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Struggling for a New Role for the Business Controller

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Abstract

Purpose

The recent discussion on changes in the controller's role has mainly focused on the national and organizational level culture aspects of that professional role. While earlier studies have demonstrated how the role changes have been stimulated by corporate culture, IT systems, new accounting technologies and inter-professional competition, we contend that such changes cannot be achieved without active individuals in organizations.

Methodology/Approach

Our study is informed by the concept of institutional entrepreneurship, concentrating on changes in institutions, such as professional roles, which are achieved by an active agency. Thus we concentrate on the individual level by tracing how the role of a single controller was changed from that of a 'bean counter' towards that of a business partner.

Findings

We illustrate how new cost accounting techniques (ABC) and modern information technology (ERP) serve as critical momentum for this role change, and how the aspiring controller must creatively combine multiple competencies in order to change the institutionalized professional role.

Research Implications

Organizational roles and other social institutions defining accounting practices may change and are changed only as a result of active agencies. Therefore, in order to understand the conditions for these changes, we need to pay more attention to what active individuals are doing when bringing about these changes. More attention should be paid to the political and discursive action of accountants.

Originality of the Paper

This paper focuses on an active agency in the process of changing social institutions. The research task is organized as a longitudinal study concentrating on the critical phase of a single individual's work career.

Classifications: Research paper

Keywords: management accounting change, institutional entrepreneurship, accounting profession, ERP, ABC, organizational culture.

Prologue

“The project ended, and I got promoted. I became the division’s chief of finance, sort of ... vice president, we still have the senior [VP], but then ... [business controller of the office paper business area] got pregnant, which changed things a bit, so I took over as the business controller of office papers [...] but I am still the owner of this [accounting] tool. So I am not solely the business controller of office papers, but I am also responsible for the functioning of this tool at the divisional level. [...] Personally I think this role is great...and when I have this small responsibility that originates from way back, I have the opportunity to participate in the development of other business areas, too [...] Now I have the feeling that I have given this firm’s cost accounting all that I have to give. From now on, I will concentrate more on business.” (John, ex ‘bean counter’, now a business partner, 9 November 2004)

1. Introduction

Management accountants' job descriptions, roles and role change have been among the emerging topics in management accounting research since the 1980's (e.g. Hopper, 1980; Sathé, 1983; Armstrong, 1985; Matson, 1987). Much of the discussion has focused on the traditional, somewhat negative view of accountants grounded in public consciousness – the bean counter image (Bougen, 1994; Fridman & Lyne, 1997, 2001; Vaivio & Kokko, 2006; Baldvinsdottir et al. 2008).

Many earlier studies have so far been static in nature, intended to give a cross-sectional view of the roles of controllers at one point in time. Since 2000, more dynamic studies have been presented, including processual case studies analyzing the change in controllers' roles over time. Both groups, static and dynamic, include research settings that focus either on new technologies (e.g. ABC/M, BSC, EVA, ICT, ERP) or on human /cultural aspects claimed to drive changes in work roles.

A well-known example of a static study focusing on the role of technologies is the study by Friedman and Lyne (1997) presenting three scenarios of what might happen to the role of management accountants when ABC/M techniques either are or are not adopted¹. Another body of technology oriented literature deals with modern ICT and its impacts on the management accounting function and management accountants (e.g. Burns & Yazdifar, 2001). For instance, in their field study Granlund and Malmi (2002) found that ERP systems have influenced both management control and the management accountants' roles, but at the time their study was conducted the changes had been quite moderate (see also Hyvönen, 2003; Rom & Rohde, 2006).

However, concerning more dynamic settings, Scapens and Jazayeri (2003) reported in their processual case study that although the introduction of ERP systems had not caused fundamental changes in the nature of the management accounting information used, there were changes in the role of management accountants - in particular: (i) the elimination of routine jobs; (ii) line managers with accounting knowledge; (iii) more forward-looking information; and (iv) a wider role for management accountants. Notably, they did not claim that ERP was the driver of these changes; rather it is argued that the characteristics of ERP (integration,

¹ According to their first scenario, the implementation of activity-based costing is assumed to influence the management accountants' career, or at least to mitigate the bean counter image. In the second scenario, ABC/M is regarded only as a temporary savior of management accountants and a passing fad, and the bean counter role of management accountants is restored after a while. The third scenario is similar to the first one, but unless the management accountants are able to seize the opportunity provided by the implementation of ABC/M, other professional groups, e.g. engineers, will fill in the gap and assume management accounting tasks.

standardization, routinization and centralization) opened up certain opportunities and facilitated changes already taking place within the company. Caglio (2003) in her case study examined how the adoption of a new ERP system challenges the definition of the expertise and roles of accountants within organizations, leading to new, hybrid positions. On the other hand, instead of hybridization, professional roles may also become polarized (Jacobs, 2005), according to which some part of the profession enter some other professional sphere, or learn a new trade.

Be this as it may, Caglio (2003, p. 146) in any case emphasized that “accounting people can become the proactive creators of their future within organizations by profiting from ERP systems”. Newman and Westrup (2005, p. 269) found that senior accountants especially saw ERP systems “as a positive development enabling them to be more focused on financial management and less on bookkeeping aspects”. They also observed that in some organizations groups other than accountants (such as ICT and senior management) had taken control over ERPs and that the roles of accountants had consequently been marginalized. Quattrone and Hopper (2005) also found that while the adoption of an ERP system did not influence management control in one of their cases, in their other case financial management expressed concern over the loss of control. Finally, Hyvönen et al. (2006) found that management accountants’ cost accounting knowledge combined with the opportunities provided by ERP systems could create a new expert system, the acceptance of which was based on trust and blind commitment, which eventually contributed to the increasing importance and power of the management accounting function at the HQ level.

The second line of discussion that we incorporate here are studies that were more concerned with cultural factors and accountants’ personal qualities. Static studies such as Ahrens and Chapman (2000) and Granlund and Lukka (1997, 1998a, 1998b) have all explored the interaction between national cultures and controllers’ roles. Ahrens and Chapman compared UK and German enterprises and found distinct differences in the roles of management accountants between these two countries, while Granlund and Lukka studied Finnish corporations, and argued that management accounting practice in Finland is tied to the surrounding national culture. However, they conclude that this culture was undergoing a major change in the 1990’s as bean counters were being transformed into agents of change, and later Vaivio and Kokko (2006, p.69) argue that they were no longer even able to clearly identify the bean counter image in the Finnish context investigated.

Focusing on members of CIMA (UK) and subsidiary organizations, Yazdifar and Tsamenyi (2005) found only weak support for the notion that dependence on a parent company influences management accountants’ role change. Instead, their results suggest other institutional forces to be in play². And, finally Byrne and Pierce (2007) give a comprehensive picture of the antecedents, characteristics and consequences associated with the roles of management accountants. Their results suggest that management and management accountants themselves play a critical part in the determination of the roles of management accountants.

² Although the findings of Yazdifar and Tsamenyi (2005) are based on a survey, they emphasize that their study is based on new institutional sociology (NIS).

Examples of more dynamic research settings dealing with organizational and human aspects include Burns and Baldvinsdottir (2005), who study the development of the new process and teamwork oriented role of management accounting in a single organization. They draw on Seo and Creed's (2002) concept of institutional contradictions in investigating the social dynamics of management accountant's role change, and find support for arguments put forward by Granlund and Lukka (1997, 1998a). However, Burns and Baldvinsdottir emphasize that ICT change is not a necessary prerequisite for management accountants' role change, but rather the management accountants must themselves be ready to question their traditional roles. In another dynamic case study, Ezzamel and Burns (2005) draw on Foucault's notions of knowledge and power to investigate the dynamics of management accountants' role change and competition between various professional groups. Their findings illustrate how accounting did not succeed in dominating the case firm's procurement/purchasing functions, and how various professions were able to use their own discussions to further their private agendas. Finally, in his longitudinal case study, Järvenpää (2007) illustrated how human resources policy was used successfully as a catalyst for management accountants' role change.

In light of what we have learned so far, we see here the need to know more about the dynamics of the role changes in organizations. Earlier studies have found a few drivers that may, in some cases, cause the accounting role to change, and in some cases not. Therefore it would be interesting to know how much external factors like ICT, new management accounting technologies or HR policy really explain such changes, or what else is needed in order to accounting roles to change. Power, politics and aspiring accountants may not have had enough attention in the studies conducted so far. Here, in this study, we will focus on the dynamisms and interplay of different aspects contributing to accounting role change. In order to learn more about such dynamisms we will analyze management accountants' role change at the individual level by following an aspiring accountant and his struggle to change the role of the business controller.

The paper is organized as follows. In the next section we will describe the method and methodology of the study. The third section presents the data of the study, and is followed by an analysis and conceptualization of the data in the fourth section. Then in the fifth section we discuss our findings and the paper ends with our conclusions.

2. Research method and methodology

The opportunity to study a controller's role change came in autumn 2002, when the present authors were involved in another, more extensive research project (an ERP-linked ABC project). At that time, we stumbled on the controller and his rise from a management accountant to a managerial position. Thus the approach taken in this study parallels that of Thomas and Davies (2005) arising from a more general background. We draw on texts generated by interviews with individuals to explore the meaning that the subject, the controller, attaches to his professional identity. Following these, we focus on the processes of professional identity creation within the interviews, on which we offer critical reflection in this paper. Since professional identity, be it that of a bean counter or a business partner, is partially constructed by reflecting oneself against others, we have also included interviews with the controller's colleagues in the data.

Our study is informed by the concept of institutional entrepreneurship (Eisenstadt, 1980; DiMaggio, 1988). The concept entails the role of actors in creating institutional change and focuses on the manner in which interested organizational actors work to change their institutional contexts. Lately, institutional analyses have evolved from the more static definitions such as Scott (2001, p. 48) "elements that... provide stability and meaning to social life" in a direction where the effects of individuals on organization have increasingly become a cause for concern. This broadens the scope of institutional isomorphism to intelligent, situated institutional action (Lounsbury, 2008) that has been called institutional work (Lawrence and Suddaby, 2006).

Institutional entrepreneurs are individuals who work purposively to create new institutions and maintain, change or disrupt existing ones. They are individuals with sufficient resources to drive those changes in order to realize the interests that they value highly. As entrepreneurs they are aspiring and willing to take risks in order to realize their interests. The concept focuses attention on: 'the manner in which interested actors work to influence their institutional contexts through such strategies as technical and market leadership, lobbying for regulatory change and discursive action' (Lawrence and Suddaby, 2006, p. 215).

Theoretically, we provide insight on the dimensions of management accountants' role change, and the prerequisites for creating the 'business partnership' sought by modern controllers. Empirically, we provide a story of 'creating a new role of business controller' in an environment where a command of new cost accounting and ICT technologies (ABC and ERP) may be decisive for success. Thus, the generalization is to the theory, and the controller in our study might not represent any 'ideal type' of management accountant in the sense that his experiences could be replicated or generalized. Rather, this paper follows the spirit of social

constructivist methodology, where the controller's professional identity is constructed collectively by the interviewees and the interviewers and where the interview itself is a privileged social situation (Berger and Luckmann, 1966; Alvesson, 2003). As such, this research adopts a romanticist view (see Silverman, 1993; Alvesson 2003) where the focus is on the meanings and perceptions of social reality, not facts in the positivist sense. It has been suggested that the insecurity of modern working life, especially that involving projects which change from time to time, needs strong professional identities in order to survive (Alvesson & Willmott, 2002). Professional identity is shaped through discursive processes where we explain to others (and ourselves) what we do, where we succeed and how we wish to develop in the future.

Our starting point in this study is that while the Nordic countries lack a professional body of management accountants³, the role of the controller can be regarded as *institutionalized* at least at the organizational level. However, Yazdifar and Tsumenyi (2005) point out that the controllers role is also influenced by other than mere organizational level pressures, regardless of whether the organization is independent or dependent (i.e. subsidiary etc.). Here, we draw on Eisenstadt's concept of institutional entrepreneurship, centering on an internal agency. In order for institutional change to take place, the institutions need strong agencies that have both the means and the ability to initiate change (see Granlund, 2001; Burns & Baldvinsdottir, 2005). However, institutional change is not dependent on an individual agency only but has the capacity to continue its existence without the agency that initiated the change. Thus, in order for institutional change to take place, the change in the controller's role must exhibit stability even if individual controllers leave the organization and are replaced by new individuals.

³ Different countries seem to have utterly different traditions as to how the profession of accounting has organized itself. This concerns especially the institutions that train accountants and protect their job markets (Mattson, 1987; Loft, 1990; Ezzamel and Burns, 2005). For instance, the professional body of public accountants (auditors) was established in Finland in 1911, and since 1924 the authorization of certified public accountants has been the responsibility of the Chamber of Commerce.

3. Data of the study – The case of “John”

Data and analysis

This is a case study of the role change of one management accountant, hereafter called *John*. Here, concentrating on one individual and his career development has methodological grounds (Eisenstadt, 1980, DiMaggio, 1988; Thomas and Davies, 2005; Lawrence & Suddaby, 2006; Lounsbury, 2008), as it helps us to perceive the richness and dynamics of controller role change better than would be possible if we studied this issue at the level of organizations. John, while not necessarily an ideal type, may be representative in a way that is becoming increasingly common, and there will most certainly be others like him working in today’s industrial conglomerates. First, some background information is provided. Then the study proceeds to examine the dimensions that have influenced John’s professional role as a management accountant.

The data for this case study was collected from a single project in a single business enterprise (an NYSE listed company, here called *Paper Group*). Our data collection process started by interviewing personnel from the divisional headquarters (called *Alpha Division*). There, two business controllers, a divisional controller (John) and a management accountant responsible for the implementation of ERP-linked profitability management system (PMS) were interviewed. After the second interview at divisional headquarters, we were provided with the internal material on the PMS project and were also granted access to the production site (called *Northern Mill*), which was not only the pilot unit of the PMS project, but also the biggest integrated fine paper mill in the world. The first round of interview data was gathered soon after the PMS project was introduced and the modeling phase in the pilot unit was carried out between September 13th and December 12th 2002, at the divisional headquarters and at the Northern Mill. The second round of interviews was carried out in reverse order after the PMS system had been implemented in the pilot unit between November 4th and 26th 2003. The final follow-up interviews were carried out one year after the whole PMS project had ended, namely at the divisional headquarters on November 9th 2004 and at the Northern Mill on January 24th 2005. The total number of interviews is 13 and the length of the recorded and transcribed interview data from the interviews is about 24 hours (Appendix 1). In addition, off-the-record discussions were held several times during the research period. In most of the interviews, at least two researchers were present.

Analyzing the data proceeded in the spirit of discourse analysis so that after each round of interviews, each member of our research team analyzed the data separately

and formed his/her own narrative. After this, the research team convened, compared narratives and amalgamated individual narratives to form a composite narrative.

John's role – a brief overview

John graduated from a Finnish university in 1997 as a major in accounting. According to him, his master's thesis was on the development of an activity-based costing system for a medium-sized machine works. After that, in his first job as a paper mill cost accountant, he had the opportunity to participate in ABC projects, in which detailed models of paper production processes were developed. At this time, he also became familiar with ABC software tools, the knowledge of which later became decisive for his career advancement. In 1999 John was appointed to the position of divisional controller in the Alpha Division.

At the divisional headquarters, John's main task was to support the business controllers of three business areas by providing them with profitability calculations. At the time, the division had begun implementing an ERP system. The Divisional CFO assigned him the task of analyzing the usefulness of the SAP R/3 system for developing the division's activity-based costing.

“Well, my boss directed me to suss out the possibilities for activity-based costing in R/3...with the aim of fast reporting and possibilities for roll-out. I found no possibilities in the R/3 system.” (John, 26 September 2002)

On the basis of this statement the division decided to implement activity-based costing using a separate software package. This was justified by the division's need for quick implementation, and the advantages of having a system that was not dependent on the ERP (since this allowed ABC to be implemented quickly in mergers and acquisitions – a situation deemed likely in the future).

By the year 2002 the PMS project had started. The CFO had managed to include the PMS project in the much more expensive ERP project, which provided the project with more resources than would have been allocated if the implementation had been a stand-alone project. Thus, the PMS system was defined as a part of the division's ICT infrastructure. Goals included profitability calculations and increased transparency of cost structure. The division's business controllers were profoundly committed to the project, as they felt that the existing management accounting systems were inadequate for their needs. Previously, all projects aimed at the improvement of profitability had required separate ad hoc reports by John for that one specific purpose.

“And our sales management said ‘yes’. This was what they had been waiting for. The customer issues, really...for one production site, it is difficult to say anything about the customer...for Alpha or the Paper Group, their size might be too small [...] as for the Northern Mill, process reengineering seemed to be a big issue...and here, we were able to address the part of the process that begins after the paper has been

manufactured. Again, the factory management and the sales management are waiting for this to happen” (John, 26 September, 2002)

The project team decided to abandon the term “activity-based costing” because some people in the division seemed to be convinced that ABC was not appropriate for the paper industry. The project team acquired more management accounting expertise, and selected the OROS system by ABC Technologies as their tool. The interviewees seemed to be particularly impressed by the options for linking OROS with SAP R/3, which may have contributed significantly to the decision to adopt OROS. After the software solution was agreed on, the project group selected a consulting company to assist in system design and implementation.

The design of the cost and profitability system started out with a pilot project at the Northern Mill, which was chosen not only because of its size and importance in the division, but also because of the location, range of products and the local chief of accounting volunteering for the job. Volunteering for the project was rewarded by having outside consultants do most of the modeling work involved.

In January 2003, after several setbacks, the project group finally managed to transfer the Northern Mill’s information to the OROS system and presented the results to the division’s top management team. According to the interviewees, the results were received so favorably that the management team had been positively surprised. Now the divisional management began to see the potential of the PMS system for their globalization strategy. It seems that the PMS project that began as a part of a general ICT improvement program was now given status as a part of the division’s strategy process. The project received new funding, which allowed the CFO and John to start replicating the model at other production sites.

“After the ABC analysis we presented the results to the division management ...and they received it well. First, they did not doubt the results in any way, even when the results were not entirely good news. On the contrary, they said they would utilize the results in the future. And things in the project have turned the other way around, now the division expects something of us, so the model could be expanded. We presented the results to the other divisions, and we received more expectations from them. In practice this means that we don’t have to beg for more resources if we happen to need them. We got more resources, and this is no longer an accounting project and no longer an IT project. This is one of the main strategic activities” (John, 4 November 2002)

The replication / roll-out phase also employed a significant amount of outside consultancy in order to implement the new system at all the division’s production locations. The other production locations had been instructed to begin collecting information in December 2002, and the first of the second-stage projects was completed in just two months. By June 2003, all the division’s eleven production locations had implemented the new system. By then, John’s challenges began to

change from modeling and organizing the collection of information to utilizing the results.

Cost and profitability information from the entire division was processed in a report generator software solution (Cognos) which allowed the information to be reported in more than 30 dimensions. It was decided by John that as such, the report generator could not serve the needs of divisional management, but instead he had to continue to work on the most important reports. This view was supported by the business controllers, who were quite satisfied with the opportunities provided the PMS system.

After the project had ended in October 2003, many significant events occurred which affected John's career. His superior, the CFO, transferred to another division, and in 2004 John was promoted vice president CFO. In addition, as one business controller left on maternity leave, John was given the responsibility for one business area. Since he was well informed on profitability improvement issues, the division's top management expected him to contribute to divisional-level business process development. Thus, from the beginning of 2004, John was in the process of transforming from accountant to strategist. He now had an organization of his own, which took the job of analyzing profitability across the division. It was less than ten years since he had taken his master's degree in accounting, but now, thanks to a successful ABC implementation project, yet not forgetting the role of serendipity, he was able to reach the top ranks of the division.

4. The role change of business controllers

On the basis of the earlier literature we examined John's role change from the following viewpoints that evinced as areas having a possible impact on management accounting role change: changing cost accounting techniques (Friedman and Lyne, 1997; 2001), changing ICT systems (Granlund & Malmi, 2002; Scapens & Jazayeri, 2003; Caglio, 2003; Newman & Westrup, 2005), John's interest in business development that allowed him acquire expertise beyond the traditional bean counter job description (Granlund & Lukka, 1997, 1998a; Burns & Baldvinsdottir, 2005; Vaivio 2006; Järvenpää 2007) and his ability for social networking in order to make allies and downgrade competitors in the organizational jungle (Ezzamel & Burns, 2005; Vaivio & Kokko, 2006).

Changing cost accounting techniques

In the mid 1990's the number of accountants in Finland competent in activity-based costing was fairly small (Lukka & Granlund, 1996; Malmi, 1999; Hyvönen & Vuorinen, 2004). At the time modern cost accounting practices were regarded as specialist knowledge, the demand for which was increasing. An ABC-related master's thesis was enough to set John apart from other fresh graduates looking for a job in the paper mill's controlling functions. His knowledge expanded as he took on new projects related to ABC.

John's ability to learn and take an interest in creating management accounting related knowledge and skills becomes evident if he is compared to Northern Mill's chief of accounting (mill controller). The mill controller had allowed 'outsiders' – both the production engineers and external consultants - to work on ABC models without management accountants actively taking part in them (cf. the third scenario by Friedman and Lyne, 1997). As a result of this the mill controller did not feel very familiar with ABC tools, and did not create information which others would have found useful in activity-based costing projects.

“Here we have really done this ABC three times for the sheeting plant alone. We had a consultant do it once, and then this student did it again, and then we had a guy from Helsinki do it once more - I think that it never got done”. (Mill controller, 11 November 2002)

Unlike the mill controller, John undertook the new projects and did things on his own. He did encounter many problems, but solving these was to help him when creating substantial knowledge concerning both ABC and the related ICT. Before starting the PMS project John had five years of work experience in applying

activity-based techniques in the papermaking industry, and had become well versed in cost accounting, information technology, production processes, business and the organization culture. Knowledge of the production processes was especially useful in selecting the pilot project and modeling the Northern Mill's processes.

Changing ICT systems

The software solution was selected on the basis of John's specialist opinion, as he had intimate knowledge about cost accounting and the related software technology. He also managed to sell and legitimate the project inside the Alpha Division. However, John did not overestimate his skills, but instead actively sought ICT and ABC experts who could join the project team either as members or consultants.

Even though the design and implementation of the profitability management system required a considerable amount of ICT expertise, the situation changed after the new information system was operational and began to produce large quantities of data. This is evident in the following quote:

Business controller # 1: "It has been our starting point, that we know we have all the information stored electronically. We have a hundred times more information than what we need. We have hundreds of information systems. This company is full of all sorts of databases, like any other firm. We have gone through the IT hype, in a way, the IT technocrats have taken over the firm. But at the same time, we have forgotten about utilizing the data."

Business controller # 2: "Everywhere, implementation projects have been a lot more cumbersome than anyone could have thought, and we have invested money and effort in them"

Business controller # 1: "And we have dreamed that this would bring us more information"

Business controller # 2: "Well, it does increase the amount of information, but there is a limit to how one can make use of all that."

Business controller # 1: "So you can't utilize it."

Author # 1: "More information?"

Business controller # 1: "Information".

Business controller # 2: "Information, not knowledge."

Business controller # 1: "Knowledge management, yes."

Business controller # 2: "We have databases full of data."

Business controller # 1: "People have just got bored with browsing all the data" (Group interview, 26 November 2003)

In the utilization phase of the profitability management system project it became crucial to possess information about the business processes. New challenges included utilizing the profitability data in the creation of more profitable business transactions, and in the redesign of the business processes. Prior to the PMS project, John had had an opportunity to study these by doing ad hoc profitability calculations with the division's two business controllers.

The combination of management accounting, ICT and business knowledge seems to provide good background knowledge for managing the entire division. Compared to his superiors, whose knowledge about accounting and ICT may have been somewhat limited, John and the business controllers were able to benefit from the implementation of the PMS system. According to the interviewees, the profitability management system brought a significant improvement in the division's cost and profitability information. Earlier, it had been virtually impossible to obtain reliable, comparable and up-to-date cost information from the individual production locations. The controlling function at the divisional level was now able to use the new information system to direct attention to the problems they felt should be receiving attention, and they were also able to create new control structures. This also makes the controllers more strategic. Great new potential for discovering problems from the PMS and evincing better economic arguments for making choices makes the controllers key players in strategy formulation. In the action phase of the strategy process (Stacey, 1996) the reporting choices of the PMS for different organizational designs as well as the increased options to check that actions in the mills align with chosen strategy give the controllers new power.

It is reasonable to believe that in the future, John and the business controllers will be better able to choose which topics are discussed, and in what way they should be discussed.

“Our problem was that...we built in fact a cube which allows for access from each and every report to all others, so if we give this kind of tool to the divisional manager, and if he were interested, he could look at the products from many different angles, each customer by products purchased, and then the same by each country by customers, and after that, he will be lost in the data, and half a day has passed and he does not grasp the big picture” (John, 9 November 2004)

Increasing business orientation

One might consider the selection of activity-based costing a topic for John's master's thesis as more chance. On the other hand, it is possible to interpret this as an example of interest in new ideas. John's career in the paper mill's financial department would have very soon been at a dead end. The role of accounting in the management team was limited, as traditionally paper mills are organizations run and managed by engineers.

“Well, I basically worked in the controlling department, the attitude towards us was that we were...a cost center. If you consider the role of basic accounting tasks at the paper mills and at the corporate level, for that matter, their role is not very important. They were regarded as people responsible for inputting data.” (John, 4 November 2002)

John was in a position to observe how isolated financial management was from business management. At the mill's financial department the culmination of his career would have probably been a post as a mill controller. Divisional headquarters offered much more tempting opportunities as a divisional controller.

The status of the PMS was changed during its implementation. It started as a financial ICT project, which according to divisional management, was only a part of the ICT infrastructure development project. A 'good tactical eye' was needed together with knowledge of the organization and business processes to redefine the ICT project as a 'strategic project'.

Business controller # 1: " That's what we ended up with, that we are in fact building a strategic tool."

Author # 1: "You realized you were building a strategic tool? You did not begin with the idea of a strategic tool?"

Business controller # 1: "No, we did not start out to do that".

Business controller # 2: "Problems were much more operational at that time, but we adopted more aspirant targets when we realized how far we could get. That's the way it went" (Group interview, 26 November 2003)

At first, in the divisional controller function the attitude towards the mill's previous ABC analysis was very unappreciative. John has a very clear conception of the reasons why the mill's ABC remains a one-off practice. Later on, he revealed some results of the PMS which clearly indicated that not so much can be said, for instance, about the impacts of production batch size on profitability, which seemed to be the main result of the mill's own ABC analysis. Thus, John questioned the reliability of the information yielded by the previous ABC analysis.

"The sheeting plant ABC model, that's what they called it. One student in industrial engineering built it, and tried to reach at somewhat the same goals as we here. That is...a problem of a big company...that we don't know what is going on at the production sites. But I think it was a good example of ...what it means when (accounting) starts from the production locations. It was terribly cumbersome, caused a lot of work, and you could not implement it on any other location. And, I think, it is sort of a shame that these projects are going on in the production location and they don't consult us". (John, 4 November 2002)

Although the PMS project ended, the competition in the arena of business management will go on. John was promoted Vice President CFO and business controller in divisional management. The role of business controller is still new and in the process of becoming established. So far they have been forced to legitimate their status inside the organization's business management. In any case it seems

obvious that PMS may help their chances in the competition in their role in division business management.

“And the other big issue here is gaining the acceptance of the rest of the organization, it is not very easy. [Business controller # 2] and I are regarded very much as controller-types, you know, but we are business controllers. And often they are complaining that we are dealing with issues that are none of our business, such as sales, but everything here is our business. They don’t get that, we both have controller backgrounds. I mean we are meddling with things, and this project involves a lot of that. That is the change of roles in our organization, whether we are talking about factory management or whatever.” (Business controller # 1, 26 November 2003)

Importance of social networks

Our case data shows that competition and co-operation in an organization will be clearly linked to different professions and functions. Allies can be found among people with an accounting background while the most difficult individuals were either IT professionals or engineers.

Familiarity with and knowledge of the organization was also important when organizing the project management. John and his allies identified all the actors likely to be obstructive to the project and he tried to keep them out of the project.

“It has been our strength in this project that we have had no steering group. That would have meant that there would have been an IT-guy, and there would have been a sales manager or two, who would have messed everything up. So we would have had to build the commitment to this project through the steering group” ([, 26 November 2003)

In practice John enjoyed a considerable degree of freedom in developing and implementing the PMS system. He also had the courage to use his delegated authority and took decisions autonomously. In a situation with no strict orders, courage and great confidence in personal skills and knowledge would be needed. Unlike the mill accountants, John was willing to take risks and put his career at stake. For instance, when the project threatened to be delayed in 2003 due to IT problems at the pilot mill, John pressured the project manager to resign and hired external consultants to continue the project. This caused a rather significant budget overdraft. John reacted by confronting top management and giving them a PowerPoint presentation based on speculative numbers that would suggest important and interesting results should the project’s extra funding be approved. John got his funding, but later commented that if the extra funding had been denied, his only viable option at that stage would have been resignation.

John: “well, if you think about our division we have a divisional president here [...] and then we have three vice presidents for the three business areas, and then we have vice president CFO, ...he now works in a wholesale, so these four people...I don’t know how it went back then, but the CFO was the person who liaised with us, and he apparently was given a free hand...in other words, the divisional president trusted operative business managers, so if they say they need this, he gave them his confidence. In practice he trusted the CFO, and the CFO seemed to trust me so he supported me. I would say that the CFO was the key person here.”

Author # 1: “And the business managers, they expressed the need”

John: “They had the need but in fact they did not come out and express it, they just accepted what the others said” (John, 9 November 2004)

John’s superior’s (the CFO) management style in the division management was very delegating. He trusted his organization completely and also permitted business controllers to determine the core features of the new PMS. As the business controllers were not especially active in planning work, it was possible for John to resolve all the big issues dealing with the PMS as he liked. In any case, both John’s superior and the business controllers played a very important role as enablers of the PMS. The CFO found the resources needed and the business controllers placed great hopes on the PMS. There was already a need for more accurate cost information in the organization. For instance, the situation of sales management was very problematic. Therefore it was easy to mobilize them as supporters of PMS.

“This [PMS] is one of those things I have been talking about for as long as I can remember...it is a horrible thought in the sense that...more than a million tons ... it is a little less than a billion Euros that I should be taking care of. And I don’t know whether a particular deal is profitable or not... So you have to do a billion Euros worth of business by acting on hunches alone, so sometimes at night I wake up and think, was that at all a sensible deal...”(Sales manager, 27 November 2002)

During the PMS project in the Northern Mill the most important ally in order to get any new reports done was the mill’s cost accountant. He was experienced in working out different ad hoc calculations for sales and production management. He was also familiar with the mill’s information systems and he was aware of the previous sheeting plant’s ABC analysis. Finally, he was aware of the attitudes towards the monthly reporting system at the mill and he was able to realize the value of this opportunity offered by PMS project to improve the current situation.

“ now this PMS is the first project that I have a feeling that would also benefit the mill. Here at the mill we have had great expectations that we will get some benefits out of this. [Reporting requirements] are coming from there [the division level]. Of course, the reports we are getting

now must not become any worse than they were before” (Cost accountant, 12 November 2002)

The role of the mill controller in the Northern Mill was somewhat vague. Even though the controller belonged to the financial organization, he was not part of the financial organization as John and the business controllers were. The status of the mill’s accounting function was traditionally limited to the mill level financial accounting and consolidated reports to the divisional level (cf. Granlund and Lukka, 1998a). The bean counter type of mill controller was very faithful to this tradition and, in contrast to the cost accountant, he emphasized the importance of the mill’s old monthly reports, originally developed in the late 1980s.

“...and every month we prepare the report, which has...in our view, all the relevant information. It has the income statement and the balance sheet, working capital, reclamation costs, fixed and variable costs, maintenance costs, production tons, inventories and investments” (Mill controller, 11 November 2002)

Although the mill controller’s idea of the financial information needed in business management was very limited and he did not show any interest in activity-based costing or PMS, he in any case played a very important role as an ally by promising the Northern Mill as the pilot unit. It became obvious to us that the way the Northern Mill’s controller behaved was no exception among mill controllers. Therefore, according to business controllers, one of the future challenges will be the issue of how to change the mill-controllers’ attitudes towards a more business orientation.

“But then we should be talking about how to motivate our people to analyze, and to think about profitability issues, rather than just to record transactions and comment on them afterwards. This is our biggest challenge” (Business controller # 1, 26 November 2003)

Not only during the project but also more generally, ICT professionals were regarded as slightly difficult individuals. They competed with accountants in producing data. ICT professionals were experts in programming and maintaining the mill’s basic ICT infrastructure, but their way of thinking was very technologically oriented. If the system was outputting some data needed for production that was all the ICT people cared about. Therefore it seems that their ability for and interest in competing in the business management arena were very limited and confined to their own function.

Business controller # 2: “We tried to motivate the IT people, we told them how important this was, and how they played a key role, but I don’t think we did a very good job at that.”

Business controller # 1: “IT is often an invisible empire at the production plant. They have succeeded in mystifying IT, so no one else dares to touch it.” (Group interview, 26 November 2003)

The competition in the field of business management will be between business controllers and engineers. One of the most interesting findings was the competition between the Northern Mill’s production management and the divisional accounting function when defining activity-based costing and corporate strategy. Production management made use of outside consultants in their earlier production BPR project, as a by-product of which the mill’s activity-based costing model was introduced. Despite the fact that the ad hoc ABC model was carried out in MS Excel and remained a local solution, the results obtained from the project played an important role in the discussions when developing the PMS model. According to production management’s own view, their own ABC analysis had a considerable impact on the strategy for product standardization, and their impression was that PMS could offer them nothing new.

“Well, we had expectations that something would come out of this (PMS). But the great thing about this (Mill ad hoc) ABC analysis was that we realized the costs associated with the special sizes if compared to the standard sizes. That meant we could wake up the salespeople, that it really costs you this much if you promise such and such a customized product. We said: promise them a close enough standard issue and give them discounts, so we can get rid of these non-standard sheet sizes, or if that doesn’t work, then we have to raise our prices, we must have surplus on every single product. You can’t sell the standard product and the customized product at the same price. I think we have achieved this change of philosophy, at least in our company that we try to sell the standard sizes.” (Production manager, 4 November 2003)

5. Discussion

Drawing on earlier literature, we have identified the areas where management accountants must excel in order to survive in the organizational jungle: command of both emerging management accounting techniques (Friedman and Lyne, 1997; 2001) and ICT (Granlund & Malmi, 2002; Scapens & Jazayeri, 2003; Caglio, 2003; Newman & Westrup, 2005), interest in developing business (Granlund & Lukka, 1997, 1998a; Järvenpää 2007; Vaivio, 2006) and social networking (Ezzamel & Burns, 2005; Vaivio & Kokko, 2006).

Järvenpää (2007) has illustrated accountants' role change in a multinational conglomerate. One of his findings was that all accountants work on development projects at some stage of their careers. Our study illustrates the importance of a successful development project as a means of role change. Being able to surf on the wave of new technology and to take full advantage of it made it possible to bypass many normal limits of role change. The importance of successful projects seems in our case to be at least partly explained by creating opportunities for social networking, as the project legitimates or even compels contacts with production location and marketing managers, IT professionals and the senior management. For instance, Vaivio and Kokko (2006) have emphasized this type social networking as essential for success in management accounting. This social network can be put to use in multiple ways: we call John's ability to take advantage of his network a 'good tactical eye'. It involves three aspects; willingness to take risks, the ability to react quickly to new opportunities, and the ability to understand other actors' vital interests. John's willingness to take risks has already been described; we only need to point out that it could be a characteristic that is held in high regard by top management. Regarding the ability to seize opportunities, we may point out that project included challenges that, if not taken on by John, would have been taken on by someone else. Pressuring the project manager to resign makes one wonder if he could also arrange a scapegoat if things went wrong – although John did subsequently reinstate him.

Our interpretation in this context is that as the mill's controllers, being more of the bean counter type of accountants than controllers (Granlund and Lukka, 1997), were not interested in ABC. Thus, they voluntarily surrendered the power of defining business problems and their solutions, given by ABC, to the mill's production management (Friedman & Lyne, 1997). It seems interesting that while Granlund and Lukka (1997, 1998a) in their case study emphasize the bean counter type of role model in the centralized part of the accounting function (responsible for consolidation and financial reporting) in our case the new ICT systems shifted the roles of management accountants differently. The mill controllers' job descriptions became more focused on financial reporting and data inputting while John at

divisional HQ was able to take control of strategic systems. Thus, contrary to the findings of Granlund and Lukka (1997, 1998a) and Burns and Baldvinsdottir (2005), in our case the bean counter types were found in the decentralized accounting functions of the production locations, not in the centralized divisional controlling function. The divisional controllers were able to utilize the centralized integrated information systems (ERP and the related PMS) while the mill accountants were left with the task of collecting and inputting the data. Even though some routine functions might have decreased at mill level as new information systems were implemented, more demanding analytical tasks, however, did not seem to emerge (see Granlund & Malmi, 2002; Scapens & Jazayeri, 2003).

The third aspect of John's good tactical eye seemed to be understanding the motivations of other organizational actors. This often requires some work history in the organization, which enables an ability to be created to interpret information, a sort of personal multiplier (see Vaivio and Kokko, 2006). Role change can also be seen in connection with the ability to link up with organizational discourses (Alvesson and Willmott, 2002). Traditionally, the papermaking industry has been the domain of engineers, whose discourses have revolved around the technical properties of paper machines and capacity utilization issues. As the financial situation of paper conglomerates weakened during our study period, the financial discourse may have gained in importance. In a way, paper machines were increasingly being discursively turned into 'money machines'. There was also a need for more accounting information to fuel this money discourse. The discussion around the profitability management project also benefited from strategic discourses. The new business controller seemed able to utilize strategic concepts and claim ownership of 'profitability management' in the organization while actively avoiding accounting concepts such as ABC. He did, however, remain in control of the new profitability management system, and thus did not lose touch with management accounting tasks. Instead, he was able to operate in both spheres.

External consultants, not mill accountants, would be required to make the pilot study work. John expressed the desire to familiarize himself with new accounting methods, software and the business as a whole. He also stressed loyalty to management, and this became evident in the way senior management gave him a free hand to manage the project that would enhance the social network required for advancement.

Thus, the influence of ERP was to polarize management accounting tasks. Just as Scapens and Jazayeri (2003) predicted, ICT eliminated many of the routine tasks – for the new business controller. For the mill accountants, there was little or no effect while new systems did not replace and/or integrate old reporting systems entirely, and the amount of data inputting and data transfers increased. This finding is in contrast to Granlund and Malmi (2002), who predicted for ERPs a decentralizing effect on management accounting. Our findings suggest to us that for the mill accountants, the bean counter role may actually have strengthened. For the line managers, future-oriented management accounting information became more readily available, and they began including the new business controller, the information provider, in decision-making, thus increasing his business orientation (Järvenpää, 2007). However, this new business controller role was by nature

focused on the efficiency and profitability of existing operations, rather than the generation of new business opportunities.

There was moreover no indication of any competition between the controlling function and the sales and materials management (cf. Armstrong, 1985; Ezzamel and Burns, 2005). In fact, the role of sales management may have been important in gaining approval for the PMS project. However, our study found some evidence of competition between accountants and IT professionals; the IT professionals seemed reluctant to develop factory information systems according to the wishes of the accountants (cf. Newman & Westrup, 2005). The effects of this inter-professional struggle, however, are not necessarily negative for those management accountants willing to accept the challenge and ride the wave of new technology.

6. Concluding remarks

The purpose of the paper was to explore the role change of a single controller in the project context of the new ERP and ABC-linked management accounting system implementation. Informed by the concept of institutional entrepreneurship (Eisenstadt, 1980; DiMaggio, 1988; Lawrence & Suddaby, 2006; Lounsbury, 2008) we suggest that the analysis of a single case like this, while not generalizable or perhaps even representative, is nevertheless capable of illustrating both the tasks and roles assumed by management accountants, and the vital skills and values required for role change (cf. Yazdifar & Tsemenyi, 2005).

The focus of this study is on the influence of information technology, and as such our study contributes to the role change literature by illustrating how new ICT (especially ERP) systems offer opportunities for changing the role of the management accounting function (Granlund & Malmi, 2002; Caglio, 2003; Scapens & Jazayeri, 2003). The role change may have various effects on individuals; some professional roles may become hybridized (Caglio, 2005; Burns & Baldvinsdottir, 2005) or polarized (Jacobs, 2005). In our case, management accounting was still the prerogative of management accountants, but the new business controller, while retaining control of management accounting, was promoted to a general management position. At the same time, the former business controller role was changed. Here, an information systems project is seen to have potential for creating social networks that are important for becoming a successful controller (Vaivio and Kokko, 2006) and to enable the institutionalization of the controller's new role.

Even though the object of our study was a single active agency, we have illustrated how the case organization succeeded in creating a new and stable role for a business controller, with the help of ICT solutions. Thus, the old institutionalized role for a business controller replaced by a new one, which was brought about by a single individual but which became an expected role for both his successor and other controllers. This change was partly due to the new business controller managing to create such high expectations concerning the controlling function among the top management that the old role simply became unattractive.

Finally, we also believe that the complex relationships between management accountants' institutionalized roles and the organization of management accounting and control functions would be an interesting subject for further study at both organizational and individual levels of analysis.

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Appendix 1. The interviews.

Group interviews:

VP business controller #1	Group headquarters	13 September 2002	2 h
VP business controller #2			
John, Division controller			
Project manager			
VP business controller #1	Group headquarters	26 November 2003	1 h 30 min
VP business controller #2			
John, Division controller			

One-person interviews:

John, Division controller	Group headquarters	26 September 2002	2 h
John, Division controller	Group headquarters	4 November 2002	2 h
Mill controller	Production site	11 November.2002	1 h 30 min
Cost accountant	Production site	12 November.2002	2 h
Sales manager	Production site	27 November.2002	2 h
Production manager	Production site	4 December.2002	2 h
Production manager	Production site	4 November.2003	1 h 30 min
Mill controller	Production site	14 November.2003	2 h
Cost accountant	Production site	17 November.2003	1 h 30 min
John, CFO/Business controller	Group headquarters	9 November.2004	2 h
Mill controller	Production site	24 January2005	2 h

Total			24 h
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