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Narratives on the Accounting Worldview of Practising Managers

Pasi Aaltola & Marko Järvenpää

Abstract

This paper examines management accounting from the perspective of its most important user: practising managers. We seek to enhance the understanding of the relationship between managerial work and accounting. This interpretative and qualitative study takes a unique approach by using narrative texts for building an understanding of how managers view accounting in their work. First, a deeper understanding of accounting and managerial work is sought on the basis of learning experiences of managers. Second, a wider point of view is achieved by looking at managers' perspectives on organizational development. Third, the study addresses managers' objectives for building their personal competence in accounting. This study presents a four-dimensional framework for the worldview of practising managers regarding accounting, with an emphasis on the multidimensional nature of managerial work.

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1 Introduction

What is the true accounting competence of a manager? I think the answer is crowd-sourcing. A leader can only succeed together with others, with cooperation. This culture of working together allows questions, uncertainty and success. (Director)

This study looks at management accounting from the perspective of managerial work. Despite recent studies focusing on practising managers (Tayles, Pike and Sofian 2007, Jordan and Messner 2012, Burkert, Fischer and Schäffer 2011), there remains a lack of knowledge on managers and accounting. This article seeks to fill this gap by investigating how managers view accounting in their work. Management accounting is typically studied from the perspective of accounting professionals and doctrines, emphasizing its tools and systems, its challenges, and the changing roles of accountants (Granlund and Lukka 1997, Järvenpää 2001, Järvenpää 2007, Malmi et al. 2001, Vaivio and Kokko 2006, Hyvönen et al. 2015, Lepistö et al. 2017, Ylä-Kujala et al. 2017). This article explores accounting as part of managerial work not from the perspective of accounting professionals but from that of practising managers. Multilayered qualitative analysis is employed in creating a framework for the accounting worldview of a practising manager. This worldview has important implications for research on accounting and the profession as a whole.

In management accounting research, there is growing recognition of the importance of understanding the living practice of management accounting (Jönsson 1998, Hall 2010, Chua 2007, Malmi and Granlund 2009, Malmi 2005, Hopwood 2007) and of making an impact on it (Birnberg 2009, Bogt and van Helden 2012, Scapens 2006, van der Meer-Kooistra and Vosselman 2012). However, despite this growing recognition of its importance, studies concentrating on how managers view accounting are rare, and the approaches to studying accounting and man-

agerial work have also been criticized. Chua (2007) states that accounting is a practical activity, yet we often choose to study it from a distance, through surveys and mathematical formulae. One route to greater knowledge, she suggests, is to rediscover accounting as a contingent, lived verb rather than as an abstract noun. This article responds to this call by focusing not just on the use of accounting information, but on comprehensively exploring the relationship between accounting and managerial work. This study contributes to the literature by forming an understanding of how managers view accounting through the thinking of managers working in various organizations. The contribution of this study is grounded in the unique qualitative narrative texts written by 48 managers themselves. The topic of managers and accounting was approached from three perspectives, a structure which allowed richer data to be collected. These perspectives can be considered as this study's areas of interest and as building blocks for further insight.

1. *Learning experiences reflect how the relationship with and understanding of accounting has evolved during managers' careers.*
2. *Organizational development describes managerial needs for accounting development in its applied organizational context.*
3. *Personal competence building frames the essential competence development themes and areas for practising managers.*

This study's domain of inquiry was approached, as Kelle (2005) appropriately phrases it, with an open mind. Utilizing a qualitative research approach developed within grounded theory (Glaser and Strauss 1967, Glaser 2009, Bryant and Charmaz 2007, Alberti-Alhtaybat and Al-Htaybat 2010, Evans 2013, Gurd 2008a, 2008b), this research offers an inductively developed four-dimensional framework that illustrates the accounting

worldview of managers. The findings of this article meet the need noted by various authors that management accounting research should bring the practical reality of management more into focus (e.g. Jönsson 1998, Hall 2010, Ahrens and Chapman 2007a). They also indicate that it is not the production and usage of numbers that managers mainly reflect upon, but instead it is the essence of the accounting mindset and actions as part of their managerial work that they consider to be vital.

The rest of this paper is organized as follows. Section 2 contains a review of the literature on accounting and managerial work, building the foundation for this study's motivation and contribution. Section 3 explains the article's research methods, data collection and data analysis. Section 4 describes the results in terms of the three perspectives and also draws together an overall framework of practising managers' views on accounting. In Section 5, the implications of this research are discussed and suggestions for further research are offered.

2. Managerial work and accounting

The understanding of managerial work offers a motivational starting point for this study. By observing what managers actually do in their work, Mintzberg (1973, 1975) found that instead of planning, organizing, coordinating and controlling, managers' activities seemed to be characterized by brevity, variety and discontinuity. Kotter (1982) emphasized the complexity of executive roles and revealed that managers constantly confront information uncertainty and must rely on others in order to accomplish things. Tengblad (2006) found that many of Mintzberg's propositions on management work remained valid, but also discovered differences (increased workload, more interaction in groups, less administrative work and more emphasis on giving information). However, Holmberg

and Tyrstrup (2010) have recently emphasized that management is far from knowing everything before doing anything. In their study of 62 managers, they found that the biggest difficulty in a manager's daily work was the need to 'draw the map while orienteering'. This interplay of action and interpretation has been defined as sensemaking (Tilman and Goddard 2008, Sajasalo et al. 2016, Weick 1995), which aims to create awareness and understanding. Thus, skill and the act of managerial work should be seen as a systemic and continuous flow of actions that involve interaction with various stakeholders, and is based on information from many sources, including management accounting.

In their recent review of managerial work research, Korica et al. (2017) concluded that research in the 2000s began to re-examine the fundamental question of what managers actually do, especially in post-bureaucratic organizational contexts. Organizations, their management and control have become less characterized by top-down command and more by shared values and day-to-day interactions (Teittinen and Auvinen 2014). In addition, the business model, meaning the design or architecture of an organization's value creation (Teece 2010), has also become part of the scope of management. These changes offer an inspiring starting point for management accounting research as well. Gerdin et al. (2014) state that so far there has been little interest in management research in how accounting is implicated in managerial work. This study approached this field by advising respondents to think about accounting issues in general without using any limiting (albeit well-established) concepts such as financial accounting, management accounting and so on. Since the issue has been approached from the perspective of managerial work, the data mainly focused on the phenomena found in the management accounting field. Previous work in this area is reviewed in the following section.

There have been a number of calls to promote a managerial work perspective in management accounting research. Jönsson (1998) has stated that management accounting research lacks empirical input from managerial work. More recently, Hall (2010) argued that despite Jönsson's (1998) suggestion, subsequent research has produced few studies that seek to really understand how managers engage with accounting information in their work. He calls for further research to examine how and why managers use accounting information. It has also been argued that management research in general should have more of an effect on actual practice in organizations (Pfeffer 2007) and that to achieve this methodologies and theories related to the organizational reality (Seal 2012) should be adopted. Furthermore, management accounting is perhaps too inward facing (Birnberg 2009) and researchers sometimes choose to stay on the 'safe side' by only trying to understand the practice rather than suggesting how to improve it (ter Bogt and van Helden 2012).

Scapens (2006) concludes that research over the decades has provided a clearer understanding of management accounting practices, but the challenge remains of how research can produce relevant insight for practitioners and have more of an impact on practice. In a similar vein, also Burns, Hopper and Yazdifar (2004) recognize the achievements of the management accounting research, but see the lack of cooperation between business practitioners and educational institutions as a challenge. Strategic management accounting, with its techniques designed to support the competitive strategy of the organization, has aimed to strengthen the connection between accounting and the practice of management (Bromwich 1990). Yet strategic management accounting has also been found to be failing in this respect (Järvenpää 2007, Langfield-Smith 2008, Nixon and Burns 2012). Hopwood (2007)

has also expressed concerns about the lack of innovation in accounting research. He suggested that accounting could be studied in its full diversity and complexity if the research community strengthens its links to practitioners. This study responds to these challenges by seeking to paint a more holistic picture about the nature of accounting in managerial work.

A recent research stream focusing on practice in organizational studies, called the 'practice turn' (Ahrens and Chapman 2007a, Skaerbaek and Tryggestad 2010, Wittington 2011, Sajasalo et al. 2016), also supports this study's connection to practice. Moreover, management accounting researchers have been advised to assume a more participatory role in organizational problem-solving through, for example, constructive (Kasanen, Lukka and Siitonen 1993, Labro and Tuomela 2003), action and interventionist research (Suomala et al. 2014), not to mention conventional interpretive case studies (Lukka 2005) that emphasize the nature of the actual reality in organizations. Despite this perceptible drift towards a practice-based approach in management accounting research, few recent studies have focused more deeply on practising managers. Such earlier studies have examined managers' perceptions of management accounting practices with a survey (Tayles, Pike and Sofian 2007), illuminated managers' attitudes towards the incompleteness of performance indicators via a longitudinal field study (Jordan and Messner 2012) and surveyed managers' responses to the controllability principle (Burkert, Fischer and Schäffer 2011). In addition to these few studies, there appears to be only case-based research typically focused on accounting change. Overall, the research lacks an in-depth, first-hand understanding of management accounting from the perspective of managers.

This article, on the basis of the analysed literature on managerial work and suggestions made in the management accounting

research, seeks to understand accounting from the perspective of managerial work by utilizing innovative and practice-oriented theoretical frameworks and methodological approaches.

3. Research methods and data

3.1. Research methodology

This research can be characterized as interpretative accounting research, seeking an understanding of the everyday practice of accounting by looking at the actors', that is, the practising managers', perceptions and definitions of the situation (Chua 1986). This is accomplished by collecting and systematically analysing qualitative data. The methodological setting of this research is in its pursuit of insight into the complexity of meanings, and in the ways it elucidates the experiences and views of practitioners, largely inspired by grounded theory (Glaser and Strauss 1967). Studies using grounded theory methodology are likely to begin with a question as a starting point rather than choosing an existing theoretical framework. In the content analysis of the grounded theory approach, phenomena found in the data are identified and described. These findings are then related to each other to form conceptual categories, which become the basis for a new theoretical explanation of the studied phenomena. The basic idea of grounded theory as a qualitative research methodology is that it uses a systematic set of procedures to develop an inductively derived theory (Strauss and Gorbin 1990).

Grounded theory has been used (e.g. Cohanier 2014, Bowyer and Davis 2012, Tillman and Goddard 2008, Goddard 2004, Norris 2002, Parker 2001) and suggested as a methodology for management accounting research (Parker and Roffey 1997, Elharidy, Nicholson and Scapens 2008). As a methodology, it offers great potential for subjects with a strong human dimension (Goulding 1999),

such as managerial work. As a practice-based research approach, it offers a means of reducing the perceived gap between theory and practice (Lye, Perera and Rahman 2006). In cases for which there are few studies, it is plausible to let conclusions emerge from empirical data rather than from pre-existing theory.

Since the first publication of *The Discovery of Grounded Theory* (Glaser and Strauss 1967), the way in which the methodology should be employed has diverged into two paradigms, Glaserian and Straussian, and more recently into a third, the constructivist approach (Bryant and Charmaz 2007). According to Elharidy et al. (2008), accounting researchers have preferred Strauss and Corbin's (1990) version of the method, which allows the researcher to predefine research questions while also opting for more structured steps in analysing data, whereas von Alberti-Alhtaybat and Al-Htaybat (2010) have argued for the more open, more general Glaserian approach in interpretative accounting research. The third school of grounded theory, the constructivist approach, resembles Strauss and Corbin's view by starting with a more specific research question in mind, examining the literature earlier and constructing the theory from data instead of discovering it (Evans 2013). Concerns have also been raised about using grounded theory in management accounting research, with the suggestion that the justification to label research as grounded theory research is sometimes lacking (Gurd 2008a, 2008b). Because of this rather diverse variety of views on how to appropriately use grounded theory and even on how to design qualitative studies that draw inspiration from its methodology, it is essential to identify the starting points of the research and to describe the process explicitly. Even for inductive research, it is clear that no qualitative research project starts out as a tabula rasa, completely lacking any choices and mental presuppositions. Making these conceptual starting points

for research transparent helps avoid being ignorant of and unreflective about its philosophical, methodological and theoretical underpinnings (Lukka 2010). One motivation of this research is to bring more empirical input from managerial work into the field of management accounting research, a call to action presented by previous researchers (e.g. Jönsson 1998, Hall 2009, Malmi and Granlund 2009). A second impetus for the research project design is the assumption that we need to understand management accounting from a more multidimensional perspective as part of managerial work. The research problem is general in nature, broadly defined as to investigate how managers view accounting in their work. The *what* and the *why* of the research purpose are initially outlined, after which the data are allowed to speak for themselves.

3.2. Research data

Approaching accounting from the perspective of managerial work is a demanding task. It is uncommon for an experienced manager to have an in-depth understanding of accounting and management. Hence, essays written by managers were selected as a source of data. Although it may be easy to speak at length about a certain topic, conceptualizing one's understanding in writing demands a more considered thought process. Compared to an interview, the writing process also allows time to reflect on one's views and the possibility of structuring the output across several periods of time.

The respondents were participants of the Executive MBA programme of the University of Jyväskylä. The 48 respondents came from 40 organizations of varying sizes and industries, including the public sector. The essays include experiences and views based on the respondents' entire previous working experience. Therefore, the opinions and interpretations in this study are based on many organizational realities, more than the amount of different organizations the respondents

were currently working for. The average age of the respondents was 42 years. They had an average of 14 years' experience working in managerial positions. Of the 48 respondents, 34 were male.

The aim of the research was explained to the respondents with a presentation. Respondents were informed about the plan to use the essays in the university's research activities and they were given the opportunity to prohibit further use of their writing. (Nobody chose that option.) The respondents were given a document including the basic briefing for the assignment and a recommendation for the optimal length of the essay (three to six pages of written text). The threefold briefing (in Appendix 1) was used to separate the essay data collection from a traditional classroom exercise in which people are often removed from their organizational and professional contexts. It directed the respondents to think about accounting based on their past real-life experiences, from their organization's developmental perspective and as a key competence area for them professionally. The respondents wrote the essays during the autumn of 2012. To accumulate a sufficient amount of data, essays were collected from two EMBA student cohorts (27 essays + 21 essays). All 48 essays were written by different people. The combined material was 214 pages of written text (4.5 pages per essay, on average).

3.3. Data analysis

Data analysis was conducted with a qualitative research approach developed in grounded theory. The data from the two groups of respondents were first analysed and interpreted separately in three phases. First, the essays were read without any attempt to identify themes or make conclusions. The idea was to form an overall picture of the data and to make preliminary remarks on the texts, pinpointing highlights in the respondents' stories. In the second phase, the

essays were read again and observations were made on the individual texts and placed into three columns, each representing one of the key perspectives of the research. At this point of the data analysis, all of the findings from the essays (three findings per perspective per essay, as instructed in the essay briefing) were set forth as code lists, again without any effort to form themes or exclude anything. In some essays, the three issues asked about for each perspective were made explicit, even unambiguously marked with subtitles. In contrast, some respondents described incidents or their plans in a broader narrative format, which left the researcher the task of interpreting these stories and assigning them appropriate labels. The structure provided for the essays made this open coding phase of the analysis a bit easier. Shifts in content formed natural markers for themes, since the essays were structured according to the three issues per perspective. These transitions, as Ryan and Bernard (2003) describe them, were used in order to identify expressions. The fact that the respondents had time to reflect upon their experiences, express themselves and come up with conclusions also produced rather refined material. In the third stage, the data were scrutinized in order to identify themes. The versatile cutting and sorting (Ryan and Bernard 2003) technique used in this phase involved arranging expressions into groups of items that went together. Eventually, a preliminary classification system started to emerge. At this stage the aim was still not to verify any given theory, but instead to allow relevant theoretical constructs to emerge. After the first round of forming themes from the code lists, the number of themes was large. For each of the three perspectives, there were five to ten subcategories of themes. Those themes were subsequently refined and combined in order to illustrate three to four key themes in each category.

Two essay sets were collected at different times during the autumn of 2012. This ena-

bled the researchers to take some distance from the data before collecting and coding the next set. Both sets of essays were analysed separately at first. Though no significant differences were found between the sets, gathering the data in two phases increased flexibility and made the process of data analysis more iterative because it doubled the analysis phase before making any final conclusions. Before combining the data for final analysis, the preliminary themes from each data set were also presented to the respondents to ensure consensual validation (Patton 2002) of the results. Furthermore, discussions with the respondents after presenting the results provided further insights into the data, which formed a good basis on which to combine the data sets and enter into the phase of ratifying the final results. Other researchers were also involved in the analysis process with both sets of data. By making the raw data (i.e. the original essays), code lists and preliminary interpretations available to others, additional perspectives and insights were gained well before entering the stage of combining the data sets and making the final conclusions. The last stage of the final analysis was carried out by combining the original code lists from both data sets and once again forming themes. After this, the final summarizing theoretical conceptualization (Section 4.4.) about managers and accounting was made. The next section presents the categorized themes of each of the three perspectives.

4. Results

4.1. Learning experiences

Narratives on learning experiences included three different themes: understanding the business model, actions and experiences, and living practices.

Understanding the business model

Many managers highlighted a period of time or an incident during which they had come to

understand the wider context of accounting and management in their work, realizing the overall operating frame of what they do in terms of money and value creation. Alternatively, such a realization was about being able to see the essential parts and activities of the organization through a financial mindset.

One of the most important highlight moments during my career regarding management accounting was when I realized that accounting from the management point of view is like a decathlon. It is not enough to pay attention to one single thing, but instead you have to understand that it is about the sum of all moving parts. (Manager)

This holistic general understanding of how the organization operates can be called the business model, meaning the ways in which company creates, delivers and captures value (Teece 2010, Zott et al. 2011). However, the insight and personal understanding here called *understanding the business model* was sometimes realized through smaller projects, as one manager suggested:

On a project level the aim of financial management is clear. Set objectives have to be achieved; exceeding them is desirable. (Manager)

These included, for example, being a project manager with financial responsibility for a specific venture. Experience was also gained outside of the respondents' main professional activities (e.g. experience in their free-time acting in a role with financial responsibility in an organization). Nonetheless, these so-called smaller projects can be interpreted as reflections of phenomena similar to that of understanding the business model. Many organizations are large and complex with complicated structures and operating models. When it comes to realizing the cause and effect of organizational functions in terms of money, smaller issues are more easily observable and understood. Without being an entrepreneur or being in charge of a coherent organizational unit, learning in practice can

result from small projects where the lived reality of management accounting is observable, from beginning to end.

Actions and experiences

Whereas the *understanding the business model* theme was about seeing and realizing the organizational context, the *actions and experiences* theme concerned managerial actions and initiatives. Descriptions of active and justified cost management were common in the narratives.

Many people think that large corporate customers and the competencies needed to serve them are so unique that you can't speak about cost effectiveness in the same context with them. I consider one of my professional highlights that I have been able to show how even the service for a large corporate customer can be made more efficient using the lessons from mass-market customers. (Department manager)

The narratives often featured demanding moments. These moments included times when management accounting and cost management actions were prioritized and became a bigger part of practising managers' work. Determining the optimal, most cost-efficient way to do business was emphasized. However, along with cost management, a second type of story emerged. These stories, here called *investing for success*, portrayed a second compelling aspect of practising managers and accounting: building the capacity for future revenue. The cost management stories were more about individual concrete actions carried out in the short term, whereas investing in success experiences had a more future-oriented, long-term perspective.

In one's personal life, monthly income is almost fixed, so quite rarely can you increase revenues or cut costs by making investments. This leads to thinking where the most economical way to deal with different situations is to minimize costs. When I was working in R&D, I realized at some point that this is

not the case in the context of my professional work. Saving money from purchases and resources is often the biggest waste of money. (Manager)

Living practices

The *living practices* theme was a narrative essentially about communication and interaction. The word *living* describes how accounting is brought to life as part of an organization and its practices. The word also characterizes continuing ways of dealing with management accounting information.

Good management accounting is constant attention to financial issues. One-time cost cutting campaigns are effective as such, but it tends to go like weight-loss diets do. Once the diet period is over, the kilos start crawling back. (Director)

Narratives regarding this theme dealt with things like best practices for financial communication inside the company, ways in which accounting information was dealt with in management team meetings, creating a common focus on financial issues, and so on (Chua 2007, Partanen 2007, Ahrens and Chapman 2007a, Jordan and Messner 2012).

4.2 Organizational development

Narratives on organizational development included four different themes: financial consciousness, managing with a profitability mindset, relevance in accounting and, finally, business partnering (i.e. controller support).

Financial consciousness

Many narratives reflected a need to produce a more profound understanding of profitability issues in an organization. Transparent and unambiguous financial communication and information sharing was sought, which meant putting financial issues more firmly on the agendas of different meetings.

Management accounting in my work is not mainly about budgeting or analyzing competitors. It is about linking financial thinking

in everyday management. It is about increasing my personnel's understanding of how their own actions are linked to rather complex things like strategy, profitability, balance sheet etc. (Manager)

Additionally, instead of just distributing already established information, there was a perceived need to build a more comprehensive financial mindset among managers, experts and other personnel in the organization.

My goal is that all the people in my unit understand how their actions affect our revenues and costs. I want to teach them financial thinking, because afterwards they learn that they are able to develop and guide their own actions by themselves in a direction that affects our bottom line. (Director)

This financially oriented mindset can be called cost consciousness (Velasquez et al. 2015, Shields et al 1994) or, as a broader concept, financial consciousness, because it often included aspects of revenue formation in addition to costs, as demonstrated in the previous quotation.

Managing with a profitability mindset

Instead of pursuing an increase in financial consciousness throughout the organization, the theme of *managing with a profitability mindset* more clearly placed the actions of an individual manager into focus.

Personally, I get a feeling of success when I can show that implemented actions, aimed at helping us to reach our budget goals, are really effective in practice. (Director)

These actions included initiatives on how to intensify the profitability aspect in managerial work through various methods, such as focusing on the right things, designing compensation systems and incentives, investing in certain activities and cutting unnecessary costs. As one director noted:

It is essential to address inefficient processes and working methods. The fact that you have to lay off a person from an unprofitable

business unit is not real management of the profitability. Real management is about making such changes to the operations that the profitability will improve. (Director)

It was noteworthy, however, that issues in this theme were generally future-oriented and strategic in nature in the studied narratives. There were some cost-management initiatives and aspects involved, but the main focus was still on looking ahead, not just on cost cutting.

Relevance in accounting

The third theme emerging from the narratives on organizational development was *relevance in accounting*. There were a variety of needs to produce relevant management accounting information in the form of different types of analysis.

Our current (management accounting) model has created this company, and I am not completely denying its functionality. In the business markets of the future, however, we need facts about which things are economically viable and which are not. Competition is intensifying, and then you have to invest in things that really are profitable. (Manager)

Developing relevance in accounting also included practices of reporting and producing performance measurement information in various ways. Overall, these demands for increasing the practical relevance of management accounting echoed similar suggestions presented in previous research (e.g. Lukka 2005, Malmi and Granlund 2009, ter Bogt H. and van Helden J. 2012, Hall 2010)

Business partnering

The fourth narrative theme related to dealing with accounting functions within the organization. These development suggestions were connected to both personal interaction (with controllers) as well as to accounting systems.

There are competent professionals working in the accounting department, who however appear to the business managers only as

persons setting limitations. The expertise of these accounting people should be brought closer to the everyday business decision-making, which often determines the ultimate financial success of the company (Director).

Although this fourth theme was not pronounced in any explicit way, it was identifiable as a distinct theme in the data and was practical in nature. Interestingly, it dealt with the widely studied practical challenge of increasing controller support in the form of changing the roles of management accountants (Granlund & Lukka 1997, Järvenpää 2001, Malmi et al. 2001, Vaivio & Kokko 2006, Hyvönen et al. 2015, Lepistö et al. 2017), but in this case it illuminated the managers' perspective on the issue.

4.3 Personal competence building

These narratives included themes related to sensemaking, strategic financial foresight, accounting knowledge, and finally, sensegiving.

Sensemaking

The continuing intention to see one's own managerial context, responsibilities and actions through a financial lens was surprisingly pronounced, given the relatively long managerial experience (14 years on average) of the respondents.

I see that a manager's accounting competence is an overall understanding of financial issues from the bottom up and from the top down. You should understand which streams generate the business's revenues and costs and how you can affect those. Respectively, a manager should have an overall understanding of the components of profitability of operations. (Manager)

Learning in this area was seen as improving an individual's thinking skills, as well as one's personal and organizational capabilities to become more astute in proceeding from plans to action.

You have to know the sandbox where you

play. You also have to know the other players. When the dynamics and characteristics of this environment are constantly observed, and you are aware of your own strengths, this understanding sets frames also for financial management. (Manager)

Sensemaking is also a social process where managers seek to understand their past, their current situation and their future activities (Tillman & Goddard 2008, Sajasalo et al. 2016). It is an interplay of action and interpretation, driven more by plausibility than by accuracy (Weick 1995, Weick et al 2005). This constant redrafting of one's understanding seemed to be a continuing area of personal development.

Strategic financial foresight

This theme involved reading macroeconomic trends and their potential impact, strategic agility and resilience, goal-setting and performance monitoring in the companies.

General knowledge of macroeconomics is necessary. The direction of the development of our field of business and general trends define also the direction where we should develop our own operations. (Director)

What I hate the most are surprises. Surprises on your birthday or the pranks made by kids are nice, but this business is our work, and it should be predictable. (Country manager)

Strategic financial foresight was essentially about the manager's ability to proactively understand the essential changes and the potential financial effects relevant to one's own business. In addition, this theme highlighted the anxiety of dealing with the unknown.

Financial knowledge

There was a predictable but important need to learn more about fundamental accounting knowledge (e.g. interpretation of financial statements) and problem-solving calculations (related to pricing, customer profitabil-

ity, comparing different alternatives, etc.).

Based on my experience, an increase in the staff's accounting competence lowers the threshold between management and personnel when discussing financial issues. Working becomes more professional and you don't have to make financial decisions only in a small group (for example, the management team). Especially when the markets are low, implementing cost-cutting is easier when the personnel have learned to read the financial signals in the same way as the management. The challenge of raising the competence level of the staff is in the competence level of the manager himself. If you are uncertain about your own accounting knowhow, the threshold to teach others is too high. (Manager)

Basic financial knowledge was thus seen as an important part of managerial competence in order to being able to manage the different challenging managerial situations one is facing in the business, like market downturns and cost cuttings indicated in the quotation above.

Sensegiving

These stories often concentrated on how to present financial information in a clear, inspiring and efficient way in different meetings and situations.

In many organizations I have noticed that personnel divide into two groups. There are those who are competent or are at least interested in financial issues and another group of people who don't feel competent and are not interested. A good manager can communicate financial issues in a way that everybody understands and sees how they can affect (the bottom line). This creates commitment and motivates people to act efficiently and keeps the interest on a higher level regarding financial issues. (Account manager)

There was another crucial aspect regarding sensegiving and competence building: how to become personally passionate about financial issues. Strong positive feelings guide

actions and strengthen cognitive processes. If you are really interested in something, you learn and perceive a richer dimension of the issue. This emphasis on personal learning links sensegiving to sensemaking, as Gioia and Chittipeddi (1991) found in a strategic change context.

4.4 Practising managers and accounting: elaborating a framework

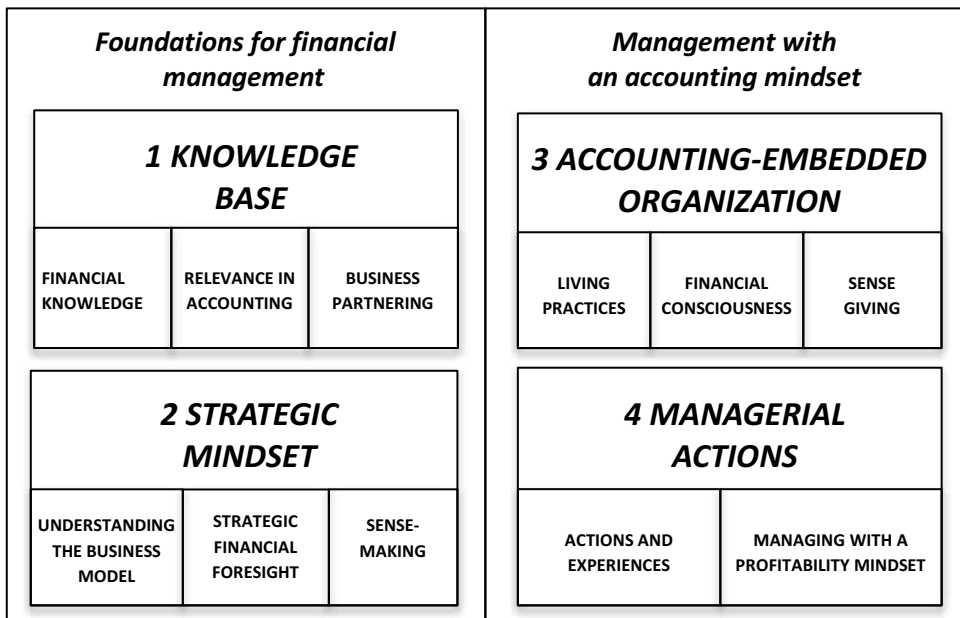
The systematically formed themes presented before were collected utilizing a multidimensional (learning experiences, organizational development, personal competence building) approach in order to obtain richer data. However, these themes in this threefold structure are insufficient as a result for this research. In order to seek a more complete understanding of management accounting from the perspective of managerial work, further theorizing was conducted. The inductively formed themes were elaborated into a

collection of categories through which substantive theory grounded in the data started to unfold. The process of constructing the framework via data analysis was presented in section 3.3.

The literature review was conducted in line with a grounded theory approach by trying to avoid early closure and limitations on the direction of the research. Before and during the data collection, the literature was reviewed only in order to motivate and position the research (see Section 2). The vast majority of the reading was done after collecting the data, at a point when the emerging theoretical interpretation of the data was already considerably developed (see Section 4). The literature was used to challenge and support interpretations that had been formed and to locate the findings within the existing research.

Figure 1 presents a framework of managers' concepts of accounting, detailing the subject of the research. The first category,

Figure 1. Framework for the accounting worldview of a practising manager



knowledge base, emphasizes the competencies and information resources managers considered to be essential. The second category, *strategic mindset*, highlights a comprehensive understanding and continuous learning regarding the organization's business model and an individual's managerial area of responsibility in that setting. By providing information, insight and understanding, these two form foundations for financial management for a practising manager. The third category, *accounting-embedded organization*, highlights the all-pervading nature of financial issues in organizations. The fourth category, *managerial actions*, describes the concrete actions of managers from an accounting standpoint. Together, *accounting embedded-organization* and *managerial actions* describe management with an accounting mindset, with its organizational managerial practices and concrete actions.

1 Knowledge base

The appropriate production of relevant accounting information, sufficient accounting competencies, and fluent business-focused cooperation with the organization's accounting professionals form the knowledge base of accounting for a practising manager. This area of the narratives is the most unambiguous of the four and is likely the one in which management accounting research and accounting professionals are the most ready to contribute today. The fundamental accounting knowledge of a manager is a starting point for embedding accounting in the organization. If managers feel insecure about their personal accounting competencies, engaging the organization is beyond their comfort zone – and even an act for which they are unqualified. In addition, the production of a sufficient level of objective and reliable accounting information by the organization is needed to avoid subjectivity, which can reduce mission clarity and motivation (Rin-

sum and Verbeeten 2012). The indicated controller support illuminated the managerial expectations on the potential help and advice they would like to receive from the accounting function, reported earlier from the perspective of the accounting profession (Granlund and Lukka 1997, Malmi 2001, Järvenpää 2001, Vaivio and Kokko 2006, Järvenpää 2007, Hyvönen et al. 2015, Lepistö et al. 2017).

2 Strategic mindset

The narratives indicated an emphasis on the continuing need for managers to frame the whole picture and to see one's managerial area of responsibility and its development in financial terms, that is, in terms of money. In the minds of practising managers, this strategic mindset should be seen as an ongoing process of constructing and interpreting the dynamics of building a successful business organization, as well as one's personal role in that setting. This not only includes reacting to the immediate challenges presented in terms of accounting information, but also calls for accounting practices emphasizing anticipatory foresight. The concept of strategic mindset can also be interpreted as an area in which formal accounting systems fail to meet the information needs of practising managers (Järvenpää 1998). There seems to be a need for a broader concept than the specific unofficial accounting system based on non-legitimate records presented by Kilfoyle et al. (2013), something closer to the holistic presentation of sensemaking from a management accounting perspective also described by previous researchers (Tillman and Goddard 2007, Heidmann et al. 2008, Burchell et al. 1980). The managerial need for a strategic mindset points to what Neely and Al Najjar (2006) and Hall (2011) emphasize in the context of performance measurement when they discuss learning and mental-model development in designing management accounting practices.

3 Accounting-embedded organization

Managers wanted to embed accounting practices and understanding more deeply in their organizations. This desire corresponds with several existing voices in management accounting research. There is a challenge for management accounting to promote strategic intent and commitment along with organizational profit consciousness (Järvenpää 2007). The usefulness and relevance of management accounting information is determined not only by the content of strategic ideas, but by the ways in which they are mobilized (Jørgensen and Messner 2010) and by how managers use the information in verbal discussions (Hall 2010). From a practising manager's point of view, the main goal is not only to produce the right numbers, but also to build an accounting-embedded organization, incorporating accounting information with organizational activities and managerial practices in the most productive way. This is challenging because individual differences affect how strategic information is perceived (Lowe et al. 2011) and social processes as well as interaction affect what makes accounting information more persuasive (Rowe, Shields and Birnberg 2012).

This challenge leads to the question of how management accounting could be seen as a useful learning device (see Burchell et al. 1980). In other words, it is not just about giving the right numerical answers, but about building a profitability-related strategic mindset (Järvenpää 1998). The findings of this research point to the reasons why experienced managers see the potential in this. Today's increasingly flexible and lower hierarchy organizations are managed more by shared values, meanings and mindsets co-created through interaction instead of by rules, routines and rigid control (Teittinen and Auvinen 2014). Organizations are not only top-down. Instead there exists greater interactional needs to jointly build compre-

hension about the key aspects connected to the organization's success and performance. In addition to empowering people, a manager needs to create the basis for employees to act as well as to facilitate distributed knowledge creation. This need echoes Jönsson's (1998) assertion about the consequences of aligning management accounting research with managerial work. A greater focus on communication emerges, as does an assumption that management accounting information is for use in various communicative contexts (Pärl 2012), not directly in decision-making models. How management accounting information is delivered and processed shapes the organizational reality (Gerdin et al. 2014). Accounting can be seen as learned social practices through which individuals shape their understandings (Bryer 2011). Dialogue between accounting and the organization (Brown and Dillard 2015) illustrates that practising managers see embedding accounting in the organization as part of their professional managerial role and responsibility. It also reveals that it is not merely an increase in available and more accurate accounting information that is needed, but rather the co-creation of knowledge on financial consciousness, which in turn may lead to changes in the organizational mindset as well as in people's behaviour.

4 Managerial actions

Managers are action-focused, as famously phrased by Peter Ducker (1974). The strategic mindset of a manager, an accounting-embedded organization and a knowledge base still form an incomplete set, kind of a prerequisite, without the concrete actions of managerial work. This aspect emphasizes the importance of understanding the relationship between managerial work and accounting. Using numbers can be considered to be a privilege for management (Vollmer 2007). Previous studies have illustrated that the use of accounting information and

numbers in leadership positions is far from an insignificant factor. Abernethy (2004) states that a manager's formal authority has an impact on how he/she uses accounting information. Leadership styles have also been shown to affect the use of management accounting systems (Abernethy, Bouwens and van Lent 2010), as well as the reactions of those who receive the information (Jansen 2010). Acting as a manager and management accounting systems are deeply inter-related phenomenon. Overall, the results of this study are not so much about accounting numbers as such. A practising manager sees accounting not as a separate and detached thing. Instead, the manager optimally views it as a cohesive part of his/her work as a manager. An 'accounting in action' approach might not only help us to identify which approaches work, but also what working in a situated activity actually means in practice (Chua 2007).

5. Discussion

In this study we have used a grounded theory approach to develop a theoretical framework for understanding accounting in the context of managerial work, an area in which there has been surprisingly little previous work. Inductive interpretative research has earlier approached the issue mainly through longitudinal case studies. Instead of a specific case setting, this study took a unique approach by exploring the experiences, opinions and reflections of 48 experienced managers coming from various organizations. The following describes the implications of this study for accounting research and the profession as a whole.

Implications for accounting research

The results of this study highlight the importance of continually deepening the understanding of accounting in the context of managerial work. In addition to responding to a general call to provide more practice-focused

accounting research (Jönsson 1998, Hall 2010, Chua 2007, Malmi and Granlund 2009, Malmi 2005, Hopwood 2007), this research outlines what the practice of accounting in managerial work actually is. This is essential contribution since theory plays a crucial role in designing practice-oriented management accounting research. Malmi and Granlund (2009) argue that current accounting theories and the role of those theories fail to provide valid support for practitioners and sometimes the pre-adopted theory defines what is considered to be interesting in a research project. For accounting researchers, it should be noted that accounting is only one of many activities in an organization, and it is often considered only as a support function. As Tillman and Goddard (2008) stated, accounting is not a reality in itself, but part of a broader organizational reality. Along similar lines, Jorgensen and Messner (2010) suggested that studying accounting where it intersects with other activities might also increase interest in other disciplines. This paper focused on accounting through managerial work and discovered that accounting research should not only emphasize retrospective control and change descriptions, but concentrate on the future-oriented building of successful organizations. This corresponds with Ahrens and Chapman's (2007b) view of how the focus of accounting research should be not only on resistance and control, but also on the potential of management control systems for action.

This study also provides a methodological contribution to accounting research by presenting a unique case in which managers' written reflective texts are used as data. So far, accounting research has used texts mainly in content analysis of the narrative portions of annual reports and other forms of organizational communication (e.g. Smith and Taffler 2000, Steencamp and Northcott 2007). Reflective texts have been used as learning diaries documenting a learning process (e.g.

Eskola 2011) or as research diaries to assist in gaining an understanding in case studies (e.g. Lewis et al 2005). However, in management accounting research to date, there has been no use of reflective personal narratives from various experienced executives. Using self-produced texts could thus be encouraged in studies where it fits the research setting and there is a possibility to produce that kind of material. Writing as a method offers many benefits. It compels the respondents to think in a more concentrated way than in an interview, in which they can more easily speak open-endedly about a certain topic. The writing process also allows more time for reflection, and the possibility of structuring the output over several periods.

Implications for the accounting profession

It is worth noting that management accountants are more or less missing from the narratives studied. The research setting has probably affected this, and accountants do exist in the background, but their general absence from the spotlight is an interesting observation. The themes in organizational development, for example, were more attached to management than to accounting activities, and even the need for relevant figures does not explicitly entail that they should be produced by management accountants. This research is in line with claims by Burns et al. (2004) in which they argue that the longevity of the role of management accountant should not be taken for granted. In addition, Hopwood (2007) states that accounting has become a less isolated phenomenon in organizations and that it is widely used by many types of workers other than accounting professionals. Management accountants face the challenge of making an impact in the world of practising managers.

From the perspective of the accounting profession, it is also surprising that different initiatives regarded as so-called strategic management accounting methods were not

more pronounced here. It could be expected, for example, that when managers are offered a possibility to present their visions and views on how to develop management accounting, more suggestions would be presented related to various strategic management accounting practices. This is in line with the findings of Langfield-Smith (2008), who has raised concerns about the lack of interest in strategic management accounting and the low level of adoption. Nixon and Burns (2012) continue the criticism by stating that there is a contradiction between the decline of strategic management accounting and the growth in the number of concepts and frameworks in the strategic management domain. They argue that the literature on strategic management accounting has neglected several developments in the field. The results support this discussion by suggesting that the managerial mindset on management accounting is not merely a collection of different strategic ways for counting euros – or even of strategic accounting techniques at all – but instead a more multidimensional way of looking at strategy, organizations, people's actions and interaction in general. The findings of this study could be used to reinforce the accounting perspective in managerial work in organizations.

Limitations and directions for future studies

This study contains some limitations. First, this article only partially explores the dynamics and complexity of managerial work as an interaction of local actors. Although the conclusions are built on the respondents coming from different organizations, it is obvious that this research distances itself from building an in-depth understanding of any specific organizational setting. Future research is needed to investigate the essence of accounting in managerial work across different organizational settings and in varying managerial job positions. Another limitation

is the nature of the data itself: What are managers capable of saying about such a large and complex issue? The article is built on their narratives, that is, the understandings they provide within the given frame of data collection, and no additional data collection was conducted to acquire further information. The focus of this qualitative research has been on building an initial theoretical framework for the accounting worldview of practising managers. Future research could expand the understanding of managerial work and accounting by further developing,

examining and applying this study's four-dimensional framework with more details in various contexts. In addition to researchers, management accountants as well as general managers themselves could look at their organizations through the four-dimensional model and examine the following questions: Is the appropriate strategic mindset in place and does a relevant accounting knowledge base exist? Is accounting embedded in organizational practices and when viewed through an accounting lens, are the necessary managerial actions being taken?

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Appendix 1

Briefing of the essay data collection for the respondents

1. Learning experiences

(Write about the three top learning moments in your working history regarding managerial work and accounting)

2. Organizational development

(Write about three ways of developing accounting in your organization from a managerial work perspective)

3. Personal competence building

(Write about three accounting competence development areas that would be important for you personally as a manager)