Management Accounting Practices Reflected in Job Advertisements

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Abstract

**Purpose** – To identify differences between employer expectations and educational pedagogy of the skills set appropriate for management accountants.  
**Design/methodology/approach** – The data was derived from job advertisements by employers seeking management accountants in Australasian organisations.  
**Findings** - A total of 36 practices were identified within the management accounting job advertisements, suggesting that the practices of management accounting are varied and extensive. The most frequently cited management accounting practices in job advertisements were technical skills, such as budgeting, reporting, analysis, financial accounting, forecasting, costing, and calculation and analysis of variances.  
**Research limitations/implications** – The findings contrast with many contemporary pedagogical assumptions that the skills required by accountants have to transcend practical techniques and emphasise general social, communicative and problem solving skills.

**Keywords**: recruitment, management accounting, practices, job advertising
Introduction

In an ideal world theory and practice would live together happily to the mutual benefit of both. However, we don’t live in an ideal world and, in respect to management accounting, many authors have pointed to a ‘theory-practice’ gap (Scapens, 1984, 1994, 2006). We may consider theory and practice as a couple: there are times when they are really close and exchange information, consult with each other and share experiences; and there are times when there is something in between them, when communication halts, tensions appear and they drift apart. When talking about the theory-practice gap in management accounting there have been periods when theory and practice have been close together, but there are periods when they have grown apart. Scapens (1991) recognised the development of an apparent gap between the theory and practice of management accounting during the first half of the twentieth century. Yet, during the 1970s, academics believed that “all the relevant [management accounting] theory had been developed” and it just needed to be taught at a tertiary level and communicated to practitioners to implement (Scapens, 2006, p.3). This belief proved false, and in the 1980s it was recognised that a definite gap existed between theory and practice. During the 1980s there were differing opinions regarding the accounting curricula. Some practitioners and educators believed that students were “book smart but lacked practical experience” (Novin, Pearson & Senge, 1990, p. 208). They would have liked students to have had greater exposure to real world problems and exemplars. On the other hand, some practitioners and educators believed that students should have “a greater ability to perform in new situations and to develop creative solutions” (Novin, Pearson & Senge, 1990, p. 208). This view emphasised the preparation of students for future, rather than current, professional requirements.

There appears to be a lag between theory and practice which is responsible for academia being slow in responding to the needs of practitioners. As management accounting involves the use of a number of different techniques to address a variety of different problems it is necessary to monitor the changes that are occurring in the work place. Thus some theories or models may seem over-simplistic to practitioners. There is limited knowledge of the nature and scope of current practices and especially just how well graduates are prepared for the roles they are expected to fulfill.

The aim of this paper is to identify what is expected of practitioners from potential employers and reflect on the nature of academic curricula with that knowledge in mind. The media for this discovery are the contemporary job advertisements placed for management accountants.

Previous research of Management accounting practices

A number of studies in the past have attempted to identify the practices of management accountants. However, there is no consistency or agreement upon what those practices should be or the skills that are essential in today’s environment. Various authors at different points in time have identified practices that were widely used. The following section outlines findings from a selection of studies in a chronological order through to the most recent of studies.

Birkett (1992; Birkett, Barbera, Leithhea, Lower, Roebuck, 1999) described management accounting as primarily concerned with budgeting and costing in the 1950s. Management accounting provided a support role in the 1960s with practices such as investment appraisal, decision analysis, and responsibility accounting (Birkett, 1998). Then, in the 1980s practices included quality, continuous improvement, and business process reengineering, with management accounting taking a much more strategic position within the organisation (Birkett, 1992; Birkett, et al., 1999). Van Zante (cited in Tan, Fowler, & Hawkes, 2004) identified cost behaviour, computing systems, and forecasting as the most important techniques of management accountants. Lander and Reinstein (1987) considered techniques of internal controls, operating budgets, and standard costing as the typical practices of management accountants. A study by Drury, Braund, Osborne, and Tayles (1993) found that standard costing, payback analysis, target profit and return on investment were widely used. While the most recent practices of management accountants included value added or value creation (Birkett, 2002).

Studies in the 1990s have shown that the cost management techniques most commonly used or planned to be used by United Kingdom firms were; ABC, cost modelling, and costs of quality (Bromwich and Bhimani, 1994). Other techniques of common use were; target costing, strategic
management accounting, and throughput accounting. The traditional management accounting techniques were still widely used and new cost management techniques (ABC at the time) were not a priority. Bromwich and Bhimani (1994) concluded that traditional techniques such as standard costing and budgetary control systems are still being used and new systems have developed without regards for managers’ requirements. From a 1993 study, Cobb (1993, cited in Bromwich & Bhimani, 1994) found that operational indicators were being used more often than before, and these were being used in place of financial measures. Garg, Ghosh, Hudick, and Nowacki (2001) found that cost management was significant in an organisations strategic decision making, providing accurate cost information to aid strategic decision making aimed to reduce costs and improve efficiency. In addition standard costing was one of the practices typical of a practicing management accountant as found by Adler, Everett, and Waldron (2000). Traditional techniques that have been considered important to the management accountant’s organisation were business performance evaluation, budgets, strategic management accounting, variance analysis, and rolling forecasts (Yazdifar, 2005).

The traditional practices identified in the studies above appear consistent with management accounting practices that were carried out prior to the 1990s, while contemporary practices appear to be those practices that appeared from the 1990s onwards. This classification of traditional and contemporary (or advanced) practices appears consistent with the initiation of modern practices due to Kaplan’s (1984) criticisms of management accounting relevance and also Birkett’s discussion (Baxter & Chua, 2006) of the emerging strategic management role.

The recognised change occurring in management accounting may impact on the management accounting curriculum (Szendi & Elmore, 1993). The change in management accounting practice has raised concern of the requirements of management accountants (Birket, 2002). With the large amount of knowledge developed in management accounting including traditional topics and recent developments, the design of the curriculum is challenging (Brewer, 2000). Consequently, with much change occurring in management accounting over the recent decades, much debate has occurred over what to teach students for the future roles of management accounting. Lander & Reinstein (1987) refer to the required topics to be taught in management accounting as a ‘common body of knowledge’. New topics may be included in a curriculum and some topics such as traditional practices will endure and continue to be a part of the curriculum (Birnberg, 2000). Through establishment of a common body of knowledge and gaining the views of practitioners existing management accounting curricula could be improved (Lander & Reinstein, 1987).

An argument exists that the old curriculum does not provide a complete view of today’s accounting environment (Adler, 1999). Those critical that a divide of curriculum and practice exists, among others, are Kaplan (1984), Edwards and Emmanuel (1990), Szendi and Elmore (1993), and Dugdale (1993). Arguments arise that education and research needs to be more relevant to practice and the gap has developed from a theoretical approach used in education rather than using actual organisations. Other arguments include the need for curriculum to include additional non-technical skills. A divide between academics and practitioners still appears evident with practitioners emphasising traditional practices and academics emphasising contemporary practices (Tan, Fowler, & Hawkes, 2004).

Management accounting practices have attempted to be identified using surveys as described above. Other than the topics of strategic management, ABC, target costing, and standard costing, there are many topics listed that do not commonly appear in any of these surveys. The traditional surveys fail to find consistency with the topics that are widely used. The lack of consistency can partly be attributed to the questions asked of respondents. Questionnaire respondents are often asked what practices, from a preset list, will be used in the future, or what practices are important, as opposed to what practices are used.

Motivated by the lack of studies investigating the adoption of management accounting practices in Australia, Chenhall and Langfield-Smith (1998) surveyed Australian organisations. Australian organisations were found to have high adoption rates across all practices especially compared to results of studies conducted in other countries of the US, UK, and Europe. The reasons for the high adoption rates were country specific attributes of Australia and the selected sample of large manufacturing firms.
Studies investigating adoption of management accounting practices tend to use questionnaires with a preset list of practices. A commonly understood limitation of such studies is the potential for respondent misunderstanding and social desirability bias (Adler, Everett, & Waldron, 2000). A survey with a more robust set of response options, that included a glossary, was mailed to New Zealand manufacturing organisations with the results showing traditional practices were still more popular than contemporary practices (Adler, Everett, & Waldron, 2000).

Similar inconsistencies of various survey results have occurred in studies of the information systems profession. Dissatisfied with the approach of asking current practitioners and academics, Todd, McKeen, and Gallupe (1995), at the suggestion of Leitheiser (1992), analysed the content of job advertisements in newspapers over a 20 year period. The method of analysis was a novel approach to identify current requirements in the profession using the frequency of phrases in job advertisements.

This paper continues to investigate the adoption of management accounting practices using the novel approach of terms stated in job advertisements. The studies of practices in Australia by Chenhall and Langfield-Smith (1998) and in New Zealand by Adler, Everett, and Waldron (2000) are progressed in this paper using job advertisements to describe the types of practices employers require of management accountants in Australasian organisations. Rather than selecting only manufacturing organisations, this study will also include service organisations and a comparison of the results from each industry. In addition, this study will apply the same method of data collection of advertisements representing Australian as representing New Zealand organisations, thus providing a comparison across countries to explore the validity of individual country studies.

Given the results of prior studies, this current study is expected to also find traditional management accounting practices to be prominent in Australasia. The size of organisations in New Zealand are typically smaller than those in Australia, so comparative differences are expected, and there is also expected to be differences between services and manufacturing industries with manufacturing exhibiting higher adoption rates than services.

The following section reviews the theoretical and historical background of job advertising. Section four provides the method for this study. Section five presents the results of management accounting job advertisements, followed by a discussion of the results.

Theoretical & Historical Background of Job advertising

An approach to identify what is conducted in practice is to identify what is requested of potential employees in recruitment. One approach to identify what is conducted in practice is to review job advertisements (Leitheiser, 1992), also known as recruitment advertisements. Job advertisements provide a ‘rich source of data about the profession’ (Kennan, Cole, Willard, Wilson, & Marion, p. 177, 2006). The following section describes the aims of recruitment theory as matching a potential employee with the job requirements. A discussion of recruitment theory is then followed with an explanation of the use of job advertisements as data for an analysis of a profession. Then a specific discussion of job advertisement messages and analysis of messages follows.

Recruitment Theory

The aim of traditional theory of recruitment is to recruit individuals that fit or match with the job (Macky & Johnson, 2004). Fit includes the knowledge, skills, and competencies to suit the particular job position. In a broader view of the traditional theory, fit is defined as the suitability of the applicant for the organisation that includes the goals and values matching those required to be successful in the organisation (Chatman, 1989; Montgomery 1996). A more recent approach has been recruiting individuals with flexibility and adaptability for a future orientation or change from the present (Macky & Johnson, 2004). Thereby individuals will be able to adapt to new roles or jobs that emerge with the changes in organisations.

Recruitment methods may comprise campus employer visits, media advertising, use of recruitment agencies or search consultants, electronic recruitment, employee referrals and internal recruitment (Macky & Johnson, 2004). However, “the most commonly recognised recruitment method is the advertisement” (Heraty & Morley, 1998, p.5) and a large proportion of organisations
use media advertising (see Wooden & Harding, 1998; Ryan, Gubern, & Rodriguez, 2000; Marsden, 1994), also known as press advertising.

**Job Advertisements Provide Information Regarding the Profession**

Abbott (1988) refers to the accepted body of knowledge of a profession: the profession's jurisdiction. The profession's jurisdiction or common body of knowledge has been the focus of studies that use job advertisements to identify the knowledge and skill mix desired or required by employers. The job advertisements “bluntly state necessary and desired employer requirements from candidates” (Cullen, 2004, p. 138). Kennan, Cole, Willard, Wilson, and Marion (2006) reviewed the extensive literature of library and information systems (LIS) advertisement studies and collected data for a snapshot of Australian job advertisements with a comparison of Australian and United States of America LIS advertisements. In addition to concluding that job advertisements provide a source of data for requirements of employees, Kennan, et al. (2006) concluded that the analysis of the semantics of advertisements also provides a rich source of data about the profession. Kennan et al. (2006) also concludes that there are variations over time and internationally and the variations can be interpreted as “reflecting variations in the persona of a profession, as it ceaselessly works at developing and maintaining its identity in different and technological contexts” (p. 187).

Rafaeli and Oliver (1998) proposed five levels of employment advertisement analysis. Those five levels pertain to the text representing the (i) individual, (ii) occupation, (iii) organisation, (iv) industry, and (v) society. The organisation and industry level are advertisements of the prowess of the organisation or cultural elements of the industry respectively, while the society level of analysis represent the culture of the society with text such as equal employment opportunities.

At the occupational level advertisements “...can be argued to be representations of occupations. Advertisements contain occupational terminology, making them into occupational artifacts” (Rafaeli & Oliver, 1998, p. 344). Van Maanen and Barley (1984) also state “employment ads occur in the context of the occupation that they advertise or the occupational community of the advertised employment opportunity’ (p. 56). Occupations develop shared rhetorical forms (Bazerman & Paradis, 1991; Freidson, 1984; & Martin, 1992).

While there is literature on job advertisement text in some occupations (for example see Kennan, Cole, Willard, Wilson, & Marion (2006), Gallivan, Truex, & Kvasny (2004), Todd, McKeen, & Gallupe (1995), or Maurer, Howe, & Lee, (1992)) there is little analysis of job advertisements in other professions. Even though accounting organisations spend large amounts of money on advertising, of which advertising for their services or for job vacancy advertising is the most common (Smith, 1997), there is scarce literature on job advertisements in the accounting profession. Jeacle (2008) provides one study that examined the recruitment literature of the ‘big four’ accounting firms and six professional institutes. This paper specifically explores management accounting practices within the medium of internet job advertising.

**Job Advertising / Recruitment Advertising**

Electronic recruitment has been a recent development and has been rapidly growing in popularity (Kim, & O’Connor, 2009), among some occupations (Raschke, 2003; Marsden, 1994; Wooden, & Harding, 1998). However, there has been little research into recruitment advertising content and there is “no widely accepted method to classify or quantify the language used in recruitment documents” (Backhaus, 2004, p.116). Only a handful of studies have investigated the classification of recruitment messages. Through content analysis Backhaus (2004) analysed recruitment messages of internet recruiting. Results suggest that “there are norms within industries that establish appropriate ways to describe and market themselves’ (Backhaus, 2004, p. 131).

The current study recognises Jeacle’s (2008) observation that recruitment literature is a significant medium by which a profession can construct and deconstruct identities. In particular, this study follows Ryan, Gubern, and Rodriguez’s (2000) study to investigate the technical language used in job advertisements in a representative sample of management accounting advertisements.
Method

Internet Instrument

This study analyses job advertisements. For efficiency reasons in data collection and manipulation, internet based job advertisements were chosen, thereby providing the ability to set parameters and keywords. Online advertisements have the advantage of quick searches using key words, rather than manually searching through all advertisements.

The internet has increasingly been used for job advertisements and as a replacement medium of newspapers (see Anonymous, 2003; Centaur Communications, 2003; & Curry, 2000). Job seeking using the internet is the most popular method (Job seekers continue, 2007). There has been an upsurge in organisations listing situations vacant on websites, and it appears to be the new medium of advertising and filling vacant jobs (Aussie Company Strengthens, Sunday Star Times, 2004). The internet has become popular among recruiters of all sizes and descriptions that rely on the internet for recruiting candidates to fulfil positions ranging from entry-level to senior management (Bruce, 2004).

Procedure and Chosen Website

This current study uses a quantitative content analysis method similar to other content analyses of job advertising. While some other content analyses catalogue information to understand the firm, this current study collects information to understand the profession. The frequency of practices that were listed in the role required by management accountants on a situations vacant website for job positions in New Zealand and Australia were recorded. Each time a practice was stated in the job advertisement, the practice was recorded.

The data collection for the content analysis in this study involved four stages. The first stage was to decide upon the website, the second was to decide upon the keyword search for the profession, the third stage was to select keywords of management accounting practices. These stages are described below.

Job vacancy websites with New Zealand domain names were initially selected. Two websites had few job vacancy advertisements of management accountants with less than 20 advertisements occurring within four weeks. These two web sites were specifically for jobs in New Zealand. The third website, seek.co.nz, provided the most advertisements of management accountant positions and included job vacancies in Australian and New Zealand organisations, allowing for further comparison of these two countries. There were substantially more management accountant advertisements in total from this site than the two other sites. There were 215 advertisements over 11 days in the seek.co.nz website while comparatively the other sites had fewer than 20 advertisements over the same period. The majority of the advertisements from seek.co.nz were from Australian businesses. This website is rated as the most visited job vacancy website since 2001, and it also lists more advertisements than competitor websites (Aussie company strengthens, 2004). This site lists over 5000 advertisements at any one time and has strong emphasis on listing jobs in IT, accounting, finance, and management. Therefore, the seek.co.nz site was used for this current study.

Advertisements were searched using the key phrase ‘management account’ in the title. To reduce labelling error a preliminary search was conducted to decide on the practices to use for coding. Descriptive coding (Miles & Huberman, 1994) was used in this study allowing for words to be used as the unit of analysis. The terms (words) of practices stated within the advertisement were used as the unit of analysis. Larger units of analysis were avoided as further interpretation would be required (Krippendorff, 1980). All practices stated in the management accounting advertisements were recorded until a succession of advertisements provided no further practices appeared (saturation). There were a total of 36 practices cited in the preliminary search before saturation.

The analysed content used manifested descriptions, a method used by Backhaus (2004). Backhaus analysed content of a job advertisement website at an organisation level (Rafaeli & Oliver, 1998) without disaggregating data into profession or occupation. Backhaus (2004) also included
rhetorical analysis of persuasion advertising (Berger, 1991) while this current study is confined to content analysis of the occupation (Rafaeli & Oliver, 1998).

A manifested approach records the terms within the text rather than interpreting the meaning. A manifested approach requires little individual interpretation and makes the coding process more reliable (Ritte, Lacy, & Fico, 1998). Thus, only frequencies of the terms used in the preliminary search were recorded. Any job advertisements that were repeated were ignored.

A number of the practice terms included more than one word and some of these have been truncated to the primary term. For example, ‘variance analysis’ was truncated to ‘variance’ to ease classification. The truncated terms are variance, inventory, capacity, and incremental. The financial accounting term included an assortment of practices that would typically be attributed to tasks of financial accountants as those practices discussed in financial accounting textbooks.

**Limitations**

A limitation of using this source of data is that some advertisements may be specific, while other advertisements are general about the management accounting practices. For example, the practice “ABC” may be stated rather than more generally stating “costing”. Once the terms were specified in the preliminary search, practices of management accounting advertisements were recorded over four weeks. The sampled resulted in 335 job advertisements in total.

This content analysis method of job advertisements excludes internal job hiring placements, referrals, and job advertisements in the traditional medium of newspapers or practitioner journals. Therefore this approach has inherent biases of non-inclusion errors or coverage errors.

Some industry sectors may also recruit from outside the organisation more so than other sectors (Cappelli, 1995). Recruitment practices may also vary by country (Heraty & Morley, 1998). The results will then be disaggregated into industry sectors of manufacturing and services, and into organisation country of origin, Australia or New Zealand.

To state a term in an advertisement indicates that the employer is aiming to match the applicant’s knowledge, skills, or experience with the job position. It could be that ‘softer’ personal skills such as adaptability and flexibility may be identified at the interview and selection stage. Previous literature indicates that requests in advertisements for ‘soft skills’ tends to be low and that the usual recruitment approach is to specify all technical requirements in the advertisement. For this reason practices in job advertisements are investigated in this study and ‘soft skills’ not reported here.

**Sample Data**

Data was collected and information recorded on the following: location, whether the firm was national or international, level of pay, level of responsibility, length of tenure, type of organisation, type of industry, type of computer systems in use, and the type of work (practices) required of these management accountants.

Of the 335 advertisements that were recorded, 325 indicated the job location. There were 29 (8.6%) from New Zealand, primarily from Auckland, and there were 296 (91%) from Australia, with the majority, 166 (56%) from Sydney. The majority of management accounting advertisements were from Sydney.

There were 77 firms that indicated whether they were international or national. Of the 77 firms, 66 (86%) indicated an international status.

A greater number of assistant positions were advertised compared to junior, intermediate, or senior positions. Of those positions that were stated, 28 of them were assistant positions, while 17 of these were senior positions, and one of the advertisements was a junior position. Service organisations may use different management accounting practices to manufacturing firms. The service sector has also been growing relative to the manufacturing sector, so the type of organisation...
in the advertised was recorded. The type of organisation was classified as either manufacturing or service industry if the advertisement provided enough information. Of the 108 advertisements that indicated the type of industry, the majority, 61 advertisements (56.5%) were from service organisations and 47 (43.5%) were from manufacturing. These industry sector results are consistent with a 2003 salary survey from New Zealand that showed that the majority of management accountant positions are in service organisations. The New Zealand survey (New Zealand salary benchmarks, 2003) found that 67% of management accountants work in service organisations.

The type of organisation was also recorded and the finance industry made up 40 of the 105 organisations that stated the type. Other types of organisations included food, consulting, and technology producers.

The use of computer programmes required by job applicants was also recorded. The results indicated that there were over 20 different types of programmes that were required by management accountants across more than 143 job advertisements. Of those computer programmes, the ones that featured most often were Excel (83), SAP (27), BAS (12), ERP (11), and Oracle (10) (frequencies shown in brackets). Other less frequent programmes were Access, JDEdwards, MYOB, Hyperion, and Microsoft programmes such as Peoplesoft, Microsoft Word, and Microsoft Powerpoint.

The results suggest that management accountants are expected to frequently use computer programs, especially Microsoft Excel. Those intending to become a management accountant should become familiar with computers and the computer programs available that may be relevant to them in their management accounting role.

Results

Job Advertisement Results

The practices that were cited in the advertisements over a four week period are shown in figure 1. The figure lists the practices in order of most frequent to least frequent and shows the occurrence of the practice in proportion to all cited advertisements.

The practices: budgets, reporting, analysis, and financial accounting appeared in more than 50% of the job advertisements. Forecasting, costing and expenses, and variance analysis were the next most widely cited practices. Practices that appeared fewer than ten times were: planning, minimising costs, standard costing, accurate product costing, administration, value adding, foreign currency management, incremental analysis, and supply chain practices. Process systems were widely referred to with a frequency of 98, ranking seventh. Advertisements further classified process systems as process system development, implementation, or maintenance and improvement. The separate classification of process systems resulted in rankings of tenth, fifteenth, and eighteenth. Specific costing practices, such as ABC (ranked 24th), standard costing (ranked 26th), and minimising costs (ranked 28th) appeared less often than general practices such as costing (ranked 6th).
Another practice worth considering is performance measurement. This practice appeared in 15% of the advertisements. This figure excludes the specific performance measurement item of key performance measures, which was set aside as a separate practice.

**Analysis**

The terms ‘analysis’ and ‘reporting’ were frequently referred to in the data. Analysis appeared 179 times out of 335 advertisements (53%), of which 109 times (60%) reporting was also recorded. The specific meaning of these terms is unclear.

The practices of budgeting and forecasting were often both stated in the same advertisements. Budgets appeared 205 times out of the 335 advertisements (61%). Forecasting and budgeting appeared in the same advertisement 117 times (88%) out of the 133 times forecasting appeared in the advertisements.
Upon searching other accounting position advertisements that were not listed as management accountants, for example financial accounting, the job advertisements commonly stated practices that were recorded in this paper for management accountants. Though these other accounting job advertisements did not include the practices budgets or forecasting. If budgeting or forecasting were stated in a job advertisement, then the position would be listed as management accountant.

Differences in New Zealand and Australian advertisements

Advertisements were identified as New Zealand or Australian and the proportion of occurrence of each practice out of the total was calculated. The six most frequently cited practices (budgets, reporting, analysis, financial, costing and forecasting) are the same in both Australia and New Zealand (refer to the graph below). Australian advertisements cite budgets, reporting, analysis, and financial proportionately more than New Zealand. The divergence of Australia and New Zealand, for these five practices, is within 3%. Costing and expenses is the most divergent practice of Australia and New Zealand. New Zealand advertisements stated costing for expenses proportionately more than Australia.

Other major divergences of stated practices between New Zealand and Australia are supporting a superior manager, cash flow, process systems development, control, KPI, and the other less frequently cited practices.

Figure 2.
Comparing NZ and Australian management accounting job advertisements.
Differences in services and manufacturing industries

Advertisements were identified as either service or manufacturing industry. Again there was little difference in the most popular practices with analysis, budgets, reporting, financial accounting, and forecasting the most frequently identified (refer to the graph below).

The service and manufacturing industries differ in ‘costing and expenses’ practice. Manufacturing industry referred to costing and expenses more frequently than the service industry. Budgets, reporting, financial accounting, and forecasting are clearly cited more frequently by the service industry than the manufacturing industry. Standard costs, systems maintenance, inventory, projects, and variances are cited more frequently by the manufacturing industry than the service industry. The manufacturing industry also cites practices that involve inventory elements more often than the service industry.

Figure 3. Comparing manufacturing and service industry management accounting job advertisements
Discussion of Results

The results confirmed with some exceptions the findings of previous survey type findings. Practices of budgeting, forecasting, and performance were highly cited practices by Chennah and Langfield-Smith (1998) as they were also highly cited in this study, ranking in the top nine practices. Highly ranked practices in Tan et al. (2003) of budgeting, variance, analysis, and performance were also highly ranked practices in this study. Cash flow and strategy were not cited and ranked as highly in this study as in Tan et al. (2003).

Management accounting practices have previously been categorised as traditional and contemporary (or advanced), e.g., Burns, Hopper, Yazdifar, (2004), Adler et al. (2000), and Tan et al. (2003). For the purposes of this discussion, practices inspired since the criticism of Kaplan (1984) are considered to be contemporary, such as economic value added, the balanced scorecard, and activity based costing and management. Practices that were in existence at the time of Kaplan’s (1984) criticism are considered traditional.

There appeared to be little difference in frequency between contemporary management accounting practices such as ABC, continuous improvement, and strategy, and traditional practices such as standard costing, and minimising costs. Other contemporary management accounting practices such as value adding and supply chain were infrequently cited.

Some of the formerly traditional management accounting topics such as product costing, minimising costs, and standard costing are stated no more than other periphery practices such as economic or trend analysis, foreign currency, commentaries, or liaising. The low frequency on particular practices is consistent with the study of Burns and Vaivio (2001) that find that accountants are dealing less with cost issues. However, the low frequency of particular practices does not indicate that the practice is not used by management accountants. Increasing automation and computerisation may be shifting the emphasis from gathering data to the interpretation and analysis of the data. In the past the calculation of product costs defined the job role as a cost accountant or management accountant. In this study the high frequency of budget and forecast practices shows that planning practices are emphasised for a management accountant position. The high frequency of budget and forecast practices in the job advertisements suggest that budgeting and forecasting in a job role defines that role as a management accounting position. Adverts for financial accountants, also examined, did not refer to these practices. Still, financial accounting and management accounting in practice appear to overlap more than typically presented in management accounting courses devoted to relevant costs, decision making and planning. In practice, people are engaged in ‘accounting’ and there are no clear lines between financial and management accounting.

There were slightly greater proportions of practices cited in Australian organisations compared to New Zealand organisations. These differences were not salient and not substantial as suggested in studies of individual countries.

There were also slightly greater proportions of practices in service organisations compared to manufacturing organisations. Though, this result was not present for costing where manufacturing had substantially greater proportion of organisations cited than service organisations. This is perhaps not unexpected given that service organisations may find costing more complex and difficult to apply.

Interpretation of Results and Significance for Education

Surveys and studies of practices help to identify what practitioners expect from graduates. It could be argued that they therefore help tertiary institutions in building their curriculum. It is apparent from this study that as over half of the advertisements of management accountants are also required to do some financial accounting, this practice and management accounting still have some important overlaps and should be emphasised and continue to be taught conjointly in educational environments to prepare students for the current work environment. The financial accounting and management accounting link may also be through various topics such as cash flow management, or other practices such as analysis or reporting.

It would be great if the identification of practices identified in studies and analyses of advertisements were sufficient guide to educators about curriculum development. But even if we can
identify the ‘practices’ stated by employers as requirements of the work of management accountants, there remains the problem identified at the beginning of this paper of the gap between textbook theory and practice (Szendi and Elmore, 1993). It is argued that traditional management accounting textbook ‘solutions’ are often incompatible with modern production systems. Textbooks used can be dated, and academic texts rely too much on “…single-product single-process models used by managerial economists, rather than using examples from actual organizations” (Szendi and Elmore, 1993, p.63). They are supported by Francis and Minchington (1999) and Tan, Fowler and Hawkes’ (2004) findings that there are significant differences between what practitioners do and what is taught. By not reflecting the complexities of practical situations, and better understanding the techniques and methods that practitioners actually use, management accounting curricula may be out-of-touch with ‘practice’. This is because activities that are performed routinely within an organisation may be subject to routinisation, institutionalisation and lock-in history. The Burns and Scapens framework (Scapens, 2006) sees these forces as important to understanding management accounting practice, and is a useful tool for helping to understand the prevalence of the theory-practice gap. Management accounting is a long established and well routinised activity in many organisations. There are accounting rules and routines that shape the behaviour of individuals, and these rules and routines reflect the underlying taken-for-granted assumptions within the organisations. These assumptions are generally slow to change, but have a large impact on rules and routines.

This may explain a part of the perceived ‘theory-practice’ gap. Innovative theoretical models may be difficult to translate into ‘practice’. It can be difficult to introduce a new management accounting technique because it may confront the existing one which is protected by its institutionalised status and the power of its norms and meanings to individuals and the structures it perpetuates. Further, it is perceived as unlikely that a new management accounting technique or system will be successfully adopted if its underlying assumptions are at odds with those of the prevailing institutions and assumptions.

Because of this, several authors have stressed the importance of conducting research within organisations and taking careful note of the actual management accounting practices employed and the environment in which they are utilised (Scapens, 1994). Spicer (1992) includes a section titled Challenging textbook theory and building alternative explanations in which he discusses the benefits of studying practice in organisations, and then following up on differences between theory and practice with further organisation based research. This will allow researchers to uncover the differences between theory and practice, but in a way that is clearly relevant to the organisations and practitioners involved.

So the conclusion of this paper is that it is essential for educators to know the practices that are demanded by employers, and to reflect those practices in the educational curricula. However, there remains a problem between simplified theory and complex ‘practice’ embedded in organisational routines. Birkett (1992) was an advocate of a competencies-based approach to management accounting education. Such an approach would favour the well-known case method and features problem-solving strategies. Close to the use of case studies, some authors like Hand and Kelly go one step further and argue in favour of action learning (2006). Action learning is a process by which groups of people work on real issues or problems, carrying real responsibility in actual conditions (Hand & Kelly, 2006, p. 9).

It seems that to properly understand the demands of employers as reflected in their stated ‘practices’ in job advertisements, we have to have teaching, research and curricula that involve some contact with practitioners and ‘real’ situations.

Working against this approach is the resource constraint. There is the need for tertiary institutions to restrict the breadth of their syllabus to a size and complexity that can be properly dealt with in the finite teaching time available. Educators are confined in their subject teachings by their available teaching time; and the most efficient means of ‘knowledge’ delivery is through the traditional mass lecture and small tutorial situation.
Conclusion

The management accounting role is vast and involves many practices. The various practices of budgets, reporting, analysis, financial, forecasting, costing, and variances are found to be emphasised in job advertising. The traditional management accounting practices remain highlighted in job advertising. The results of this study illustrate that those seeking a position as a management accountant require traditional management accounting practices of budgets, reporting, analysis, financial accounting, forecasting, costing, and variances.

Due to the high frequency of the practices stated above, these practices can be deemed to form the basis of a common body of knowledge in management accounting. For this reason, traditional management accounting practices of budgets, reporting, analysis, forecasting, costing, and variances should be taught by educators.

An argument could be raised as to what other practices should be taught to management accounting students. The contemporary management practices stated in job advertisements appeared sporadically. There was no contemporary practice that appeared more salient than others. So there still remains a dilemma as to what, if any, contemporary management accounting practice should also be taught to management accounting students, and that accounting educators need to make a decision of what to include in the curriculum beyond the common body of knowledge.
Reference List


