. The data were analysed using partial least squares structural equation modelling (PLS-SEM) to test the hypotheses. *Findings* – The results show that broad scope MAS information (hereafter, the MAS information) plays a mediating role in the relationship between responsive market orientation (RMO) and customer performance. The findings also show that customer performance mediates the relationships between financial performance and (i) RMO, (ii) PMO and (iii) the MAS information. *Originality/value* – This study contributes towards a better understanding of the role of the MAS information in the relationship between organisational performance and the types of market orientations. *Keywords* - Market orientation, broad scope MAS information, customer performance, financial performance *Paper type* - Research paper

**MAPS17**

Chair : Christian Nielsen

Room : P507

**Determinants Of Customer Accounting**

Author : RAINER LUEG, AARHUS UNIVERSITY

CF = Case / Field Study

Co-authors : Dima Ilieva, Aarhus University

*Customer profitability analysis (CPA)* has received increasing attention due to the evolving customercentric approach to strategy formulation and the need to manage investments in customers. However, research on the context surrounding its implementation is scarce and does not explain the varying sophistication of CPA in practice. Responding to the call of Holm, Kumar and Rohde (2011), this paper adopts a contingency perspective and investigates how contextual factors determine CPA sophistication. Following an abductive approach, we conduct a case study in six units of a listed, European manufacturing company. Our findings reveal that extensive implementations of CPA are not generally recommendable. We identify the contextual conditions that warrant high (or low) CPA-sophistication, specifically customer characteristics (large size, high customer-to-customer interaction, and high customer service complexity), external orientation of the business model, high centralization of authority, and the cost structure (high relative customer-specific overhead costs, and high controllability of these costs). Moreover, our study provides valuable insights how customer-related factors overpower other factors if conflicts arise among them. We document that executives are aware of some 'mismatches' to the textbook-prescriptions of contingency theory. Nevertheless, they accept these insular deviations in favor of an overall, economically efficient balance between CPA and its context.

**MAPS18**

Chair : Paolo Collini

Room : P507

**Unraveling The Erp And Management Control Paradox: The Complementarity Between Business Intelligence And Erp**

Author : HABIB MAHAMA, THE AUSTRALIAN NATIONAL UNIVERSITY

SU = Survey

Co-authors : Mohamed Z. Elbashir, Australian National University  
Steve G. Sutton, University of Central Florida  
Habib Mahama, Australian National University  
Vicky Arnold, University of Central Florida

For over a decade managerial accounting research has unsuccessfully sought evidence of the transformational effect of ERP systems implementation on managerial control (MC). More recently, research has viewed business intelligence (BI) as the potential catalyst to effecting this transformational change. In this pursuit, researchers have established the importance of organisational culture and cultural controls to the assimilation of BI-enabled MC, but evidence of actual impacts on organisational performance remain elusive. This study endeavours to reveal the relationship between the deployment of BI-enabled MC and organisational performance through an exploration of the intermediary effects of the complementarity between ERP and BI on MC assimilation. The results confirm the hypothesized influence of this complementarity on assimilation of BI-enabled MC at the business process level, the positive effect of business process level assimilation on business processes performance, and finally the positive relationship between business processes improvement and overall organisational performance improvements. The results also show that the complementarity has significant indirect effects on business process improvement and organisational performance.

**MAPS18**

Chair : Paolo Collini

Room : P507

**A Study Of Factors Influencing The Choice Of Product Costing Systems In Ksa Firms**

Author : MOHAMMED AL-OMIRI, UMM AL-QURA UNIVERSITY

SU = Survey

Co-authors : Mohammed Alomiri, Umm ALQura University  
Colin Drury, Huddersfield University

This paper reports on the findings of a postal questionnaire that examines the extent to which potential contextual factors influence the characteristics of product costing systems. Prior research has mostly used the adoption or non-adoption of ABC systems to capture the characteristics of product costing systems. This research has generally been inconclusive and has been unable to establish strong links between ABC adoption and those contextual factors that have been identified in the literature and are considered conducive to the adoption of ABC systems. Instead of using only the adoption or non-adoption of ABC systems as a measure of product cost system design this research uses four different proxy measures of cost system sophistication to capture the characteristics of the product costing systems. This allows for a more robust test of the relations among the predictor variables and cost system sophistication. Results indicate that higher levels of cost system sophistication are positively associated with the importance of cost information, product diversity, cost structure, intensity of the competitive environment, size, and the type of business sector. No association was found between the level of cost system sophistication and extent of use of other innovative management accounting techniques, extent of the use of lean production techniques and The extent of the use of total quality management.

**MAPS18**

Chair : Paolo Collini

Room : P507

**Cost Stickiness Throughout The Corporate Life Cycle**

Author : IKUKO SASAKI, TOHOKU GAKUIN UNIVERSITY

EA = Empirical Archival

Co-authors : Atsushi Shiiba, Osaka University  
Kunimaru Takahashi, Aoyama Gakuin University

This study investigates the relationship between cost behavior and corporate life cycle. On the basis of a firm's sales growth, net investment, and the ratio of retained earnings to total equity, we examine a sample of Japanese firms and classify them into the following three stages of the corporate life cycle: growth, maturity, and decline. Our analysis reveals significant findings. First, growth firms report lower cost of goods sold per sale and total cost per sale and higher return on assets (ROA) and return on equity (ROE) than do firms in a stage of decline. However, the selling, general, and administrative (SG&A) cost is quite similar between firms in growth or decline across all industries. Second, the SG&A costs increase 0.65% per 1% increase in sales and decrease only 0.33% per 1% decrease in sales, which is consistent with the results of previous studies of U.S. firms, such as Anderson et al. (2003). Third, and most importantly, the SG&A costs and total cost for growth-stage firms are stickier than those for the decline-stage firms. These results suggest that the corporate life cycle stages of firms are important factors that determine the degree of cost stickiness.

**MAPS19**

Chair : Cristina Parisi

Room : P507

**The Effect Of Culture, Perceived Target Achievability, And Social Comparison On Individuals' Aversion To Penalty-Based Contracts**

Author : LINDA CHANG, THE UNIVERSITY OF NEW SOUTH WALES

EX = Experimental

Co-authors : Mandy Cheng, The University of New South Wales  
Tami Dinh Thi, The University of New South Wales  
Helen Kang, The University of New South Wales

Prior research shows that when given a choice between a bonus-based and a penalty-based contract that are economically equivalent, individuals prefer bonus-based contracts, and have a general aversion to penalty based contracts. This paper studies how three contextual factors, culture (individualistic vs. collectivistic), perceived target achievability, and social comparison will affect individuals' aversion to penalty-based contracts. Results from our study show that individuals from individualistic cultures have lower aversions to penalty-based contracts than individuals from collectivistic cultures. We also find that individuals who perceive that the achievability of performance targets is high will have lower aversions to penalty-based contracts than those who perceive the target achievability is low. Finally we show that individuals will have lower aversions to penalty-based contracts to avoid appearing worse-off than their peers.

## MAPS19

Chair : Cristina Parisi

Room : P507

**How Top Managers Control The Organization - The Effects Of Leadership Styles On Management Control Systems Choice And Organizational Commitment**

Author : CHRISTIAN KLEINE, UNIVERSITY OF GIESSEN

SU = Survey

Co-authors : Barbara E. Weißenberger, University of Giessen

The notion of organizational commitment has been intensively discussed in many fields of contemporary management research. Current literature in the field of leadership suggests that leadership styles, such as initiating structure and consideration, are able to explain the level of organizational commitment. In a parallel vein, scholars in the field of management accounting and control argue that it is the various forms of formal and informal control systems that affect the level of commitment among the workforce. This study is aimed at closing the gap between both strands of literature and examines how leadership and management control systems interact in the process of creating organizational commitment. Building on structural equation modeling, the study extends the existing knowledge by analyzing the direct effects of leadership styles and management control systems on organizational commitment as well as testing whether the relation between leadership styles and commitment is mediated by the use of formal and informal management control elements. Based on a sample of 294 German firms, the results suggest that informal control elements, such as personnel and cultural controls, act as a hinge through which top management is able to positively affect the development of organizational commitment.

## MAPS19

Chair : Cristina Parisi

Room : P507

**Contracts and control structures as vehicles in the development of an interfirm relationship**

Author : REINALD MINNAAR, RADBOUD UNIVERSITY

CF = Case / Field Study

Co-authors : Paula Van Veen-Dirks, University of Groningen

Ed Vosselman, Radboud University Nijmegen/ Institute for Management Research

Kaleem Hassan, Yayed University

This paper contributes to the debate on the governance of interfirm relationships by addressing the interactive relationship between control and trust building, focusing on the dynamics between control and trust. The study examines the role that contracting (resulting in formal control structures) and control practices can play in both safeguarding and trust building. Through an in-depth case study into a dyadic relationship between the facilities management department of a multinational company and an outside contractor it is demonstrated how the governance of this relationship develops. It illustrates how negotiating the contract provides an important source for relational signalling. Control practices not only incentivize and/or constrain behaviour, but also build trust through which the interfirm relationship can further develop. It is concluded that contracting, control practices and trust building are strongly intermingled. Both contracting and control practices are vital in the process of signalling commitment to the relationship and, thus, for the development of the relationship. Our study offers a refinement and an extension of the ostensive perspective on the interaction between control and trust taken by Vosselman and Van der Meer-Kooistra (2009). Control may be used in an instrumental way, but it is the interaction between control and trust that act as a duality and shape the development of the relationship.

## MAPS03

Chair : Sebastian Becker

Room : C110

**The Interdependencies Between Management Control And External Accountability - A Case Study**

Author : TOMMASO PALERMO, THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE CF = Case / Field Study

Co-authors : ,

This paper examines how Enterprise Risk Management (ERM) can function in a large public sector organisation both as an external accountability tool and an internal management tool. The paper explores the external and internal conditions around the emergence of ERM, and how these conditions are recognised and shaped by internal and external actors. The paper develops two strands of results. First, the case study shows how, in the context of extensive use of ERM as an external accountability tool, internal uses are mediated by the prior experience and organisational background of local actors. Second, the study suggests that the interdependencies between the external and the internal uses of a management control instrument can be better understood looking at the inter-organisational relationships that the tool generates, rather than focusing narrowly on its technical features.

**MAPS03**

Chair : Sebastian Becker

Room : C110

**Exploring The Role Of Calculative Devices In The Transformation Of Logics: A Comparison Of Equity And Fixed-Income Socially Responsible Investment**

Author : DIANE-LAURE ARJALIES, HEC PARIS

CF = Case / Field Study

Co-authors : ,

The purpose of this paper is to explore the role of calculative devices (Callon & Muniesa, 2005) in the co-transformation of institutional logics and practices. Empirical data are based on an ethnography study of two working groups inside an asset management company that attempted to integrate new demands for Socially Responsible Investment (SRI). The paper compares how the working groups aimed to (re)design their equity and fixed-income investment processes through the introduction of new calculative devices, and explains why the fixed-income group was perceived as less successful than the equity group. Drawing on a cross-theoretical framework based on elements of practice, institutional theories and performativity, it argues that calculative devices play a key role in mediating the transformation of logics in relationship to their institutional environment and associated practices. Furthermore, it shows that the lack of relevant calculative devices can prevent the transformation of logics. Implications for research on the role of instruments in institutional change and the impact of SRI on the valuation processes of asset management are discussed.

**WEDNESDAY****9:00-10:30****MAPS03**

Chair : Sebastian Becker

Room : C110

**An Examination Of The Relationship Between Organizational Culture And Management Control Systems**

Author : THOMAS GÜNTHER, DRESDEN UNIVERSITY OF TECHNOLOGY

CF = Case / Field Study

Co-authors : Anja Heinicke, TU Dresden  
Sally K. Widener, Rice University Jones Graduate School of Business

This study examines the effect of organizational culture on management control systems in small and medium sized enterprises (SMEs). We use a structural equation model to investigate whether the extent a firm emphasises a flexible culture is related to the beliefs, boundary, diagnostic and control systems contained in the Levers of Control framework. We also examine whether two key contingency variables, size and uncertainty, affect our proposed model. Using survey data from 267 top managers, we find, as expected, a direct relationship between the extent a firm emphasises a flexible culture and the emphasis they place on the beliefs system. We find that the direct relationship between the extent of emphasis on a flexible culture and the use of an interactive performance measurement system is conditional on uncertainty and size. When there is high environmental uncertainty or when the SMEs are smaller, a significant positive relation exists. Interestingly, when the SMEs are smaller, the more they emphasize a flexible culture, the less focus they place on the diagnostic system relative to larger SMEs. We also hypothesize and find that the emphasis placed on the beliefs system influences both the emphasis placed on the boundary system and the use of an interactive measurement system, and that the influence is greater in larger SMEs relative to smaller SMEs. These results show that the beliefs system is crucial to the work-ings of control in SMEs that emphasize a flexible culture.

**WEDNESDAY****11:00-12:30****MAPS04**

Chair : TERHI CHAKHOVICH

Room : C110

**Accountability As Ethnic Practice: Emics And Etics Revisited**

Author : VASSILI JOANNIDES, GRENOBLE ECOLE DE MANAGEMENT

IC = Interdisciplinary / Critical

Co-authors : Danture Wickramasinghe, The University of Glasgow  
Zahirul Hoque, La Trobe University

This paper questions how ethnic day-to-day practices make sense of an existing accountability system and thereby seeks to contribute to the literature on accountability as day-to-day practice. This question is answered through a rich ethnography of a Salvation Army Zimbabwean congregation in the UK confronted with the operationalisation of their denomination's policy. This case is studied through the applying of the etic/emic discussion as theoretical framework. Our analysis shows that the conceivers and guardians of an accountability system view it as it is thought and interiorised (emic), whilst those expected to practice it regard it as it appears and seems to be functioning (etic). Conversely, conceivers and guardians see practices as they appear (etic) and not as they are thought and interiorised (emic). Whence it seems that practices' deviating from the prescriptions of an accountability system reveal an etic-emic misunderstanding on both sides. The emics-etics distinction is usually applied as methodology in accounting and organisation studies. In this paper etics and emics are not discussed from the mere researcher's stance but from field that of actors with different cultural (anthropological and occupational) backgrounds and differentiated understanding of each other's expectations and practices. This paper's findings might be limited by the observing of one ethnic group's emics only colliding with that of accountability conceivers.

**MAPS04**

Chair : TERHI CHAKHOVICH

Room : C110

**An Organizing Paradox - Management Control And Four Forms Of Employee Empowerment**

Author : DAVID BROWN, UNIVERSITY OF TECHNOLOGY SYDNEY

IC = Interdisciplinary / Critical

Co-authors : Rachael Nash, UTS  
Nicole Sutton, UTS

The objective of this research is to identify the components of the organising paradox created by pressure for both employee empowerment and management control in organisations, and to explain how management control systems both create and mitigate this tension. Employee empowerment has presented significant challenges to researchers due to the ambiguities in existing definitions and applications. By distinguishing between two distinct perspectives on empowerment, structural and psychological, this research identifies four distinct forms of empowerment which can occur in practice. The dynamic equilibrium model of organising developed by Smith and Lewis (2011) is used to explore the different kinds of tension inherent in each of these four types, and to develop an understanding of the implications of this variation for the design and use of management control systems. Accountability provides an important link between the two competing elements, as the manner in which accountability relationships are established and enacted within the organisation will affect the extent to which employees feel empowered and the extent to which they feel controlled.

## WEDNESDAY

## 11:00-12:30

**MAPS04**

Chair : TERHI CHAKHOVICH

Room : C110

**Effect Of Interactive Use Of Management Control Systems On Innovative And Financial Performance**Author : M<sup>o</sup> BEATRIZ GONZALEZ SANCHEZ, UNIVERSITY OF VIGO

CF = Case / Field Study

Co-authors : Ernesto López-Valeiras, University of Vigo  
Estefanía Rodríguez-González, University of Vigo  
Vicente Ripoll Feliu, University of Vigo

Papers within the framework of accounting literature that study the relationship between the use of Management Control Systems, innovative capability performance (ICP) and financial performance present ambiguous results. The aim of this paper is to contribute new empirical evidence to expand knowledge of the nature of this relationship. For this, first, starting from the proposal by Bisbe and Otley (2004), other types of ICP not previously considered are incorporated into that model. In the accounting literature, estimation of ICP has focused on the study of product innovation, ignoring other types of innovative output. Second, a sample of firms belonging to a single industry is used. In contrast to previous studies which use only multi-industry samples, the consideration of a single industry permits extraction of only those aspects of a strictly entrepreneurial character that can better discriminate the results. From a sample of 247 firms, the results obtained suggest that the interactive use of Management Control Systems (iMCS) favours product, process and organisational innovation. However, contrary to expectations, only process innovation acts as a mediator variable between iMCS and financial performance. Nor do we find evidence of the potential moderator effect of iMCS between ICP and financial performance.

## WEDNESDAY

## 9:00-10:30

**MAPS11**

Chair : Ana Maria Roux Cesar

Room : P506

**Customization And Management Control: An Analysis Of Franchise Contracts**

Author : SOFIE VERBIEREN, K.U.LEUVEN

EA = Empirical Archival

Co-authors : Martine Cools, Lessius - KU Leuven  
Alexandra Van Den Abbeele, KU Leuven

This paper investigates how service customization impacts on the way in which franchisors control the relationship with their franchised service units. We particularly investigate variation in franchise contract design in terms of the delegation of decision rights, monitoring, incentives and input control in chains offering services with varying levels of customization. We code and analyze a unique sample of 81 contracts of chains from different service industries. The results show that there exist important differences in the contractual control system dependent on the level of service customization. Franchisors of chains offering highly customized services delegate more decision rights to their service units, but include higher monetary incentives and more input control items as safeguards in their contracts. Regarding outcome monitoring, we observe no difference in the use of financial outcome monitoring across chains with different levels of service customization. Nevertheless, higher customization is associated with a higher use of subjective nonfinancial outcome monitoring, whereas objective nonfinancial outcome monitoring is used to a higher extent when services are more standardized. In chains offering standardized services, franchisors make higher use of behavior monitoring. Supplementary analyses point to complementary as well as substitutive relationships among the contractual control items in contracts of chains with different degrees of service customization.

## MAPS11

Chair : Ana Maria Roux Cesar

Room : P506

**Matters Of Concern: Hype Of Supply-Chains And Hope Of Management Accounting**

Author : SAMAR EL SAYAD, UNIVERSITY OF GLASGOW

IC = Interdisciplinary / Critical

Co-authors : Danture Wickramasinghe, Adam Smith Business School, University of Glasgow

*Purpose: The concern of this paper is epistemological. It explores whether and how the emerging post-bureaucratic forms in organisations have presented a new organizational ontology and developed "matters of concern" among the researchers regarding the suitability of prevailing management accounting practices. Focusing on management accounting within supplychains, the paper aims to unpack the researchers' concerns over the ambiguity of management accounting roles therein. Methodology: This is based on a state-of-art review. It evaluates the researchers' "matters of concern", highlights the discursive effects of supply chains on the conventional wisdom of management accounting and articulates how researchers have raised the issues of ambiguity being imposed on management accounting's calculative regimes. Findings: Researchers focus not only on the issues within management accounting per se but on the complexities embedded in the supplychains and the reciprocal presence between management accounting and such complexities. The "matters of concern" have been raised around seven interrelated aspects: supply-chain relationships, performance measurements, decision-making, trust and accountability, supply-chain risk, reverse logistics, and sustainability. These were taken to speculate an ambiguity the roles of management accounting and create a "condition for possibility" for revisiting the "relevance lost" thesis of management accounting.*

## MAPS11

Chair : Ana Maria Roux Cesar

Room : P506

**Power And Voluntary Disclosure In Sequential Supply-Chain Bargaining: Some Experimental Evidence With Accounting Information**

Author : GILBERTO MARQUEZ ILLESCAS, CARLOS III UNIVERSITY, MADRID

EX = Experimental

Co-authors : Susana Gago Rodríguez, Universidad Carlos III de Madrid  
Manuel Núñez Nikel, Universidad Carlos III de Madrid

*In this paper we conducted an experiment with 336 volunteers. Our aim was to test the effect of power asymmetries on the voluntary disclosure within the supply chain. Specifically, we challenged the common notion that more powerful partners tend to share less information since they prefer to use other mechanisms in order to improve the outcomes of their negotiations. We used an economical approach to show that economic incentives in the way of delay costs may generate an effect in the opposite direction. The results of our experiment, also confirm that voluntary disclosure of accounting information acts as an enhancer of the efficiency of negotiations.*

## MAPS12

Chair : Rong Huang

Room : P506

**Is The Interactive Use Of Management Control Systems Really Driven By Strategic Uncertainties**

Author : YANNICK DE HARLEZ DE DEULIN, IÉSEG SCHOOL OF MANAGEMENT

SU = Survey

Co-authors : Gerriit Sarens, Louvain School of Management

*Drawing on the Galbraith's generic notion of uncertainty in a hospital setting, this study aims to empirically examine the relationship between uncertainty and the use of management control systems (MCS) in control and decision-making context that emerges from either a change in strategy or from stability in the strategy. Based on data collected from top-level hospital managers in Belgium, the results support the hypotheses that the interactive use of PMS is as useful in times of stability as in times of change to deal with strategic uncertainties and that paying a close attention to the decision and control contexts is essential to understand the impact of uncertainty on the use of MCS.*

## MAPS12

Chair : Rong Huang

Room : P506

**Strategic Management Accounting, Contingent Factors And Performance In Hotels**

Author : ODYSSEAS PAVLATOS, AKMI METROPOLITAN COLLEGE

SU = Survey

Co-authors : ,

The purpose of this paper is to investigate the relationship between contextual factors identified from contingency-based research, the extent of the use of strategic management accounting techniques and business performance in a service context. An empirical survey was conducted on a sample of 106 leading hotels in Greece. The analysis of the survey data indicates that the use of strategic management accounting techniques in hotels can be considered quite satisfactory. By drawing on the grounds of contingency theory, six factors were identified as potentially exhibiting an emergent relationship with strategic management accounting techniques. The six factors are; (1) Perceived environmental uncertainty, (2) Structure, (3) Quality of IS information, (4) Organizational life cycle stage, (5) Strategy and (6) Size. The survey revealed that SMA usage is positively affected by these six contingent factors, while SMA usage, in turn, positively affects performance. A significant mediating effect of SMA usage on performance is evident.

## WEDNESDAY

## 11:00-12:30

## MAPS12

Chair : Rong Huang

Room : P506

**The Strategic Planning Process: Its Design, Use And Outcome From A Management Control Perspective**

Author : THOMAS SCHÄFER, DRESDEN UNIVERSITY OF TECHNOLOGY

SU = Survey

Co-authors : Thomas Günther, TU Dresden

This paper tests empirically whether a successful implementation of the strategic planning process within firms depends on its integration into management control systems (MCS) measured by the levers of control (LoC) framework of Simons (1995). Thus, we extend the debate on the interaction of strategic planning and MCS in two different ways: First, strategic planning as an indispensable component of a performance-oriented MCS package, and second, by examining the strategic planning-performance relationship from a MCS perspective. Drawing on survey data of 164 German large firms and using structural equation modeling we provide strong support for three major findings: primarily the integrative dimension of the strategic planning process whose intensity fosters performance-oriented control levers (beliefs system, diagnostic and interactive use of strategic planning) which in turn support strategic planning effectiveness while the compliance-oriented boundary system takes a back seat within the MCS package. Thereby, we provide evidence that strategic planning is used diagnostically and interactively while both types are strongly interrelated. Additionally, the performance-oriented control levers mediate the relationship of intensity and effectiveness of the strategic planning process whereas the latter is a substantial antecedent of organizational performance.

## WEDNESDAY

## 14:00-15:30

## MAPS13

Chair : Yannick De Harlez De Deulin

Room : P506

**Economic Consequences Of Implementing And Communicating Value Based Management Systems: Evidence From Germany**

Author : THOMAS LIST, AUGSBURG UNIVERSITY

EA = Empirical Archival

Co-authors : Wolfgang Schultze, University of Augsburg

This paper studies the economic consequences of implementing and communicating Value Based Management (VBM) Systems on information asymmetries, cost of capital and stock returns. We use the firms' reporting on internal control systems as the source of information for market participants. We study the extent and quality to which firms provide voluntary disclosures about their internal processes for value creation (Value Based Reporting, VBR) and its relationship to VBM. Our results suggest that VBM and VBR work as complements. The implementation of VBM and a greater extent of VBR are both significantly related to lower information asymmetries, lower cost of equity capital and higher stock market returns. The interaction of VBM and VBR is related to higher reductions in information asymmetries and cost of capital as well as higher market returns.

## MAPS13

Chair : Yannick De Harlez De Deulin

Room : P506

**Stock Price Versus Earnings Based Compensation In A Dynamic Agency Setting**

Author : BARBARA SCHOENDUBE-PIRCHEGGER, OTTO VON GUERICKE UNIVERSITY OF MAGDEBURG AM = Analytical / Modelling

Co-authors : Jens Robert Schöndube, Eberhard Karls Universität Tübingen

*In this paper we compare performance measurement based on earnings versus stock prices in a dynamic stewardship setting. The firm's terminal payoff is assumed to be unobservable. Measures available for contracting are earnings and some macroeconomic measure. While earnings are informative about the manager's effort and the firm's terminal value, the macroeconomic measure is informative about terminal value only. Besides, the firm's stock price can be contracted upon. The principal may either contract on each of the two measures or use the stock price. We show that in a full commitment setting the principal never uses the macroeconomic measure due to its lack of (effort) informativeness. As the stock price inevitably includes this measure, using purely earnings based contracting always outperforms stock prices. In a dynamic setting with limited commitment, however, we show that using stock price measurement rather than accounting measurement may be optimal. Intuitively, under stock price measurement the principal sets lower incentives to overcome the inefficient aggregation of information in stock price formation. Thus using stock price measurement acts as an implicit commitment to low incentives. This commitment may become optimal ex ante if sequentially optimal play induces the principal to set too high incentives otherwise. We derive conditions for the optimality of stock price measurement for two different dynamic scenarios: autocorrelated noise and earnings management.*

## MAPS13

Chair : Yannick De Harlez De Deulin

Room : P506

**Corporate Taxes, Capital Structure, And Valuation: Combining Modigliani/miller And Miles/ezzell**

Author : ULRICH SCHÄFER, GOETTINGEN UNIVERSITY

AM = Analytical / Modelling

Co-authors : Stefan Dierkes, Georg-August-Universitaet Goettingen, Professur fuer Finanzen und Controlling

*The valuation of a company with discounted cash flow (DCF) approaches requires restrictive assumptions about the company's financing strategy. To date, the valuation strategies that have been considered are pure strategies, assuming that either debt levels or capital structure targets are pre-determined for all periods. In this paper, we show how to value a company for an arbitrary combination of these financing strategies in each period. From a theoretical perspective, the approach of Modigliani and Miller, which assumes given debt levels, and that of Miles and Ezzell, which assumes a pre-determined capital structure, are embedded into a common valuation framework with the familiar valuation formulas as special cases of this general approach. Furthermore, the results allow for a more realistic modeling of a company's financing strategy.*

## MAPS20

Chair : Paolo Perego

Room : P507

**Beyond Publication Counts – The Impact Of Citations And Combined Metrics On The Performance Measurement Of German Business Researchers**

Author : RUEDIGER W. WALDKIRCH, SOUTHERN WESTPHALIA UNIVERSITY OF APPLIED SCIENCES

EA = Empirical Archival

Co-authors : Matthias Meyer, Technische Universität Hamburg-Harburg  
Michael A. Zaggl, Technische Universität Hamburg-Harburg

*This paper investigates the effects of going beyond publication counts on the relative performance measurement of German-speaking business administration scholars. Based on data from the Social Science Citation Index, Scopus, and Google Scholar it compares rankings based on publication, citation, and combined measures, such as the h-index. The results from 298 accounting and marketing scholars show that the move from publication to citation counts is a greater step than from citations to the h-indices. A similar observation can be made with respect to refinements of the h-index. We investigate several causes of these effects and show that citation counts and combined measures specify the information content of data sources. The results also suggest that data source coverage is a larger driver of differences than measures. Finally, we find that correlations between rankings based on different data sources can be improved by extending beyond publication measures.*

**MAPS20**

Chair : Paolo Perego

Room : P507

**Rome Wasn't Built In A Day But When It Fell It Burned In One: Reflecting On Time, Value Creation And Value Destruction**

Author : MARCO GIULIANI, POLYTECHNICAL UNIVERSITY OF MARCHE

CF = Case / Field Study

Co-authors : ,

In the accounting field, analyses, measurements and tools try to take into account, more or less explicitly, the temporal dimension. In analysing a firm's future perspectives and its drivers a particular role is played by intangibles as they are considered to be one of the main lever to create value. Studies about intangibles tend to be focused on their role within the value creation process, overlooking their potential to destroy value. Moreover, both in the studies about the positive effects of intangibles and in the ones about the negative consequences, the temporal dimension is rarely considered explicitly and this implies that some of the proposed analyses can be temporally incorrect or misleading. The aim of this study is to investigate if and how intangibles are perceived to influence the value creation and destruction processes adopting a temporal lens. In other words, this paper is dedicated to understand, from a temporal perspective, the dynamics of the value creation and destruction processes, i.e. if a company destroys value in the same way it creates it and with the same timing. The main findings are the following. First, this study shows that intangibles affect the value creation process in different ways. Second, it emerges that the time-lags within the value destruction process tend to be shorter than the ones related to the value creation process, that is, "rome wasn't built in a day but when it fell it burned in one".

**MONDAY**

17:45-19:15

**MARF01**

Chair : Stephan Dierkes

Room : P501

**Innovation As Part Of The Management Control System**

Author : FABIO FREZATTI, UNIVERSITY OF SAO PAULO

AM = Analytical / Modelling

Co-authors : Diogenes De Souza Bido, Universidade Prebiteriana Mackenzie  
Ana Paula Capuano Da Cruz, Universidade Federal do Rio Grande  
Maria José De Camargo Machado, Universidade Metodista de Piracicaba

The objective of this research is to study the relationship between management control systems and the innovation process, taking into account the model from Simons (1995). The study is descriptive and quantitative and uses survey data that are analysed utilising structural equation modelling. The main contribution of this research is the identification of the influences exerted by the following: external stimuli and dynamic tensions on the direction of innovation strategies, dynamic tensions on the structure of the interactive control system, and the interactive control system on the structure of the diagnostic control system and on innovation intensity. No impact from the catalyst and obstructor elements on innovation process was confirmed. The influence of interactive system on the diagnostic was expected from literature but not confirmed. This find might consider that the efforts to maintain management control systems must be sensitive to the variables treated in the study.

**MONDAY**

17:45-19:15

**MARF01**

Chair : Stephan Dierkes

Room : P501

**Purposeful Decision Making Or Legitimation: An Empirical Analysis Of Different Types Of Innovation Metric Use**

Author : KLAUS MOELLER, UNIVERSITY OF ST. GALLEN

AM = Analytical / Modelling

Co-authors : Sebastian H. Janssen,  
Nina Kruse, University of St. Gallen

In recent years a significant body of literature on performance measurement of new product development (NPD) has emerged, emphasising the increased need of efficiency and effectiveness in NPD processes. However, most of the literature focuses on design and implementation issues of performance measurement systems, but disregarding the managers' role in respect of a purposeful use of innovation metrics and the resulting consequences for the NPD success. To contribute to this field of research, this study focuses on different types of using innovation metrics in the NPD context. Based on existing literature we differentiate between instrumental, conceptual, and symbolic types of using innovation metrics. We use structural equation modelling to evaluate the data of 133 engineering companies. Our findings show that using metrics conceptually, i.e. to stimulate organizational learning, has a positive and significant effect on the financial success of NPD. In contrast, both, the instrumental and the symbolic use of innovation metrics have only a minor relevance according to our results. However, the inclusion of the quality of decision making and project selection as well as efficiency in our research model, gives further insights regarding the high importance of a strong innovation management.

MARF01

Chair : Stephan Dierkes

Room : P501

**Too Much Truth – The Impact Of Strategic Information Overload**

Author : PETER G. ROETZEL, STUTTGART UNIVERSITY

AM = Analytical / Modelling

Co-authors : ,

*This paper addresses a number of hypotheses using variables which determine how a firm performs periodic profitability analysis. The study is survey based and unique Danish data on the cost allocation and performance measurement is utilized. We perform five main regressions and our main findings are that segmentation from high to low in the corporate hierarchy and number of customers highly influences the level of costs that are allocated, separately reported cost and balance sheet items that are included in the periodic profitability analysis. Furthermore, the predictability of the competition the company faces, diversification of the company's products and the importance of information from the profitability analysis partly affects the amount of costs (variable and fixed) which are included in the periodic profitability analysis. Surprisingly, the frequency of the periodic profitability analysis and to some extent the size of the company does not affect the amount of costs which are included.*

MONDAY

17:45-19:15

MARF01

Chair : Stephan Dierkes

Room : P501

**Considering Real Options In Short-Term Decision Making**

Author : NILS CRASSELT, UNIVERSITY OF WUPPERTAL

AM = Analytical / Modelling

Co-authors : Christian Lohmann, Wuppertal University

*Decision rules for short-term operating decisions such as the choice of operating mode of a flexible machine typically make use of information on revenues and costs in the decision period only. However, if switching between operating modes is costly and future revenues and costs are uncertain, the current choice strategically interacts with future decisions. Such decision problems can be characterized as complex real options problems with multiple compound options. For an optimal long-term solution short-term decision rules must account for the value of these options. In this paper we first show how the optimal long-term decision path can be derived for a chain of short-term decisions using a real options framework. We contrast these results with the traditional decision rule based on current contribution margin and illustrate our findings with a simulation analysis providing for a rich set of environments characterized by different levels of uncertainty and different switching costs. A major drawback of the real options-based rule is the necessity to estimate option values at every decision point drawing on information from all future periods. We therefore analyze how a simplified options-based decision rule that looks ahead only one period ("rolling forecast rule") performs against the benchmark rule. In an extension of the simulation analysis we find that the simplified decision rule serves as a good heuristic and improves decision-making similar to the benchmark rule.*

MONDAY

17:45-19:15

MARF01

Chair : Stephan Dierkes

Room : P501

**Decisions About Investment And Profitability: An Empirical Study With Generalized Linear Mixed Models In Non-Financial Brazilian Companies**

Author : ALDY FERNANDES DA SILVA, FECAP - FUNDAÇÃO ESCOLA DE COMERCIO ALVARES PENTEADO

AM = Analytical / Modelling

Co-authors : Aldy Silva, FECAP - Fundação Escola de Comércio Álvares Penteado  
Afrânio Vieira, UnB - University of Brasilia  
Augusto Navarro, FECAP - Fundação Escola de Comércio Álvares Penteado  
Claudio Parisi, FECAP - Fundação Escola de Comércio Álvares Penteado

*Investments are strategic decisions taken by companies that should be regarded as important information for shareholders. We studied empirically the relation between past investment and profitability (measured by ROA and Tobin's q), using five scenarios with different periods of investment. Data from the financial statements of non-financial companies listed on Brazilian Stock Exchange were collected (2001-2011), resulting in the unbalanced sample of 1,484 firm-years observations. We use a wide class of statistical models (generalized linear mixed models – GLMMs), which enabled consider a correlation structure for the profitabilities observed over time. We use a different probability distribution for the ROA and Tobin's q. With regards the ROA, the results show a positive relation between contemporary investment and profitability, and negative between past investment and profitability. The relation of past investment with the profitability (Tobin's q) was positive. These relations were weakening, which suggests that investment has their reduced profitability over time.*

**MARF09**

Chair : Marion Brivot

Room : P503

**The Use Of The Balanced Scorecard In Portugal: Evolution And Effects On Management Changes In Portuguese Large Companies**

Author : HELENA SARAIVA, POLYTECHNIC INSTITUTE OF GUARDA

HI = History

Co-authors : Maria Alves, Beira Interior University

The aim of the paper is to present a historical view on the evolution of Balanced Scorecard's use in Portuguese largest companies, since its appearance until present days; it also aims to perform an analysis on the current situation regarding the use of this management tool in Portugal. The question to be studied is how management practices evolved in Portugal, in the last twenty years, concerning to the use of an important management tool such as Balanced Scorecard. Initially was conducted research on studies developed in Portugal on the application of the BSC, having been identified three major broad scope studies performed within the territory: the first starting the end of 1999, the second carried from 2004 onwards, the last study was conducted throughout 2009. To complete the information provided by these studies it was conducted an analysis on the evolution conditions of its use, as well as to the application's level and depth and its relations to organizational change and evolution on management practices. This was pursued by identification of both academic works on the subject and main technical books printed in Portugal about the theme. Thus we were able, as a result of this analysis, to present a clear picture about the use of BSC in Portugal since its listing and disclosure until the present day.

MONDAY

16:00-17:30

**MARF09**

Chair : Marion Brivot

Room : P503

**Accounting For Innovation Between Hyperconnectivity And Novelty – On The Development Of A Network Of Nonfinancial Measures For Radical Innovations**

Author : BORIS D. PLÜSCHKE, BAYREUTH UNIVERSITY

IC = Interdisciplinary / Critical

Co-authors : Grottko Markus, University of Passau, Chair of Taxation

Estimating the future market success of radical innovations is extremely challenging for strategic innovation management. We provide a new approach to capture the likelihood of market success of radical innovations measuring the readiness of a potential target market to absorb the innovation (its hyperconnectivity) and the innovations' perceived degree of novelty. The new theoretical approach is tested by an ensemble of case studies based on a German start-up company that has different potential target markets. Our results provide evidence that our nonfinancial measurement network is able to capture to which extent market participants are likely to adopt the new innovation.

MONDAY

16:00-17:30

**MARF09**

Chair : Marion Brivot

Room : P503

**Management Accounting Implementation And Engineers' Networking: Mitsubishi Electric, 1921-1932**

Author : MASAFUMI FUJINO, NIHON UNIVERSITY

HI = History

Co-authors : ,

This paper seeks to demonstrate the role of engineers in the implementation process of management accounting within a group company of Japanese conglomerate during the interwar period. Drawing on a historical case study of a Japanese manufacturing company, Mitsubishi Electric, we examine the relationship between implementation of management techniques and reinforcement of network of the engineers. Engineers at Mitsubishi Electric played a key role in implementing production management techniques in 1922, discussing design details of the budgeting system in 1928, and facilitating the cost reduction project in 1930. They assimilated overseas management knowledge from books and magazines and, at the same time, put the knowledge into action, which had something in common with their experience in education. Through the implementation process, engineers of the process control section, sales engineers and design engineers had been connected to the network. This paper illustrates the interaction between the management accounting implementation and engineers' networking. By describing the micro process of engineers' implementation efforts, this paper studies the possible conflict inherent in the educational approach and the decentralisation of the Mitsubishi conglomerate. The findings of this study can provide additional evidence for the diffusion and adaptation of management accounting into non-western countries.

**MARF09**

Chair : Marion Brivot

Room : P503

**Management Accounting System In Italian Smes: Some Evidences And Implications**

Author : LAURA BROCCARDO, UNIVERSITY OF TURIN

SU = Survey

Co-authors : Giulia Gastaldi,

In the last years more attention was given to the performance measurement systems (PMSs) in the small and medium-sized enterprises because, from conducted researches, it emerged that appropriate managerial tools have an important influence in the firms' management and also to improve financial management in these firms. This research investigated not only about the diffusion of management accounting system in Smes but also about its influence on investments and internationalization of these entities. The research was conducted using survey tool and the sample is represented by 226 Italian Smes. The study shows a positive correlation between the size and the diffusion of management accounting tools, and it reveals also a positive correlation between the use of structured management accounting system and the propensity to investment and the firm internationalization.

**MARF09**

Chair : Marion Brivot

Room : P503

**Subjective Performance Evaluation, Implicit Contracting And The Problem Of Common Understanding**

Author : ALLAN HANSEN, COPENHAGEN BUSINESS SCHOOL

IC = Interdisciplinary / Critical

Co-authors : Ivar Friis,

Subjective performance evaluation is often proposed to be an essential component in effective performance measurement systems in management accounting research. Subjective measures, subjective ex post corrections and subjective weights can improve performance contracts by reducing manipulation, restoring fairness, adjusting for uncontrollable factors, and mitigating distortion. In research, the costs of subjective evaluations have primarily been analysed from an implicit contracting perspective emphasizing that subjective performance evaluation cannot be verified by an outside third party and enforced by law. Consequently, the focus in research has been on the incentive problems of subjective performance evaluation and on how other enforcement mechanisms such as organizational devices and reputation mechanisms substitute law enforcement and prevent violation by the supervisor. In this paper we extend the discussion of the costs of subjective evaluations and go beyond the incentive and enforcement problems highlighted in research by addressing the information problem that arises from lack of common understanding between the parties involved with the subjective performance evaluation. We contribute to research by exploring some of the key issues that arise from lack of common understanding and discussing the ways in which common understanding can be created in organizations.

**MARF13**

Chair : Robert Gillenkirsh

Room : P503

**Beating The Base-Rate Fallacy: An Experimental Approach**

Author : CHRISTINE REBECCA MEYER, UNIVERSITY OF GIESSEN

EX = Experimental

Co-authors : Barbara E. Weißenberger, University Giessen

The existence of cognitive biases such as the base-rate fallacy is already well known in theory, but until recently there exists only limited research how to cope with those biases in managerial decision-making. Hence, the aim of our study is to examine how management accountants should prepare information to reduce the phenomenon of base-rate neglect in probability judgment to guide rational managerial decision-making. To address this research question, we use an experimental design. Empirical evidence suggests that a visual-based information format, especially in comparison to a tabular presentation of information, significantly reduces the fallacy of neglecting base-rates in decision-making. In addition, we integrate user's cognitive style and other personal characteristics as possible factors influencing the base-rate fallacy. The results indicate that the base-rate fallacy is significantly reduced when people tend towards an analytical cognitive style.

**MARF 13**

Chair : Robert Gillenkirsh

Room : P503

**Implementing A National-Wide Performance Evaluation: The Case Of The Anesthetic File Indicator In French Hospitals**

Author : ADRIAN ZICARI, ESSEC BUSINESS SCHOOL PARIS

CF = Case / Field Study

Co-authors : Adrian Zicari, Essec Business School, Paris  
 Gomez Marie-Léandre, Essec Business School, Paris  
 Bonnefond Jean Yves, CNAM Paris  
 Philippe Lorino, Essec Business School, Paris  
 Mathias Waeli, EHESP  
 Etienne Minivielle, Institut Gustave Rossy

The article analyzes the use and impact of a performance indicator for anesthetic files in hospitals in France. This indicator was implemented as a part of a government program for increasing healthcare quality. By means of a combination of site visits and ethnographic interviews in four hospitals, researchers compared the use of the indicator with previous expectations. While findings suggest a limited use of the indicator among rank-and-file anesthesiologists there is also evidence of higher awareness on the part of chief anesthesiologists and specialists in quality. Researchers found also indications of improvement in anesthesiologists' practices, adaptations for the measurement tool in different hospitals and some emerging practices (use for negotiations and for scientific research). The cases also illustrate the role of the professional organization in the creation and implementation of this indicator.

**MARF 13**

Chair : Robert Gillenkirsh

Room : P503

**The Role Of Accounting In The Organisational Control Mix**

Author : ZAMZULAILA ZAKARIA, INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

CF = Case / Field Study

Co-authors : ,

The main purpose of the present study is to shed light onto the practices of Key Performance Indicators (KPIs) and their relation with other forms of organisational control in the process of goal alignment. To this end, the study focuses on the intertwining of KPIs with other control systems in the organisational control mix. While much has been written about the importance of goal alignment and the interplay between accounting and other forms of organisational control system in the process of goal alignment, detailed field study supporting this claim remains scarce. Drawing on Schatzki's notion of intentionality and practices-arrangements (2002), the present research seeks to contribute to the study of performance management by providing detailed insight into the ways in which accounting relates to other forms of control systems in the process of goal alignment.

**MARF 13**

Chair : Robert Gillenkirsh

Room : P503

**Concept Of Performance And Its Measurement In Accounting : The Perception Of Professionals**

Author : SOPHIE SPRING, MONTPELLIER I UNIVERSITY

CF = Case / Field Study

Co-authors : Isabelle Martinez, Université Toulouse Paul Sabatier  
 Olivier Vidal, CNAM Paris

The aim of this research is to study the way in which accounting professionals represent the notion of performance (concept) and its application in accounting systems through the use of balance sheets and income statements as indicators (measurement). Semi-structured interviews were conducted with experts (producers and users of accounting information) with a view to identifying the relationships between concept and measuring instruments. The content analysis of the interviews highlights the fact that the concept of performance is multidimensional and difficult to define. Performance is mostly understood from the point of view of indicators. The net income, as a synthetic measure, is necessary for comparisons to be made between different entities, but insufficient to display how performance is generated. Thus, a need emerges for an intermediate measure such as an "operating income" to be defined and presented distinctively from the "net income". Insofar as the role of financial statements is concerned, the interviewees considered that reading the balance sheet is essential to appreciate capacity for future performance. This notion coincides with the theoretical approaches that conceive value creation from a dual angle: wealth is created by economic activity and by the fluctuating value of assets. In the end, defining a single performance measurement appears to be pointless in the absence of complementary indicators that enable value creation to be understood.

**MARF13**

Chair : Robert Gillenkirsh

Room : P501

**Theorizing Private Equity Practices: A Social Site Analysis**

Author : ALAN LOWE, ASTON UNIVERSITY / ASTON BUSINESS SCHOOL

CF = Case / Field Study

Co-authors : Yesh Nama, Aston

*This paper contributes to the recent 'practice turn' in management accounting literature in two ways: (1) by experimenting with the application of Schatzki's site ontology, and (2) by theorizing private equity practices and investigating the extent to which accounting is implicated in them. We discuss the value chain of the private equity industry and also identify and describe aspects of the role of accounting in different parts of the value chain. We theorize the practices using Schatzki's site ontology and raise two queries over Schatzki's practice organization framework. Key words: Practice theory, Site ontology, Private equity, Accounting*

**TUESDAY**

9:00-10:30

**MARF02**

Chair : Lino Cinquini

Room : P501

**Budgetary Innovations In Smes And Profile Of Manager**

Author : MARIO BOU SABA, MONTPELLIER II UNIVERSITY

CF = Case / Field Study

Co-authors : Zouhour Ben Hamadi, MRM - Université de Montpellier  
Philippe Chapellier, MRM - Université de Montpellier

*The first objective of this study is to determine to what extent the profile of manager influences the establishment of budgetary innovations in SMEs. The second objective is to identify potential relationships between several structural control variables and the adoption of budgetary innovations in SMEs. A quantitative study was carried out by face-to-face administration of a questionnaire with 116 managers of Tunisian industrial independent SMEs, having between 10 and 300 employees. Three profiles of managers were highlighted: "young managers", "accomplished majors" and "experienced patriarchs". Significant relationships were identified between budgetary innovation in SMEs and the profile of managers: "young managers" put in place more frequently budgetary innovations than "accomplished majors" and "experienced patriarchs". A significant relationship appears also between the adoption of budgetary innovations and perceived uncertainty of the environment.*

**TUESDAY**

9:00-10:30

**MARF02**

Chair : Lino Cinquini

Room : P501

**Determinants And Modes Of Control In Private Equity Agreements: Exploring Differentiated Patterns Of Social Control**

Author : ANGELO DITILLO, BOCCONI UNIVERSITY

CF = Case / Field Study

Co-authors : David Bedford, University of Technology Sydney

*Private equity firms take an active role in the control of invested organizations. While prior literature has examined the antecedents and consequences of contractual and corporate governance arrangements there has been almost no investigation into the organizational mechanisms used to manage the relationship with portfolio organizations. Through multiple case study analyses this study explores how control is exercised by private equity firms. The study finds that while contracting and formal governance structures are important, so too are many control mechanisms. The choice of which control to use is found to be dependent on the equity arrangement and the cognitive orientation of portfolio firm managers. Based on these determinants a framework is constructed to explain the choice of control structures. The paper also examines the interface between formal and social control mechanisms and finds differentiated patterns of social interaction depending on how formal controls are activated.*

**MARF02**

Chair : Lino Cinquini

Room : P501

**Strategic And Profit Planning: Use Of Accounting Inscriptions**

Author : BREDA SWEENEY, NATIONAL UNIVERSITY OF IRELAND, GALWAY

CF = Case / Field Study

Co-authors : Emer Curtis, NUI Galway

Accounting information plays a key role in many management control systems and more generally in managerial work. Calls have been made for further research on how accounting information interacts with managerial work (Hall, 2010) and on the role of accounting in strategizing (Chua 2007). Accounting information can play a role in formulating strategy (through generating debate and discussion of strategic uncertainties in for example a profit planning system) and implementing strategy (through quantitatively capturing critical success factors) (Simons, 1995). Using an in-depth case study in the green energy construction sector, we examine how management use accounting information in strategic and profit planning systems to support managerial work. Findings showed that accounting numbers were an 'obligatory point of passage' (Whittle and Mueller 2010) in strategizing which was consistent with the pragmatic attitude of management where 'strategy without numbers' was seen as dreaming. However, there was evidence that these numbers could become divorced from the strategic ideas resulting in a competition between ideas and numbers. In addition to playing a role in strategy formulation, accounting information through 'accounting talk' was found to have a role in knowledge building and was used cross functionally by management to signal emotions about changes in the environment. The use of accounting information as a forward rather than backward looking device was consistent with the core values of the company which emphasised pragmatism, 'doing' and fast paced decision making. The findings illustrate how these core values were controlled through systems other than those specified by Simons.

TUESDAY

9:00-10:30

**MARF02**

Chair : Lino Cinquini

Room : P501

**Standardization In Management Accounting: A Field Study On Sap And Its Influence On Accounting**

Author : RAFAEL HEINZELMANN, NORWEGIAN SCHOOL OF ECONOMICS AND BUSINESS ADMINISTRATION CF = Case / Field Study

Co-authors : ,

The paper investigates standardization of management accounting practices by the means of an ERP implementation. Specifically, it addresses the role of SAP in standardizing accounting practices in accordance to the headquarters' view on how accounting should be understood, systematized and practiced. We study a midsized European company diffusing and implementing idiosyncratic Germanic accounting practices using SAP throughout its subsidiaries in the UK and France. The paper draws on a practice-based view (cf. Ahrens 2009, Jørgensen and Messner 2010) in order to understand the effect of ERPs on accounting practices and vice versa. The paper contributes to the accounting literature by shedding light on how SAP standardizes, enables and legitimates specific practices in organizations. More specifically, we show how a close "fit" between the realization of accounting in SAP and prior HQ-accounting understandings provide a powerful alliance to standardize practices close to the SAP standard. This expands our knowledge on ERPs in organizations regarding centralization and standardization, the specific design characteristics of SAP accounting modules, and their role in reshaping the relationship between HQ and subsidiaries.

TUESDAY

9:00-10:30

**MARF02**

Chair : Lino Cinquini

Room : P501

**How System Externalities In Complex Systems Affect Cost Estimation Processes: A Canadian Healthcare Perspective**

Author : ANGELA DOWNEY, UNIVERSITY OF VICTORIA

CF = Case / Field Study

Co-authors : Suresh Kalagnanam, University of Saskatchewan  
Nancy Edwards, University of Ottawa

Based on a five-year study this paper describes the development of a conceptual model to improve our understanding of the potential implications that system level externalities have on costs. This knowledge should facilitate an improved ability to better estimate the cost of the implementation and spread of evidence-based innovative Best Practice Guidelines (BPGs) in complex systems like the Canadian health care system. More specifically it addresses the limitations of a monotonic extrapolation of costs in one organizational unit within a complex system to other organizational units within the same complex system. The proposed model is an improvement over the current methods of estimating costs as it moves beyond the organizational level, with its structural and executional cost drivers and the current cost hierarchy, to include system externalities that could have large impacts on implementing and spreading innovations and costs. The paper outlines four types of externalities: (1) Paradigmatic leadership, (2) Alignment and shared vision, (3) Permeation plans and (4) Supporting and reinforcing structures. The paper includes descriptions and examples related to a health care environment and suggests a simple metric that might be used to quantify the level of system externalities. Limitations and suggestions for future research are outlined.

MARF03

Chair : Yu-Lin Chen

Room : P501

**Direct And Indirect Effects Of Open Book Accounting In A Supplier Network: A Case From The Retail Sector**

Author : JOHNNY LIND, STOCKHOLM SCHOOL OF ECONOMICS

CF = Case / Field Study

Co-authors : Erik Alenius, Stockholm School of Economics  
Torkel Strömsten, Stockholm School of Economics

The purpose of this paper is to extend our knowledge about the use of open book accounting (OBA) in industrial networks. From the case study we can observe that the use of OBA had effects in how activities were linked, affecting efficiency; how resources were combined affecting innovation and how actors related to each other, affecting the focal firm's strategic position in the network due the use of OBA. These direct and indirect effects could be identified on the network level, the relationship level as well as on the individual firm level. These findings stress the important acknowledgement of interdependency and resource heterogeneity and the impact accounting information has as a device to change how activities are linked and resources combined, and how value is created in industrial networks. From an IMP perspective, this study illustrates the importance of acknowledging the role that accounting and control play in embedded industrial relationships. We build our argument on an in-depth single and embedded case study of procurement by a large food retailer. The data has mainly been collected through interviews, but this has been complemented by observations. Further, Access to the company's internal documents, such as explicit open book calculations, has increased our understanding of the role accounting plays in inter-organizational relationships.

TUESDAY

11:00-12:30

MARF03

Chair : Yu-Lin Chen

Room : P501

**Managing Relations Through A Balanced Use Of Management Control System: A Field Study**

Author : CHRISTER KULLMAN, ABO AKADEMI UNIVERSITY

CF = Case / Field Study

Co-authors : Christer Kullman, Åbo Akademi University, Åland University of Applied Sciences

The purpose of this paper is to explore how management control systems (MCSs) are used in the relationship between the firm, its accountant and auditor in a small and medium-sized entity setting (SMEs). By integrating theories of service relations into Simons' (1995) Levers of Control model, this study aims to clarify the forms and degree of value is added in the interactive relation. The research is based on evidence from four in-depth longitudinal case studies with entrepreneurs, accountancy office staff and auditors and from various sources such as interviews, observations and archival materials. The study shows that small enterprises use financial reports and various financial measurements as control instruments and have implemented their management control as a strategy instrument in the decision-making process. It also indicates that entrepreneurs need counselling within the fields of administration and business operations, in particular regarding accountancy and finance, and that they participate in the counselling process themselves to some extent. By analysing and combining diagnostic and interactive control factors in the relational model, a perspective of how the counselling relation works was created. The analysis of the success factors supported the proposal that the relation with the accountancy firm and/or the auditors serves as a supplementary resource. The result may have both practical and theoretical implications.

TUESDAY

11:00-12:30

MARF03

Chair : Yu-Lin Chen

Room : P501

**Strategising Management Accounting: A Case Study Of New Product Design And Development Within Premium Auto Group (pag) Company**

Author : MOSTAFA JAZAYERI, MANCHESTER METROPOLITAN UNIVERSITY

CF = Case / Field Study

Co-authors : Mostafa Jazayeri, Manchester Metropolitan University UK  
Bill Nixon, University of Dundee School of Business UK  
John Burns, University of Exeter, Business School UK

In this paper, we outline a practice theory approach to study the relationship between management accounting, strategy, and target setting in the new product design and development (NPD&D) process. Building on [Schhartzki, (2002); Whittington, (2003, 2006); Ahrens and Chapman, (2007); Jorgense and Messner (2010)], we explore where and how is the work of strategizing and management accounting within NPD & D process actually done; who does this strategizing and management accounting work; what are the common tools and techniques of strategizing and management accounting; and how the products of strategizing and management accounting are communicated and coordinated (Whittington, 2003). We find that the role of management accounting in the communication is essential to the co-ordination of arrays of the activities of multi-disciplinary teams and an extended network of participants in the new product design and development (NPD&D) process. This case also reveals that management accounting, including, in particular, a Balanced Targets Book (BTB) for each project, has evolved with, and is embedded in the Company's multi-disciplinary, team-based organizational structure. Its very comprehensive information system, the iterative top-down-bottom-up project management style and its culture. The complementary, reinforcing interaction among components and activities of this company's NPD&D process demonstrates the importance of strategizing and integration among processes within the business model, phases within the NPD&D process, and stages within the phases and activities within the stages.

**MARF03**

Chair : Yu-Lin Chen

Room : P501

**Understanding The Change In Capital Allocation Practices Driven By Erm Implementation**

Author : MIRNA JABBOUR, BRUNEL UNIVERSITY

CF = Case / Field Study

Co-authors : Magdy Abdel-Kader, Anglia Ruskin University

Enterprise risk management (ERM) has recently become a widespread practice in financial institutions, more specifically in insurance companies. The recent emerging literature advocates apparent link between ERM implementation and the change in risk management practices, in particular capital allocation practices. To the best of our knowledge, there is an absence of empirical academic research into understanding the link between ERM implementation and capital allocation processes and practices in insurance companies and its relative merits. It is also the case that there is limited academic research into the models and strategies of ERM within insurance companies. This paper presents field-based evidence based on interviews and documentary analysis from a large non-life insurance company. The case suggests that changes in capital allocation practices exist in response to having mature ERM in place. The analysis in this study is based on the use of different theoretical concepts such as path-dependent change processes in explaining the empirical evidence. It is also conducted at various levels including, action, routines, intra-institutionalization and extra-institutionalization. We found out that ERM is adopted in response to various internal organizational pressures related to achieving the company's objectives rather than to coercive pressures. Further, effective capital allocation requires the incorporation of ERM elements in the whole process of allocating capital, as well as new capital allocation routines and institutions are produced. Risk-based capital allocation method is revealed to be intra- and extra-institutionalized at the company level as a result of being considered as a superior method to allocate capital.

**MARF03**

Chair : Yu-Lin Chen

Room : P501

**How The Abc System Functions At Ito-Yokado**

Author : HIROTO KATAOKA, MEIJI UNIVERSITY

CF = Case / Field Study

Co-authors : ,

This paper analyzes the case of the ABC system at Ito-Yokado Co., Ltd. (IY). The management system at IY is highly interesting in terms of consistency with management philosophy and organizational context, as seen in Japanese excellent companies. While the adoption rate of ABC in practice is not necessarily very high, IY is one of only a few examples of companies applying the ABC, and analyzing ABC at IY seems to derive important implication from the method of operation of its product costing system. Therefore, first of all, this paper shall examine the way of the causal relationship in product costing. To do so, it is important to discuss the structure in product costing model based on the analytical approach. And then, based on the case study research approach, this paper would like to present the way how the market/customer information is permeated into the organization inside by ABC, and the way how ABC affects the decision-making of organizational members. As a result, this paper was able to make clear the essential significance of the product costing system at IY, a Japanese excellent company, and the implications that can be derived from the method of using it, based on an intensive case study. The ABC system, set cost objects (SBUs) directly connected to customer needs, is functioning properly at IY because its management philosophies have permeated thoroughly through all management systems and among all employees, down to a detailed level.

**MARF04**

Chair : David Brown

Room : P501

**Information Equivocality, Trustworthiness Of Information Source And Escalation Of Commitment**

Author : JENNIFER KUNZ, FRANKFURT UNIVERSITY

EX = Experimental

Co-authors : ,

Decision makers' escalation of commitment to a failing course of action is an important example of the failure of management control systems. Following the literature on decision dilemmas, the paper investigates on an experimental basis the influence of information content and source equivocality on escalation. The results of the study indicate that information provided by a trustworthy source rather leads to the termination of a project whose costs are getting much higher than expected than information from a less trustworthy one, indicating that trustworthiness of information sources reduces escalation of commitment. In contrast, the equivocality of information did not exhibit any main effect. Yet, unexpectedly a gender specific effect could be observed.

**MARF04**

Chair : David Brown

Room : P501

**Cost Management In The Public Sector: Legitimation Behavior And Relevant Decision Making**

Author : TONI MATTO, UNIVERSITY OF JYVASKYLA

CF = Case / Field Study

Co-authors : Kari Sippola, University of Jyvaskyla

Discussion on the state of public sector management accounting research has been lively in recent years. Several authors have expressed concern that present research in management accounting (MA) has had only limited practical relevance in the public sector. There are also notions that public sector organizations are only using different MA techniques for legitimation purposes. Thus, the information provided by MA techniques is not used for actual decision making. We propose that these elements could be tied together; technique lacking relevance for the practitioner may lead to organizational lack of decision making and thus it appears as if the sole purpose of implementation may have been legitimation seeking. Using action research methodology, quality cost management project is implemented at the case organization. In the case organization, problem data, improvement initiatives, as well as cost information are constructed. The relationship between relevance and decision making is highlighted through this case, also showing practically relevant cost management in a public sector organization. Further, we argue that in some instances where public sector organization has been deemed to seek only legitimacy, a real reason behind this behavior may be the lack of relevance for the practitioner.

**MARF04**

Chair : David Brown

Room : P501

**Examining The Implementation, Evolution And Decline Of Economic Value Added In Three New Zealand Companies: A Dynamic Contingency Perspective**

Author : JOSIE MCLAREN, NEWCASTLE UNIVERSITY

CF = Case / Field Study

Co-authors : Anthony Appleyard, Newcastle University  
Falconer Mitchell, University of Edinburgh

When Economic Value Added (EVA™) was first promoted by Stern Stewart and Company, it was hailed as an innovation in management accounting. The suggestion was that this measure could be used as the basis for the management control system within the firm, covering planning, control, investment decision making and remuneration determination. This study adopts a longitudinal perspective to examine the experience of three large New Zealand companies, in which EVA was implemented in the 1990s and used as the management control system for 10-15 years. Evidence is gathered from a questionnaire conducted in 1999, interviews conducted in 2001 and 2011 and supporting documentary evidence. It covers the entire 'life cycle' of EVA, from initial implementation, through evolution to the eventual decline. Contingency theory is extended to a longitudinal perspective to analyse the variables that were important at each stage of the life cycle. The study provides four main contributions to the literature on contingency theory. First, the longer-term perspective is itself a contribution. The extension to a longer-term focus facilitated the second contribution, the identification of the relevant variables that were influential at each stage of the life cycle. A third contribution is the proposed new contingency variable, termed learning and adapting. For the companies, learning and adapting led to evolution in the system. Finally, the model of technique decline is itself a contribution.

**MARF04**

Chair : David Brown

Room : P501

**Controlling The Unmanageable? Management Control In A Knowledge-Intensive Organisation**

Author : ANDERS PARMENT, STOCKHOLM UNIVERSITY

CF = Case / Field Study

Co-authors : Cecilia Gullberg, Uppsala University, School of Business

The purpose of the paper is to explore and conceptualise the management of professional workforce in knowledge-intensive organisations by focusing on the interplay between classical top-down (cybernetic) management control forces, and the (bottom-up) control created by codes of conduct that guide professionals in carrying out knowledge work. The emerging Management Control as a Package framework, which focuses on the interplay between several horizontal and vertical management control dimensions, is applied to a case study of a Swedish government agency where interviews with professionals in various organisational positions have been conducted. The findings indicate that, contrary to a wide-spread assumption of professionals being difficult to manage, various aspects of control may intermix in a manner that makes a certain degree of top-down control feasible. The idea of management control as a package articulates opportunities to create a mutual reinforcement between top-down imposed cybernetic controls and bottom-up cultural controls where the professionals are allowed to act in accordance with their personal interests while still conforming to the overriding goals of the organisation. Our paper illustrates the hitherto relatively unexplored concept of management control as a package empirically. Few explicit attempts to normative control can be seen. The results underline the role of clans and organisation structure in sustaining certain values in the organisation.

**MARF04**

Chair : David Brown

Room : P501

**Target Costing As A Management Control Systems For Product Innovation: A Case Of Toyota.**

Author : YUMI MOROFUJI, RIKKYO UNIVERSITY

CF = Case / Field Study

Co-authors : ,

In the current economic climate, product innovation is important for organizations as they adapt to uncertain environments. In this paper, we explore how the design and use of management control systems to facilitate product innovation. We focus on target costing systems as management control systems for product innovation. Based on a review of the literature, we conclude that target costing systems should fulfill the requirements of diagnostic control systems stimulating creativity for intended strategy, interactive control systems and interactive networks with shared responsibility. Therefore, based on a case study of Toyota, we demonstrate how target costing systems fulfill those requirements. Toyota made substantial alterations to its target costing systems in 1998. We clarify that Toyota had mechanisms for lateral interaction and shared responsibility since before 1998, and add the mechanisms for intrinsic motivation by these changes in 1998. We also describe the trigger and details of these changes and discuss the problems arising from these changes.

**MARF06**

Chair : Marco Giuliani

Room : P501

**Sustainability Considerations In Capital Budgeting Decision-Making**

Author : JIM ROONEY, THE UNIVERSITY OF SYDNEY

CF = Case / Field Study

Co-authors : Geoff Frost, University of Sydney  
Philip Lee, University of Sydney

Increasing costs, stakeholder scrutiny and regulator intervention has prompted organizations to consider notions of environmental sustainability in capital investment decision-making. In this context, accounting tools are adopted and judgments are made to address tensions between the financial imperatives of the organization and desired strategic sustainability outcomes. This paper examines the role of both calculation and management judgment, focused on the extent to which sustainability is considered in capital budgeting decision-making processes. By exploring the meanings and self-interest ascribed by decision-makers, we emphasize patterns of interpretation and subsequent behaviour. To help understand these considerations, the paper adopts a case study approach across a single publicly listed organization. We find that cognitive and social processes associated with the trade-off between strategy, technical and financial imperatives have substantive impact on the extent to which sustainability is privileged. In determining desired sustainability outcomes, differences in individual interests and related perceptions of sustainability are important. Further, we suggest that the interest of decision-making actors is a potentially useful focus to analyse significant gaps in our understanding of the organizational challenges of sustainability.

**MARF06**

Chair : Marco Giuliani

Room : P501

**RE-THINKING AND RE-BALANCING RULES AND ROUTINES: A FRAMEWORK ON INSTITUTIONALIZATION PROCESSES IN MANAGEMENT ACCOUNTING**

Author : MARTIN QUINN, DUBLIN CITY UNIVERSITY

CF = Case / Field Study

Co-authors : Joao Pedro Oliveira, University of Porto

This paper addresses the ongoing debate about rules and routines in institutional theory, in particular the debate building on Burns and Scapens (2000). Their seminal contribution was used as one initial springboard to inform our interpretations of the processes of management accounting change in two case studies. However, we both separately encountered some vulnerability in Burns and Scapens' (2000) conceptualisations of rules and routines. We integrated our conceptualisations on rules and routines to build a distinctive, more detailed framework on the interactions of rules and routines, when compared to Burns and Scapens (2000). We thus propose a framework which explains how rules (as internal cognitive structures) and routine dimensions (ostensive and performative) interact to first embody a management accounting practice, which in turn may be repeated and, eventually, may become a routine. We thus draw a distinction between repeated practices and routines. The framework also considers a material dimension of rules (Volkoff et al, 2007).

**MARF06**

Chair : Marco Giuliani

Room : P501

**Performance Management System In Nursing Home Managing Organization: Comparing For-Profit Organizations And Social Welfare Corporations**

Author : YOSHITAKA SHIRINASHIHAMA, HITOTSUBASHI UNIVERSITY

CF = Case / Field Study

Co-authors : ,

*In this study I have made an interview for organizations managing nursing home. Organizations managing nursing home used financial indicators and operation rate irrespective of for-profit or non-profit, and the latter had no tendency of using performance indicator related to social mission of the organization. I made an observation on reasons why social welfare corporations are mainly using financial indicators and operation rate as for performance indicator.*

## TUESDAY

16:00-17:30

**MARF06**

Chair : Marco Giuliani

Room : P501

**Incorporating Belief System Into Diagnostic Control System: How Belief Lead Diagnostic Control Facilitate Learning At The Lower Management Level**

Author : NORIO SAWABE, KYOTO UNIVERSITY

CF = Case / Field Study

Co-authors : Sumitaka Ushio, Chukyo University

*This paper investigates the way in which a belief system is incorporated into a diagnostic control system of an organization, and how a belief incorporated diagnostic control system facilitates learning in the organization. We are informed by Simon's (1995b, 2000) levers of control framework. Specifically, we analyse the relationship between core values and management accounting system using a case study method. By doing so, we illustrate how diagnostic control system facilitate learning at the lower management level of an organization. Belief incorporated diagnostic control system both constrains and enables decisions and behaviour of lower managers. It constrains by limiting value criteria that should be attended while at the same time it enable lower managers to experiment and learn by creating dynamic tensions between competing values that should be balanced creatively at the situation. The findings of the paper show that a belief incorporated diagnostic control system enables fast and innovative actions to changing environments by facilitating learning at the lower management level. The findings offer an elaboration of the literature on dynamic tensions by showing how a particular type of dynamic tensions, ie., tentions between competing values, is created by a diagnostic control system.*

## TUESDAY

9:00-10:31

**MARF10**

Chair : Elsayad Samar

Room : P503

**Developing A Performance Measurement Model For Agricultural Extension Agents**

Author : AHMED ABDEL-MAKSOU, UNITED ARAB EMIRATES UNIVERSITY

IC = Interdisciplinary / Critical

Co-authors : Bahgat M. Abdel-Maksoud, Faculty of Agriculture, University of Assiut, Egypt

*The literature identifies agricultural extension as a core element of any development in agricultural systems worldwide. It emphasizes the importance of measuring the performance of extension agents as a key to improving the effectiveness of agricultural extension. This is an interdisciplinary study, combining management accounting with agricultural extension; its aim is to develop a performance measurement (PM) model for agricultural extension agents. The model identifies two main components: those of the agricultural extension organization and of the farmers. Each incorporates two aspects with various variables. The proposed model identifies causal relations among variables of the model's variables. We investigated the causal relations in our proposed model empirically in early 2011 at a local level in the governorate of Assuit in Egypt. Three groups of respondents totalling around 270 respondents were incorporated. Data were collected through personal interviews using structured questionnaire forms. Path analysis technique was applied. Overall, the empirical findings validate the causal relations envisaged in the proposed PM model. The proposed PM model overcomes shortcomings in previous PM for agricultural extension agents? criteria/models in agricultural extension literature. Our model is not just a theoretically proposed model, as the proposed causal relations amongst its variables are empirically investigated. The proposed PM model could be used as a schema for communicating strategy, planning, and controlling which contribute in achieving harmony/integrity across organizational levels. Also, the model would make apparent any lack of coordination or completeness. The contribution of this study emerges from the fact that it is better to examine the development and implementation of PM models across various disciplines to enhance understanding, recalling the contributions which management accounting might have for other disciplines.*

**MARF10**

Chair : Elsayad Samar

Room : P503

**Determinants Of Firms' Choice Of Periodic Profitability Analysis**

Author : JESPER BANGHOJ, COPENHAGEN BUSINESS SCHOOL

SU = Survey

Co-authors : Carsten Rohde, Copenhagen Business School  
Thomas Plenborg, Copenhagen Business School

Decision-makers need an optimal amount of information to make the best possible decisions. The relevant literature generally states that decision makers can suffer from two kinds of information overload: self-imposed and organizationally induced. This paper shows that there are indications of a third kind of information overload that can affect decision quality, which is caused by the supplier of the information and is described here as "strategic information overload." The reporter can deliberately overload the decision maker in order to reduce decision quality, thereby impairing the decision maker's performance and gaining a personal benefit. The paper proposes a theoretical model and uses a Monte Carlo simulation to illustrate the effects of strategic information overload in a repeating investment decision scenario. This study also shows that the reporter's ability to learn increases his or her potential benefit and reduces the decision maker's performance significantly. The proposed interaction between strategic information overload is a new addition to the existing literature. The results of Monte Carlo simulation show that in such cases, the reporter benefits from the decision maker's overconfidence. Conversely, the reporter may be negatively affected by incorrect decisions if his or her reward is linked to the decision maker's performance.

**MARF10**

Chair : Elsayad Samar

Room : P503

**Global Financial Crisis, Cost Management Tools And "green" Product Development: An Exploratory Study In Italy**

Author : RICCARDO GIANNETTI, UNIVERSITY OF PISA

SU = Survey

Co-authors : Alessandro Marelli, University of Teramo

An exit strategy from the global financial crisis can be also identified in the sustainable development of "green" innovation, as it can generate economic, environmental and social positive impacts. The literature on performance measurement in Research and Development (R&D) has included topics such as the selection of indicators best suited to R&D activities, the choice of the performance dimensions, and the organization of metrics. In this paper, the role played by cost management tools in new product development (NPD) activities is studied. This paper is based on a survey of 65 companies working in Italy. The sample has a small dimension but it is interesting because as a reaction to the economic slowdown, in Italy firms have modified their strategies to deal with increased competition and price stagnation, hence even a small size can be helpful in understanding the emerging strategies. The study shows how firms respond to the global financial crisis by developing new green products and services mainly in order to satisfy needs of loyal customers, acquire new customer in the same market and increase profitability of sales. The findings show a significant strategic orientation towards sustainability and a considerable implementation of cost management tools on development activities focusing on Activity-Based Costing/Management and Life Cycle costing. Other contextual factors are tested to highlight the possible significance of relationship with cost management tools in NPD.

**MARF10**

Chair : Elsayad Samar

Room : P503

**Changes In Management Accounting Systems: The Importance Of The Local Context**

Author : TAREK CHANEGRIH, CAEN / IAE MANAGEMENT SCHOOL

SU = Survey

Co-authors : ,

This study combines the quantified cultural values of Hofstede (1980, 1991, 2001) with consideration of France's historical, sociological and institutional background to investigate the volume of MACS changes, and their location, nature, and perceived success. It compares changes observed in France, Canada, Malaysia and Singapore. The study highlights significant differences between these countries. The first contribution of this paper is the explanation of these differences by historical, sociological, economic, institutional and cultural factors. The results show that to better understand similarities and differences, researchers should combine Hofstede's cultural dimensions with analysis of the historical, sociological and institutional background of their focal countries. Furthermore, the frequency of changes observed in MACS questions the degree of coherence and consistency of Hofstede's framework (1980, 1991, 2001), and this is the second contribution of this research.

**MARF10**

Chair : Elsayad Samar

Room : P503

**Operational Performance Indicators, Innovative Managerial Practices, Advanced Manufacturing Technologies And Operational Staff Involvement In Firms: An International Comparative Analysis**

Author : MAGDY ABDEL-KADER, ANGLIA RUSKIN UNIVERSITY

SU = Survey

Co-authors : Ahmed Abdel-Maksoud, United Arab Emirates University

*It is argued that developments in the design of performance measures should be examined across various disciplines to enhance management accountants' understanding of the role other disciplines play in the development and implementation of performance measurements as well as the potential contribution management accounting would have for other disciplines. The importance of operational non-financial performance indicators ONFPs has been highlighted in relation to the deployment of innovative managerial practices (IMPs) and advanced manufacturing technologies (AMTs). On the other hand, the human resource literature argues that the level of importance of ONFPs is not new. This interdisciplinary study aims to investigate whether the levels of importance of ONFPs are ascribed to the deployment of IMPs/AMTs or to shop-floor (SF) involvement, i.e. human resource, in manufacturing firms in three countries, UK, Japan and Egypt. The results of our large scale surveys generally support the existence of significant bilateral relationships between levels of importance of ONFPs and levels of deployment of IMPs / AMTs and extent of SF involvement. However, the study provides unequivocal evidence of the strength of the relationship between IMPs deployment and level of importance of ONFPs, more interestingly, such strong relationship remain unchanged even when tested in different country context.*

## TUESDAY

14:00-15:30

**MARF11**

Chair : Benjamin Dreveton

Room : P503

**Effects Of Management Control Mechanisms: A Holistic Analysis**

Author : SEBASTIAN GOEBEL, UNIVERSITY OF GIESSEN

SU = Survey

Co-authors : Barbara E. Weißenberger, Giessen University

*Recently, there has been an increasing number of calls to examine management control systems from a more holistic and integrated perspective in order to avoid potential spurious findings of individual control mechanisms analyses. However, empirical studies on this topic are still scarce. Our study contributes to current management control literature by analyzing distinct relative effects of alternative management controls on organizational level outcomes. More specifically, we examine how different management control mechanisms are related to control system effectiveness and organizational commitment and how these two outcomes subsequently affect overall organizational performance. Based on a cross-sectional survey among 295 senior management accountants, our results suggest that particularly more informal control mechanisms are strongly associated with beneficial outcomes. We can therefore support the growing importance of informal means of control as fundamental elements in contemporary organizations.*

## TUESDAY

14:00-15:30

**MARF11**

Chair : Benjamin Dreveton

Room : P503

**Chief Executive Personality And The Use Of Control In Small Firms: The Role Of The CEO's Internal Locus Of Control**

Author : NORA HAAS, VIENNA UNIVERSITY OF ECONOMICS AND BUSINESS

SU = Survey

Co-authors : Gerhard Speckbacher, WU Vienna/Institute for Strategic Management and Management Control

*Existing research has shown that CEO personality plays an important role particularly within relatively small firms. This paper analyzes how the CEO's locus of control – i.e. the individual belief to have a great degree of control over personal fate – influences his/her use of controls to influence the behavior of subordinate managers and employees. Drawing on the upper echelons perspective we argue for an association between CEO personality and the types of control mechanisms used. While arguing for a high influence on delegation, subjective performance evaluations, control tightness, cultural control and personnel control, we expect no significant impact on objective performance evaluation or the degree of formalization. Our hypotheses were tested using survey data from a sample of small manufacturing firms.*

MARF 1

Chair : Benjamin Dreveton

Room : P503

**Ceo Duality, Tmt Composition & Management Control In Low-Risk And High-Risk Taking Firms**

Author : SANDRO KUERSCHNER, UNIVERSITY OF ZÜRICH

SU = Survey

Co-authors : ,

Research on the impact of the top management team (TMT) on management control systems is scarce. Upper-echelons theory and attention-based theory promise to facilitate theory building in this stream of research. This study aims to shed some light on the relationship between the TMT composition and the configuration of the management control system. The power-structures-biasing impact of CEO duality is also considered in this study. Survey data from 97 companies is used together with publicly available data to empirically answer the question whether CEO duality and TMT composition do affect the setup of the management control systems or not. Results show that dual CEOs use their power to limit the rational approach to forecasting and budgeting, but on the other hand facilitate an efficiency orientation of management control. This efficiency orientation is also supported by certain TMT compositions, however, these TMT compositions also positively influence the rational approach to forecasting and budgeting. Nearly all found relationships are moderated by the risk-taking orientation of firms. Therefore, it is recommended to always include risk-taking as moderating variable.

TUESDAY

14:00-15:30

MARF 1

Chair : Benjamin Dreveton

Room : P503

**Management Control Systems As Drivers Of The Relationship Between Internationalization And Organizational Performance. An Empirical Analysis.**

Author : JACOBO GOMEZ CONDE, AUTONOMOUS UNIVERSITY OF MADRID

SU = Survey

Co-authors : Ernesto Lopez-Valeiras, University of Vigo  
Maria Beatriz Gonzalez-Sanchez, University of Vigo

Several previous studies argue that existing research examining the link between internationalization and performance has overlooked potential intermediate variables. In this sense, an inadequate control of the relationship with foreign companies can impair performance of international operations. Therefore, there is the need to adopt management tools to build and improve these relationships. Hence, management control systems (MCS) providing information both internal and external becomes a tool that potentially could enable internationalization to generate competitive advantage. This paper aims to provide a better understanding of the nature of this relationship. Information was collected through a survey data gathered from senior managers of 231 firms with ten or more employees. The use of diversity MCS is considered as an overall measure that comprises three individual control systems widely used in practice. The results reveal support for the research question suggesting that diversity of MCS mechanisms help to facilitate the impact of internationalization on organizational performance.

TUESDAY

14:00-15:30

MARF 1

Chair : Benjamin Dreveton

Room : P503

**Do Pms Enhance Firm Performance In Family Firms: A Resource Based View**

Author : ANN JORISSEN, UNIVERSITY OF ANTWERP

SU = Survey

Co-authors : Parichart Maneemai, University of Antwerp  
Wim Voordekkers, Hasselt University  
Eddy Laveren, University of Antwerp

Through a resource-based view lens we analyze whether the use of nonfinancial performance indicators (NFI) is positively associated with the performance of family firms. So far contingency based studies on performance measurement systems (PMS) provided mixed evidence with regard to the association between the use of NFI and firm performance. A number of authors found a positive association between the use of NFI and firm performance (e.g. Hoque and James, 2000; Said et al., 2003; Smith and Wright, 2004; Grafton et al, 2010), whereas other authors did not find this positive association (e.g. Ittner et al., 2003; Perera et al., 1997). Most studies so far, analysed the relationship between NFI and firm performance without taking into account a firm's capabilities and resources, which are related to a family's influence on the firm, present in the firm. Since the results of these PMS studies are mixed, a number of authors have launched a plea to explore more in depth which control systems attributes (whereby PMS with NFI are a control system attribute) influence outcomes at organizational level (Chenhall, 2003; Bisbe and Otley, 2004; Hall, 2008; De Geuser et al., 2009). In response to this call, this study sets out to examine whether unique family resources and capabilities might make NFI less relevant in the context of a family firm to enhance firm performance. With this research focus, we also respond to the call for more research on accounting and accounting practices in family firms (Salvato and Moores, 2010; Gnan et al., 2011; Prencipe et al., 2011). Using the level of family involvement as a proxy for a family firm's unique resources (being tacit knowledge and social capital), we examine whether the relationship between the use of NFI and firm performance is moderated by the level of family involvement in the firm. Using survey based data from Thai manufacturing firms, we find that internally oriented nonfinancial performance indicators (internal business processes, innovation and organizational learning) are positively associated with firm performance in nonfamily firms as well as in all types of family firms. With regard to the more externally oriented customer performance indicators, the results provide evidence that in the context of 100% family owned firms with a family CEO, customer related performance indicators are not significantly associated with firm performance. This finding can be explained by the fact that a family's tacit knowledge and social capital which governs the relationship between the family firm and its customers includes enough valuable information on this relationship, so that the additional value of the information embedded in the more formal customer-oriented performance indicators is less relevant in the context of fully family owned and family managed firms than in the context of a nonfamily firm or a family firm with less family involvement.

**MARF 12**

Chair : Mohamed Elbashir

Room : P503

**Some Evidence On Management Control System Choices Based On A Transaction Cost Theory Approach**

Author : ZOLTAN MATOLCSY, UNIVERSITY OF TECHNOLOGY SYDNEY

SU = Survey

Co-authors : Francesco Giacobbe, University of Technology, Sydney  
James Wakefield, University of Technology, Sydney

This paper provides evidence on Speklé's (2001, 2003) transaction cost economics based approach to management control system choices. We have chosen the setting of head office control of wholly owned foreign subsidiaries. The two testable implications which we provide evidence on are (1) that there are a number of distinct management control systems (archetypes) and (2) the choice of management control system is driven by the activity traits of a firm. Our case study based on five firms and our survey evidence based on 167 firms, confirms the existence of different management control system archetypes, but we only find limited support for the association between management control system choices and activity traits as predicted by transaction cost economics. Our results are robust based on further testing conducted.

## TUESDAY

## 11:00-12:30

**MARF 12**

Chair : Mohamed Elbashir

Room : P503

**Exploring The Marketing/accounting Interface: Is Customer Accounting Information Integrated In The Organizational Architecture?**

Author : PAOLO PEREGO, ERASMUS UNIVERSITY ROTTERDAM / ERIM

SU = Survey

Co-authors : Massimiliano Bonacchi, University of Naples "Parthenope"

This paper reports the results of an international Web-based survey appraising the impact of customer accounting on organizational architecture. Using a sample of customer-centric firms for which customer information is supposed to be available, we explore how the relationships between marketing and accounting influence a firm's organizational architecture and ultimately affect the value creation process. Our preliminary findings indicate that performance measurement systems are increasingly embracing the use of customer lifetime value and other advanced customer metrics. However, we find evidence of a weak integration of these metrics in compensation and incentives systems. The structure of decision-making authority in the firms examined further shows a propensity to formally appoint an ad-hoc organizational unit in charge of customer accounting information, yet the ownership of these data rarely resides by the Accounting or Finance function.

## TUESDAY

## 11:00-12:30

**MARF 12**

Chair : Mohamed Elbashir

Room : P503

**Strategic Priorities And The Use Of Subjectivity In Incentive Contracts**

Author : SARA POHLMANN, MUNICH LUDWIG-MAXIMILIANS UNIVERSITY

SU = Survey

Co-authors : ,

This paper examines the relationship between strategic priorities and subjectivity in incentive contracts. In particular, I study the relation between pursuing different differentiation strategies or pursuing a joint strategy (i.e., a strong focus on both cost leadership and differentiation strategies) and the use of three different types of subjectivity: subjective performance measures, subjective weighting and discretion. Analyses of survey data of 156 firms reveal that the identified differentiation strategies are all positively associated with the use of all three types of subjectivity. However, as an additional low cost strategy is followed, the picture changes: Firms following a joint strategy are associated with a decreased use of subjective weighting and discretion, depending on the particular joint strategy combination. In particular, firms following a 'quality/service - low cost' joint strategy combination are associated with a decreased reliance on subjective weighting. Likewise, firms following a 'flexibility - low cost' joint strategy combination are associated with a decreased use of discretion. Even though it has been argued that subjectivity is particularly useful in complex situations, where managers need to adapt to changing conditions, it seems that the multiple, potentially conflicting goals inherent to joint strategies require the clarity and explicitness associated with more objective and formulaic reward systems.

**MARF 12**

Chair : Mohamed Elbashir

Room : P503

**The Use Of Financial Incentives In Smes**

Author : SOFIA LOURENÇO, ISEG SCHOOL OF ECONOMICS AND MANAGEMENT

SU = Survey

Co-authors : ,

Despite the importance of SMEs in the economy, both in terms of employment and value created, management accounting research in SMEs has been sparse (Mitchell and Reid 2000). Other authors have studied the adoption of MCS and the use of HR practices in early stage/startup companies (Davila and Foster 2007), but no evidence has been collected on the use of financial incentives on managers' compensation schemes. Hence, I contribute to the literature by characterizing the use of financial incentives, defined as a percentage of the total compensation, and the use of performance metrics used on those financial incentives. Using data from 1,438 questionnaires answered by CEOs and CFOs of SMEs in a European country, I find evidence that firms that adopt financial incentives are younger; have better performance; are more often funded by venture capital and use more management control systems. When I restrict my sample to companies that use financial incentives, I find that individual performance is associated with the percentage of incentives in total pay. Surprisingly, I also find that family own companies use incentives to a greater extent. My data shows that the majority of the respondents have an incentive scheme that includes an evaluation by their supervisors. I also find that the measures more widely used in the incentive scheme are Sales and Net Income, and the least used are EVA and ROE. Finally, I find nonfinancial measures to be used as complements to financial measures.

**MARF 12**

Chair : Mohamed Elbashir

Room : P503

**Accounting Indicators And Measurement Of Intellectual Capital: An Application**

Author : STEFANIA VELTRI, UNIVERSITY OF CALABRIA

EX = Experimental

Co-authors : Antonella Silvestri,

The purpose of this study is to improve the value added intellectual coefficient (VAICTM) method, the most widely method used to measure the firm's efficiency in measuring intellectual capital, after having illustrated its main limitations. The paper illustrates VAICTM method and critically analyzes the modalities followed in building the indicator, with the aim to underline the main shortcomings in using it, especially in econometric regressions testing the association among IC and firm performance. Moreover, the article tries to overcome the VAICTM limits introducing appropriate corrections in its formulation (interacted VAICTM), in order to consider both direct and indirect effects of human capital. Furthermore, the paper tests how basic and interacted VAICTM correlates with a company's stock market value, by applying VAICTM and interacted VAICTM to a sample of companies and comparing the effectiveness of the two methods. This is one of the first rigorous scientific analysis concerning a widely used method in measuring intellectual capital. Furthermore, the paper proposes an extended VAICTM formula to take into consideration the synergies between the IC subcategories in order to create value. The analyses suggest that the basic VAICTM suffers of many limitations and that researchers could achieve more significant results using the extended VAICTM method to measure intellectual capital.

**MARF 14**

Chair : Mircea Epure

Room : P503

**The Valuation Implications Of Over-Production Under Inventory Accounting Standard Reform**

Author : CHIH-WEI PENG, NATIONAL CHANGHUA UNIVERSITY OF EDUCATION

EA = Empirical Archival

Co-authors : ,

A inventory management system reform, the U. S. Statement of Financial Accounting Standard No. 151, stipulate that firm should recognize idle facility expenses when it's actual production is lower than its normal level. Using a sample of U.S. manufacturing firms during the period 2002-2009, this study indicates that after the adoption of SFAS No. 151, the number of firms engaging in opportunistic over-production experiences in the current period declines with regard to their future accounting performance. In addition, this study further indicates that financial analysts are aware of this phenomenon and appropriately reduce their forecasts of future earnings per share (EPS) after the adoption of SFAS No. 151.

MARF 14

Chair : Mircea Epure

Room : P503

**Decision Making In Accounting Environment: Implications To Developing Management Control Systems In Brazil**

Author : ANA MARIA ROUX CESAR, MACKENZIE PRESBYTERIAN UNIVERSITY

EA = Empirical Archival

Co-authors : Roberto Coda, University of São Paulo

*This study examines the effect of systematic information search and social affective factors on two distinct dimensions of the decision making process when the decision is related to budget levels: the rational decision and the expertise. A model based on economic and cognitive approaches for the analysis of decision making is proposed. The model was tested using structural equation modeling and data were collected from a sample of 93 large Brazilian companies. The study's findings support the proposed model and it also confirmed the results found in the qualitative phase of the research. The decisions in accounting environment are not completely rational, as it was expected. Social influence is part of both the rational decision and the expertise decision. The systematic information search is not applied in all decision situations. Implications of the results are discussed, providing subsidies for the development of management control systems.*

MARF 14

Chair : Mircea Epure

Room : P503

**The Function Of Management Control System On Environmental And Economic Performance In Environmental Supply Chain Management**

Author : SATOKA YAMANE, TOKYO UNIVERSITY OF SCIENCE

EA = Empirical Archival

Co-authors : ,

*The aim of this study was to examine the function of the Management Control System including environmental matters on environmental and economic performance in Environmental Supply Chain Management (hereinafter referred as ESCM). This research framework is characterized by applying Inter-Organizational Relationship theory to ESCM and its performance. Using survey data from Japanese manufacturing and retail companies, the empirical study suggests that a specific application of MCS including environmental aspects influence ESCM performance. More specifically, (i) the function of MCS like information quality and information sharing influence improving system, technology, business performance of ESCM, (ii) trust as inter-organizational control influences improving market performance of ESCM, (iii) MCS as hard control and trust as soft control function simultaneously to execute ESCM strategy and it will lead to improve market performance of ESCM, (iv) intra-organizational control like cross-functional coordination is the supportive driver of ESCM, (v) the recognition of basic strategy including fundamental factors like quality, cost, delivery, risk influence all ESCM performance, (vi) not only the recognition of strategy but also the stance for ESCM has impact ESCM performance, especially the stance of leading industry has relation with system performance of ESCM, and the stance of prioritizing its company has relation with market, technology performance of ESCM.*

MARF 14

Chair : Mircea Epure

Room : P503

**Contingency Variables, Performance Management Practices, And Organisational Effectiveness In Non-Profit Sector**

Author : BILLY WADONGO, UNIVERSITY OF BEDFORDSHIRE

SU = Survey

Co-authors : Magdy Abdel-Kader, Anglia- Ruskin University

*Performance measurement research in private and public sector has received much attention; however, empirical studies on performance management in the non-profit sector remains scarce. To address this gap, this study proposes and validates a model that explains the relationships between contingency variables, performance management practices, and organisational effectiveness in non-profit organisations using structural equation modelling approach. This study utilised a quantitative research approach involving a cross-sectional survey of 248 NGOs in Kenya. The results reveal that among the contingency variables, strategic orientation is significantly related to comprehensive performance management practices and organisational effectiveness in nonprofits. Among the performance management variables, performance planning, performance targets and performance rewards are significantly predict organisational effectiveness domains. Furthermore, performance management practices mediate the relationship between several contingency variables and organisational effectiveness. However, organisational size was not significantly related to performance management practices and organisational effectiveness. To successfully implement and benefit from the PM system NPOs need to address fit between contingency factors and PM system components. The researchers believe that there is need for further empirical research in this area to generalise the findings.*

**MARF05**

Chair : Rafael Heinzelmann

Room : P501

**Creditable Behaviour? The Intra-Firm Management Of Trade Credit**

Author : SALIMA PAUL, PLYMOUTH UNIVERSITY

CF = Case / Field Study

Co-authors : Rebecca Boden, Roehampton University

*This paper explores the reasons for the apparent failure of many UK firms to achieve the competitive advantages indicated in largely positivist literature through the management of their trade credit positions. It utilises data from a set of semi-structured interviews with trade credit managers in firms and is the first substantial qualitative study of the intra-firm aspects of trade credit management in the UK. Through this approach, we explore the reasons why the theoretical promise of trade credit may or may not be realised. The principal findings relate to the importance of three organisational attributes (skills/awareness, communication and structural position of the activity in the firm). That is, trade credit management should be regarded as a relational activity and not merely a narrow technical function. The paper finds that there is no generic formulation of these attributes that can deliver on the promise of trade credit identified in the extant literature. Rather, individual firms must adapt themselves to suit their circumstances.*

## WEDNESDAY

## 9:00-10:30

**MARF05**

Chair : Rafael Heinzelmann

Room : P501

**Understanding The Development Of An Enabling Pms: A Knowledge-Based Perspective**

Author : BERTRAND MASQUEFA, UNIVERSITY OF NICE-SOPHIA ANTIPOLIS

CF = Case / Field Study

Co-authors : ,

*This paper aims at studying the development of a performance-measurement systems by financial controllers as an enabling device to improve their work. The paper builds on ideas of knowledge search and transfer [e.g. Hansen, M. T. (1999) The search-transfer problem: The role of weak ties in sharing knowledge across organization subunits. Administrative Science Quarterly, 44, 82–111] on rules of interactions within triadic arrangements [Heider, F. (1958) The Psychology of Interpersonal Relation. John Wiley & Sons] on conflict escalation within formal organizations [Smith, K. K. (1989) The movement of conflict in organizations: The joint dynamics of splitting and triangulation. Administrative Science Quarterly 34, 1-20] and on uncertainty-reduction mechanisms [Berger, C. R., Calabrese, R. J. (1975) Some explorations in initial interaction and beyond: Toward a developmental theory of interpersonal communication. Human Communication Research 1, 99–112]. The empirical context entails an action research conducted at the research and development site of a multinational company. The author finds that knowledge is central to the development of an enabling PMS. The study points out that knowledge-related behaviors and attitude were embedded in interpersonal relationships. Adoption of an enabling PMS at the macro-organizational-level can be understood as emerging from interactions at the micro level. Consistent interpersonal patterns across nine Development divisions support this claim.*

## WEDNESDAY

## 9:00-10:30

**MARF05**

Chair : Rafael Heinzelmann

Room : P501

**Measuring And Managing The Performance Of The Intellectual Capital Based Business Model Through Causal Maps**

Author : CHRISTIAN NIELSEN, AALBORG UNIVERSITY

CF = Case / Field Study

Co-authors : Marco Montemari, University De Marche  
Morten Lund, Aalborg University

*This paper investigates the measurement and the management of the dynamic aspects of intellectual capital through the use of the causal mapping tool. The study details the methods utilized in a single in-depth case study of a network of companies involved in the development of a location data project and the associated management of intangible resources. In conducting its observations, the paper shows that the causal mapping tool can be used to understand how intellectual capital really works in the specific business context in which it is deployed. Moreover, exploiting the causal map as a platform for detaching a set of indicators can provide information on the length of the lag and the persistence of the effects of managerial actions. The paper highlights the need to build causal maps to enhance the measurement and management of intellectual capital dynamism. As a consequence, this tool can be useful for companies to monitor their intangibles and to better understand the contribution of their intellectual capital to the value creation process. The paper openly questions the measurement of the fluid and dynamic aspects of intellectual capital. It proposes a tool in order to govern these aspects and it suggests that also the existing intellectual capital measurement systems can improve their usefulness by including these dimensions. So a shift in intellectual capital measurement is prescribed.*

**MARF05**

Chair : Rafael Heinzelmann

Room : P501

**the Role Of Dialogue Between Senior And Ground Managers Mediated By Macs**

Author : ÜLLE PÄRL, ESTONIAN BUSINESS SCHOOL

CF = Case / Field Study

Co-authors : ,

Contemporary IT systems allow everyone to work together in a company to achieve its business strategy (Baldvinsdottir et al., 2009). The aim of this paper is to broaden our understanding of the cooperation between the senior level and ground level in the organisation by using management accounting and control systems (MACS). Habermas (1981) argues in favour of the need for 'ideal speech situations' in fostering both understanding and a humane collective life. Based on 'ideal speech situation' (Habermas, 1981) or dialogical communication (Buber, 1958; Botan, 1997; Johannesen, 1971, 1996; Lotman, 2005), we argue that to compete successfully in a rapidly changing environment, both senior managers and ground-level employees need to have a better understanding of processes and thoughts originating at opposite ends of the organisational hierarchy. The main contribution of this research is to observe senior and ground-level managers together to analyse and understand their interaction in the dialogue mediated by MACS. This study provides an example of how dialogues by MACS work (or do not work) in one organisation, and based on the research, it stresses some topics connected with the role of dialogue.

**MARF05**

Chair : Rafael Heinzelmann

Room : P501

**Institutional Entrepreneurship and Management Accounting Change in a Portuguese Government Agency**

Author : LUIS PIMENTEL, LISBON UNIVERSITY INSTITUTE (ISCTE)

CF = Case / Field Study

Co-authors : Maria Major, Lisbon University Institute - ISCTE

This paper relates to an investigation concerning a case study in a specific Portuguese government agency. Based on the concept of institutional entrepreneurship and on the role of an individual actor as change agent, this research draws on the model of the process of institutional entrepreneurship (Battilana et al., 2009). In this organization a deep change process occurred. Consequently, a new management model and several innovative management accounting frameworks (among others, a quality programme, a balanced scorecard and a strategic plan) were implemented. This divergent process was developed by an institutional entrepreneur who initiated, implemented and triggered the change process. Later this change process involved the whole organization, and thus it became consolidated and rooted in the organization. This case study showed the importance of other characteristics and factors relevant to divergent change implementation (and to institutional change) that were not visualized in Battilana et al.'s model (2009): i) actors' organizational and structural capabilities – social skills and symbolic power; ii) communication; iii) cooperation; iv) motivation. This is the main contribution of the paper. But it also contributes to reduce some gaps identified in literature. The case study is an individual and intra-organizational study, the process evolved to a collective change process, used texts and language to a great extent, and emphasized communication and motivation.

**MARF07**

Chair : Andreas Offjan

Room : P501

**Exploring Management Accounting Change In Polish Companies**

Author : TOMASZ WNUK-PEL, LODZ UNIVERSITY

CF = Case / Field Study

Co-authors : ,

Based on management accounting change model the paper aimed to explore, in the form of case studies, factors influencing management accounting change and to contribute to more general understanding of the change context. The focus was on activity-based costing implementation. On the basis of the empirical study, the accounting change model of Kasurinen (2002) was tested in four case organizations and proved its relevance for explaining forces influencing change in management accounting systems. This means that the model may be used (with caution) especially at the early stages of the implementation process in terms of explanation of the change context in management accounting in general and activity-based costing in particular. The research shows that companies considering implementation of ABC should be aware of the positive factors (motivators, catalysts and facilitators) and also negative factors (barriers) conditioning the process of implementation. They should also consider that the existence of leaders and momentum for change is necessary for the change to occur.

**MARF07**Chair : *Andreas Offjan*Room : **P501****Institutionalising Management Control: A Field Study Of Financial Accountability And Quality Management As Anchor Practices**

Author : THOMAS AHRENS, UNITED ARAB EMIRATES UNIVERSITY

CF = Case / Field Study

Co-authors : ,

*A key question for accounting and control research is how accounting and control practices can act upon other organisational and social practices. This paper draws on Swidler's (2001) notion of "anchor practices" to suggest that the financial accountability and quality management practices of a German retail bank anchored much of its managerial activity. Anchor practices define fundamental social entities, lie at the heart of antagonistic social relationships, and are highly visible. Field material is presented to suggest that financial accountability and quality management practices provided managers with strategies of action that structured many of their various activities over many years and through radical organisational change.*

**MARF07**Chair : *Andreas Offjan*Room : **P501****Formalization Of Management Control System In Venture Capitalist Context**

Author : HENRI TEITTINEN, UNIVERSITY OF JYVASKYLA

CF = Case / Field Study

Co-authors : Jukka Pellinen, Jyväskylä University, School of Business and Economics  
Marko Jarvenpää, Jyväskylä University, School of Business and Economics

*Our study illustrates how implementation of formal management control systems have been perceived at business unit level. We have explored the implementation of formal management control systems in the venture capitalist context in 13 business units in one fast growing metal industry company. Implementations of companywide uniform control package will start immediately after the every new business unit acquisition. The intention of top management was that the quick implementation process will largely replace the existing forms of management control with the company wide uniform and fundamentally formal control system. In the analysis of the field material we have used the framework of Adler & Borys (1996). As results we have categorized the factors of formalization for management control systems.*

**MARF07**Chair : *Andreas Offjan*Room : **P501****When Risks Become Reality: What Can We Learn? Studying the Control of Different Types of Risks Once They Materialized.**

Author : JOHANNES TEKATHEN, EBS BUSINESS SCHOOL

CF = Case / Field Study

Co-authors : *Matthäus Tekathen, EBS Business School*

*Risk continues to materialize despite all efforts put into risk management. Generally attributed to risk management failures, we are interested to investigate closer the control of materialized risks. For this we engage into a case study on the control of materialized risks by an entrepreneur in two organizational settings following the risk typology of Kaplan and Mikes (2012). We identify two phases of control: first an ad-hoc phase, which copes with the faced situation and second a corrective action phase, which relates to what is currently regarded as risk management practices. Our study results into three findings: first, we identify that the contingency of risk type disappears in the moment a risk transforms into a reality. Second, with the case study we problematise that risk management's conceptual link from fiction to action counteracts the entrepreneurial approach found. Third, our case insights reveal that the entrepreneur prefers facts over fiction. Materialized risks become reality and thereby certain events to be treated. This transition makes them tangible, allowing for their control. Based on that we discuss that the intuitive premise of risk management is challenging to practice as it requires cognitive boundary breaking. With that we argue to re-think risk management and point towards an inherent limit of risk management: the limit of managing risk with certainty.*

**MARF07**Chair : *Andreas Offjan*Room : **P501****The Consumption Of Performance: Conflicting Frames, Stories And Accounting Signs In Museums**

Author : ANDREAS SUNDSTRÖM, STOCKHOLM UNIVERSITY

CF = Case / Field Study

Co-authors : *Matti Skoog, Stockholm University - School of Management*  
*Martin Piber, Innsbruck University*

*In most cases the performance of a cultural organization or a cultural event is difficult to define: Is it the private enjoyment of art-lovers in a concert or a museum? Is it a contribution to the professional art community, the satisfaction of visitors, or the generated revenues? Or, are the visitor numbers the key issue? The aim of this paper is to understand how performance is understood, interpreted and accounted for in relation to different frames at stake in culturally driven organizations. The study is framed in a qualitative research design based on interviews with different professionals and managers in two museums in Austria and Sweden. Basically, both cases are understood as examples of their own. Nevertheless, they are situated in similar societal contexts, enabling to reason about the public governance of cultural institutions in general and different frames of acting in particular. As we have illustrated in the case of the museums, there are multiple different frames at work in the understanding of performance. For a more detailed conceptualization and analysis of these different frames – as well as implications of the fact that there are multiple frames – we will develop a theoretical framework with reference to the 'worlds' in Boltanski and Thévenot's (2006) 'economies of worth'. From six different moral philosophers Boltanski and Thévenot develop six 'worlds', each of which has its own laws and understandings of what is valuable.*

WEDNESDAY

14:00-15:30

**MARF08**Chair : *Jeremy Morales*Room : **P501****Benchmarking For Routines And Organizational Knowledge**

Author : MIRCEA EPURE, POMPEU FABRA UNIVERSITY

EA = Empirical Archival

Co-authors : ,

*This paper scrutinizes firm outcomes and their relationship with organizational routines from management and accounting perspectives. It starts from best practice benchmarking and proposes a dynamic model that steps into the micro-foundations of firm routines to study changes in performance and link them to the corresponding shifts in organizational knowledge investments. The usefulness of the research design is illustrated via a profit-oriented analysis of the U.S. technology industry during 2000-2011. Employed indicators include frontier analysis measures that provide benchmarking information jointly with accounting ratios and proxies for knowledge investments. Findings reveal that industry revival following economic distress comes along with wider gaps between best and worst performers. Second stage analyses show that increasing intangibles stocks is positively associated with fixed target benchmarking, while enhancing R&D spending is linked with local frontier progress. The discussion also develops managerial interpretations of the benchmarking measures that are suitable for incentives and control mechanisms.*

WEDNESDAY

14:00-15:30

**MARF08**Chair : *Jeremy Morales*Room : **P501****Performance Consequences Of Rating Compression And Rating Leniency: The Role Of Relative Team Performance Feedback**

Author : YU-LIN CHEN, CHUNG YUAN CHRISTIAN UNIVERSITY

EA = Empirical Archival

Co-authors : ,

*Few empirical works have examined the performance implications of rating leniency and rating compression, and they have not any widely accepted conclusions. This study investigates the relative team performance feedback as an important contextual factor affecting the leniency effects and compression effects in subjective performance evaluations. This research employs unbalanced panel data analysis and shows several key findings. First, lenient ratings can improve performance when providing relative moderate and high team performance feedback to subordinates. However, lenient ratings can deteriorate performance when providing relative low team performance feedback to subordinates. Second, compressed ratings can decrease performance when providing relative high team performance feedback to subordinates, and when providing relative low team performance feedback to below-average performers. However, compressed ratings can increase performance when providing relative moderate team performance feedback to subordinates, and when providing relative low team performance feedback to above-average performers.*

**MARF08**

Chair : Jeremy Morales

Room : P501

**Firm Performance, Firm Characteristics, And Executive Compensation In Banking Industry**

Author : YINGFEN LIN, NATIONAL DONG HWA UNIVERSITY

EA = Empirical Archival

Co-authors : Li Jin Huang, National Dong Hwa University  
Yuan Ping Liao, National Dong Hwa University

*This study investigates the impact of relative performance, institutional investors, and operational stability on executive compensation of listed banking companies in Taiwan. The results show that relative performance has a positive effect on executive compensation. The higher the level of ownership government and financial institutions have, the more effective they will be in monitoring executives, and minimizing additional costs shareholders have to shoulder for compensation packages for managers. Higher Bank of International Settlement ratios and coverage ratios for the allowance for uncollectible accounts pertain to better stability, denoting appropriate managerial decisions made by executives and result in higher executive compensation. Keywords: executive compensation, relative performance, institutional investors, industrial characteristics, banking industry*

**MARF08**

Chair : Jeremy Morales

Room : P501

**An Empirical Analysis On The Incidence Of Firm Long Term Strategy Of Efficiency And Tactical Flexibility On Cost Stickiness Behavior**

Author : JOSEP ARGILES, BARCELONA UNIVERSITY

EA = Empirical Archival

Co-authors : Angel Berbegal, Universitat de Barcelona  
Josep García-Blandón, IQS, Universitat Ramon Llull

*This study performs an empirical analysis on the incidence of the strategies of efficiency and tactical flexibility on long term firms' behavior of cost stickiness. The tradeoff between efficiency and flexibility is an enduring postulate in management literature. There is a competition over firm's scarce resources between flexibility and efficiency. In this study we focus on tactical flexibility and efficiency as the second pole of firm long term strategy. We use a sample of industrial firms with at least 20 years of data in COMPUSTAT. We start with 37,730 year data observations and identify 140 firms with sticky cost behavior in the whole period and 608 firms with no stickiness. We find empirical evidence that firm long term strategies of efficiency and tactical flexibility significantly influence cost stickiness. The higher the volatility of sales when activity increases, the higher the pattern of cost stickiness of firms. Given that resource adjustment hinders the ability of firms to meet future increases in demand, in the long term firms with the strategic objective of tactical flexibility tend to apply lower adjustment of resources when activity decreases. We also find that the strategic aim of pursuing efficiency apply greater resource adjustment when activity decreases in the long term. They avoid maintaining slack resources despite it may curtail to take advantage of future opportunities.*

**MARF08**

Chair : Benoit Gérard

Room : P501

**How Ceos Affect Financial Transparency In An Emerging Market?**

Author : EILEEN CHIA-LING LEE, NATIONAL CHUNG CHENG UNIVERSITY

EA = Empirical Archival

Co-authors : Chien-Min Kevin Pan, National Chung Cheng University  
Chian-Fei Hung, Deloitte Touche Tohmatsu

*Financial transparency is an important measure in improving corporate governance. Since the passage of the Sarbanes-Oxley Act, corporate CEO has faced increasing demands for higher quality financial reporting from both the regulators and the market. This paper examines whether corporate top managers' demographic characteristics and economic incentives (tenure, MBA degree, gender, and family CEO) have association with firms' financial transparency. We find that top managers with long tenure and female CEO are more likely to reduce firms' financial transparency. We also find that CEOs holding a MBA degree are more likely to promote firms' financial transparency.*