

## MARG CONFERENCE REPORT

On Thursday 14<sup>th</sup> April the London School of Economics hosted the 37<sup>th</sup> Annual Management Accounting Research Group Conference. Recent meetings of the group addressed strategic partnerships and management accounting, as well as the state and the future of management accounting. This year the focus was on business models and cultures, offering another perspective on management accounting practice and research at a time when cultural dimensions of operations are receiving increased attention, as is evidenced by the frequent discourse on such areas as risk culture. A strong attendance evidenced the relevance of and interest in the topic, with some 130 registered delegates from both academia and professional practice attending the day-long event held in the Hong Kong Theatre of LSE's Clement House. Such diverse backgrounds and perspectives generated much lively and intellectual discussion throughout the day.

Professor Robert Scapens from the Manchester Business School initiated proceedings with a presentation addressing how cultural differences within an organisation can generate different responses to the introduction of a new business model. Recognising that different business units will have different cultural emphases, the case explored the implementation of a new business model in an organization consisting of three business units, with each unit emphasizing different logics in their operations. The analysis focused on the introduction of a new structure to the accounting function and how the business units received this change. Results suggested that tensions in the change were more prominent where the logics of the business unit and the accounting function were in closer proximity. This raises the point that accounting may be seen as either a dictator or orchestrator of solutions. Where there is a close relationship the accounting change is seen as more dictatorial, while in situations where the logics of accounting and the business unit are less strong accounting comes to take on an orchestrating role and affords a certain space that allows the differing logics of the business unit and accounting functions to coexist.

Steve Maslin, a Partner from the accounting firm Grant Thornton, then spoke about the impact of cultural change and business model shifts on accounting. Drawing his illustrations and discussion from the financial accounting setting, Steve offered four principles for considering the bridge between financial and management accounting. Firstly, it was identified that the pace of change and the growing complexity of business and accounting have presented challenges for financial accounting. These challenges have led to an increased inclination to question the relevance of traditional financial reporting models. From this has emerged the call for supplemental reporting information, with a key role identified for management accounting and narrative reporting to supplement the traditional financial reporting outputs. Surrounding this was the significance of cultural change in the wider financial reporting landscape. A takeaway from the discussion was that while traditionally audited financial statements may remain relevant as a source of information, they increasingly need to be supplemented by information that reflects the key drivers of the organisation's business model. These will extend beyond the traditional financial metrics. Issues falling under this banner include the implementation, internal communication, and how receptive the model is to the disruptive influences of changing technology, with this identified as a game changer for the nature and timeliness of information that can be communicated.

Following a break for lunch, Anette Mikes, an LSE PhD graduate currently at HEC Lausanne, gave a presentation on risk cultures and business models. In doing so she presented an eclectic mix of academic perspectives which incorporated anthropological and conventional business based ideas about culture. This aimed to position culture within the extant management literature. A central thesis from this coverage of the literature was that culture is difficult to change. From this positioning the domains of culture and management accounting were linked, leading to the consideration of risk culture, with a salient point being that within an organisation there can be several risk cultures in place depending on where the attention is focused. This arises through different people having different perceptions of what is meant by risk. Ultimately the organisation's risk appetite was seen to be of paramount importance, with its consideration in

conjunction with the various competing objectives and stakeholders of an organisation seen to require a somewhat fluid approach to setting objectives.

Building on the aim of open dialogue and thought sharing, and responding to suggestions from previous conferences, this year's program included a breakout session. Delegates were divided into six groups and each group was charged with the task of considering a range of questions related to the day's agenda items. Topics for consideration included:

- The definition, role and understanding of the business model and the role of the management accountant in formulating the business model;
- How to change an organisation's culture and the measurability and communication of culture throughout the levels of the organisation;
- Risk culture and its influence and role in corporate performance, with a series of questions drawing on the practical experience of the practitioners and their perceptions of risk culture as an enabler or a consequence within an organisation, and its link to broader organisational goals;
- Indicators and signals that point towards the need to redesign a business model.

Group discussion was followed up by a feedback and sharing of ideas, with the points raised across the groups showing a consideration of a range of topics. In doing so it was evident that various perspectives had been applied and evidently generated a highly interactive consideration of the various topics.

Continuing the recurrent theme of practical perspectives, Nick Read, the Vodafone Group CFO, giving the Distinguished Practitioner lecture provided an overview of how the Vodafone business model had changed as the company experienced changes in its global presence and product offerings. Culture was presented as a key part of the Vodafone business model. In doing so it was recognised that culture can be elusive, resulting in Vodafone building it around the people, their developments, incentives, and career progression. A pointed observation was the different nature of culture in small and large organisations, with it requiring greater management in the larger organisational setting.

By the completion of the day's proceedings those in attendance had been exposed to a rich mix of academic and practitioner led considerations of culture and management accounting. The support of the ICAEW's Charitable Trusts, CIMA's General Charitable Trust, and those at the London School of Economics Department of Accounting is acknowledged with thanks for their support in allowing such integration of perspectives on a topical issue in the management accounting field.

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