**Grasping opportunities: the changing role of management accountants through claims to knowledge and skills[[1]](#footnote-1)\*[[2]](#footnote-2)#.**

*Extended abstract:*

The debate about the changing role of the controller has mostly revolved around the transition from bean-counter to business partner. Generally, the reasons for these transitions are sought in increases in computer technology, thus enabling the automation of many of the routine tasks of management accountants. For example, Burns and Baldvinsdottir (2005) found that management accountants are more involved in broad business activities, such as systems development, organizational design, change management and strategy formulation. They argue that management accounting requires less time for routine activities, and increasingly comprises a business orientation that spans beyond routine and technical accounting. Rom and Rohde (2007) found that the introduction of ERP and other information systems lead to new hybrid positions. In addition to management accounting tasks, management accountants can also take on the maintenance of these information systems and carry out business consulting tasks. Through integrated information systems, management accounting information is automatically collected from the organization. Non-accountants can therefore also perform accounting at a transactional level, which makes management accounting a dispersed activity (Rom and Rohde, 2007). Information systems supply lines manager with accounting knowledge on their spending and budgets (Caglio, 2003; Scapens and Jazayeri, 2003). As such, control is decentralized and is now even integrated in commercial management (Dechow and Mouritsen, 2005).

Granlund and Lukka (1998) argue that the move away from traditional roles as historians and company watchdogs towards functions such as adviser, consultant, change agent and member of the management team is mostly defensive. As the traditional role of management accountants may become less relevant, it makes sense that they adopt new roles that appeal to greater managerial demand for business support and consulting. Hopper (1980) found that management expectations have a strong influence on the roles that management accountants adopt, but they could experience difficulties in interpreting the expectations of their managers. However, Byrne and Pierce (2007) also found that the management accountants themselves have a considerable influence on the design of their own roles. The attitudes, personalities and initiative of the role incumbent all contribute to his ability to shape his own role. However, there are doubts as the business partner model for management accountants may be ambiguous, conditional and uncertain (Byrne and Pierce, 2007). These explanations seem to ignore changes in the fields in which organisations are operating and their consequences for the demands on these organisation by other participants in these fields.

This paper draws on institutional theory to argue that the role of management accountants is affected by the broad set of demands on the organisation. These demands require different knowledge and skills, which can be claimed by the various roles in the organisation. This is particularly salient when the field undergoes rapid disruptions, and the demands on the organisation shift in a short time. One of these disruptions is the credit crisis of 2008. This crisis set in motion a series of reform programmes by European countries, which subjected their countries to acute economic austerity. One of these countries was the Netherlands, whose government introduced many budget cuts in public spending ­—affecting the educational, healthcare and child care fields, amongst others.

As part of the measures of the Dutch government, they introduced the notion of the ‘participation society’. This term described a society in which every able body takes responsibility for organising their lives and their surroundings. The state is supposed to play a merely supporting role. The term contrasted with the notion of welfare state, which refers to a more active and caring role of the state. The participation society made particular inroads into so-called long-term care. Long-term care includes care for children and adolescents with mental illness, accommodation for the elderly who are unable to continue to live at home, household assistance and medical care for people who are able to maintain an independent household. The

In Europe, homes for the elderly who suffer from psychiatric-geriatric diseases, such as Alzheimer’s have traditionally borne a limited financial risk. They have a fixed capacity to care for these elderly and they received a pre-determined amount for the costs associated to this care. As demand has been higher than supply, these homes operated in a very predictable environment. In addition, in the Netherlands, unfavorable year-end variances were typically covered through a collective insurance for all. However, austerity measures by the government included various rules and regulations which dramatically changed this context for all health care providers.

One of these providers is the Zeverster (Seven Star), which is a relatively small home located in the village of Zevenhuizen in the Netherlands. Its roots can be traced back to the 1960, when it was a home for the elderly, without any meaningful medical care. However, from the 1970’s onward, the organisation came to include medical care for the elderly living there. Currently, the Zevenster has two main groups of care. Firstly, it caters to the elderly with so-called somatic illnesses. These are people who cannot remain in their own homes, due to physical limitations. Secondly, it serves the elderly who suffer from psycho-geriatric disorders. The most common example of these disorders is Alzheimer’s disease (dementia). In addition, the Zevenster provides several forms of support to the elderly who retain a more or less independent household. This support includes home care, both in terms of house hold care and medical care and day care in its facility.

From January 2015 onwards, this home was confronted with funding per patient, rather than for its capacity. In addition, the influx of patients is now severely restricted as, per that same date, many people will no longer be eligible for the care it offers. And thirdly, also per this date, many services of the Zevenster need to be negotiated with lower level authorities, such as municipalities, as the government has transferred decision authority of large parts of health care to these authorities. Therefore, from 2015 onwards, many more operational and financial risks will be part of the reality of the Zevenster. This paper analyses the consequences of the austerity measures for the Zevenster, and it focuses particularly on the consequences for the management accounting function in the home. It does so by analyzing three distinct periods. Firstly, it analyses the years leading up to 2014, when the announcements for the changes were made. Secondly, the paper analyses the period of 2014, where the home attempted to prepare itself for the changes. It found that the government continuously changed the rules of the game, which made it increasingly hard to understand the risks it was about to incur. And finally, the paper analyses the events in 2015, in which the home was hit hard with the risks that were transferred to them.

The paper finds that the role of the finance function in the home evolved from an administrator and book keeping role to a role which I refer to as a network coordinator. Management accountants as incumbents of the latter role acknowledge that they do not have the skills and knowledge to provide an understanding of the risks that result from the maneuverings of the government. However, management accountants as network coordinator are able to bring together different types of expertise which help to understand the position of the home and the consequences of further changes in legislation and other dynamics in health care. In doing so, the management accountant is able to expand his influence in the organization, by occupying crucial network positions that do not only lead to the management of risks in the home, but also for him personally. In a sense, he claims knowledge and skills which are not his.

The paper argues that the network coordinator role of management accountants is a very efficient way for them to accumulate resources and thus improve their position in the organization.

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2. # I gratefully acknowledge the support by IMA, the Association of Accountants and Financial Professionals in Business, Montvale, New Jersey. [↑](#footnote-ref-2)