

Research impact: making a difference

Making management accounting a key factor in organisational success

Professors Alnoor Bhimani and Michael Bromwich published a seminal text that altered accountancy training and practice in the UK and worldwide

What was the problem?

The Chartered Institute of Management Accountants (CIMA) describes management accounting – which combines accounting, finance and management – as ‘the practical science of value creation within organisations’.

Management accountants are not only the guardians of an organisation’s financial processes, they are also innovators who seek to use financial tools to make an organisation stronger, more efficient and more effective.

In the 1980s and 1990s, the management accounting profession was approaching a crisis point, with a consistent theme emerging in conferences and research: that the profession, at the practitioner level, lacked the tools and frameworks necessary to address the challenges of a constantly changing and increasingly globalised market.

Practitioners felt that their work needed to be more fully integrated into management decision-making. Doing so, they believed, could result in powerful contributions to growth and efficiency. To make this happen, new ideas, methodologies and frameworks were needed.

What did we do?

LSE Professor of Management Accounting Alnoor Bhimani and Michael Bromwich, now Emeritus CIMA Professor of Accounting, conducted a broad-ranging examination of the management accounting industry worldwide. They focused on challenges expressed by practitioners, starting with the widely accepted view that accounting mechanisms should not operate in isolation from environmental, organizational and managerial factors.

Their research investigated a variety of innovative methods to advance management accounting practice, many of which are now standard in the industry. These included total quality management – a whole-organisation approach to maintaining the highest standards of quality and efficiency – and accounting tailored to just-in-time services, a cornerstone of much global manufacturing business today. Their research also explored the strategic dimension of management accounting, with an aim to aligning old-fashioned accounting practices with new developments in the industrial environment.

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A key aspect of Bhimani and Bromwich's research centred on the idea that management accounting should shift from the operational – largely focused on day-to-day activities – to a more strategic perspective that embedded accounting in longer-range decision-making. Their research revealed that a strategic approach to management accounting could enable organisations to respond more effectively to the impact of novel technologies, changes in product competition and rapidly-changing consumer markets.

By focusing on this strategic perspective and broad-reaching impact, Bhimani and Bromwich's research aimed to alter the nature of information produced by accountants and to enable managers to better direct and control their organisations.

What happened?

Bhimani and Bromwich produced more than a dozen practice-based papers based on their research and gave numerous presentations to practitioners on the practical applications of their work. This led to their 1994 publication, *Management Accounting: Pathways to Progress*, which provided management accountants with the most in-depth analysis and recommendations ever undertaken in the profession. This book was updated in 2009 under the revised title *Management Accounting: Retrospect and Prospect*.

In the wake of publication, Bhimani and Bromwich made presentations at conferences attended by accounting practitioners and financial directors, including the annual Management Accounting Research Conference series held at LSE. They also ran workshops for accountancy thinkers, commentators and educators in Europe, South America, Africa and Asia, exploring how accounting techniques could be made more strategic.

In 2004 and 2009, CIMA surveyed more than 9,000 management accounting professionals worldwide about their practice. Survey respondents were predominantly CFOs, from corporations of all sizes, across geographical boundaries and across industry sectors. The results of both surveys overwhelmingly supported the findings and recommendations of Bhimani and Bromwich's research.

As a direct result, in 2010 CIMA revamped its syllabi to emphasize the essential role the profession had to play across organisational decision-making and introduced new accountancy tools by which to achieve this. Since then, nearly 52,000 students have studied and sat examinations in core modules directly informed by Bhimani and Bromwich's research. Robert Jelly, Director of Education at CIMA, anticipated 'no significant changes' when CIMA was due to launch its new syllabus in 2015.

Their research also had more general influence on the profession through CIMA's position as the largest professional organisation for management accountancy in the world, with over 200,000 members and students in 173 countries.

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In similar fashion, the Association of Chartered Certified Accountants (ACCA) has referred to Bhimani and Bromwich's work in its courses. The ACCA is a UK-based global body for professional accountants with 140,000 members and over 400,000 students across the globe.

To date, through such changes in education and practice, and through the more general influence of CIMA and ACCA, Bhimani and Bromwich's research has been estimated to have influenced over 740,000 accountancy students and professionals worldwide.

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Alnoor Bhimani is Professor of Management Accounting at LSE. Email: a.bhimani@lse.ac.uk

Michael Bromwich is Emeritus CIMA Professor of Accounting and Financial Management. Email: m.bromwich@lse.ac.uk

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