Qualitative management accounting research: rationale, pitfalls and potential

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Abstract

Purpose – The paper aims to provide an overview of the rationale for qualitative research in management accounting. It discusses how qualitative research could serve the development of theory, and provides guiding principles for qualitative investigation. It also seeks to identify common problems in qualitative studies and lays out avenues for further qualitative inquiry.

Design/methodology/approach – The paper relies on critical reflection and deductive logic in its discussion, drawing on a wide range of theoretical pronouncements and methodological literature, as well as on some illustrative field studies in management accounting.

Findings – The paper opens a broad panorama: it emphasizes field research as a necessary counterweight to textbook appreciations of management accounting, to idealized economic models and to consultancy-oriented agenda. It identifies how field research serves theory development in different ways, providing a set of practical principles which assist qualitative efforts. The paper also specifies pitfalls in qualitative studies and shows areas where the future potential of qualitative investigations can be focused.

Practical implications – This is a paper that motivates the "qualitative" management accounting scholar. But it also assists in a pragmatic way the qualitatively oriented management accounting scholar – especially someone with little prior experience in empirical fieldwork and in the theoretical interpretation of qualitative data.

Originality/value – The paper provides a source of inspiration, an instructive reflection and a practical guide for the qualitatively oriented, but still somewhat hesitant, management accounting scholar.

Keywords Qualitative research, Management accounting

Paper type General review

Introduction: why do we need qualitative research on management accounting?

Qualitative research is a messy and time-consuming affair. Any academic who has been involved in the production of a case or field-study would probably recall the same difficulties: identifying relevant theory, formulating the research objectives, gaining access, finding the key people, getting your hands on documents, observing without disturbing, drowning in data, being puzzled by conflicting interpretations, trying to find theoretical sense, and writing an argument which is not only novel and intriguing, but also credible. After the intensive hours in the field, and the countless lonely hours

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in front of the computer screen, the "qualitative" management accounting scholar inevitably faces a painful, almost existential question – does qualitative research in management accounting really matter?

This paper argues that the answer is positive: it does matter, for three key reasons. First, qualitative research takes us beyond a narrow and functionalist view of the management accounting phenomenon, which we call here the textbook view. Second, qualitative research protects us against a scientific imperialism that reduces management accounting to an issue of mere economic choice; this we call the economics view. Third, qualitative research critically scrutinizes normative prescriptions for improving management accounting, which can be labeled the consultancy view.

By qualitative research, we suggest broadly the entire interpretive research tradition in accounting, especially case-based research that relies on rich empirical material collected from a single target organization or a handful of case-organizations. Qualitative research strives towards theoretically valuable interpretations. It uses multiple sources of evidence, such as interviews, documents and other texts) as well as forms of participant observation within the research site.

The paper is structured as follows: below, we first discuss in more detail the achievements of qualitative research in "rescuing" the management accounting phenomenon from being overwhelmed by the abovementioned three perspectives. In the paper's second section, a fundamental issue, the role of qualitative study in theory development, will be addressed. The third section offers a number of more pragmatic guiding principles for actually doing qualitative research in practice within the management accounting field. Next, the paper identifies some common problems in qualitative management accounting studies. The paper closes with a discussion of future potential in qualitative management accounting research in the fifth section, offering intriguing avenues of further qualitative inquiry.

"Rescuing" the management accounting phenomenon

Beyond the textbook view

In the textbook view, management accounting is a practical technology – a collection of practical tools that practical people employ in practical situations, especially when they have business and money in mind. Cost allocations, profitability analyses of available options, long-run investment appraisals, traditional budgeting methods and non-financial performance measurements are all needed to manage the everyday life of the organization. By applying management accounting tools, this everyday life becomes much more formalized and systematic. Managerial practices run beyond personal belief or emotion and are not at the mercy of mere speculation, whim and intuition. With the assistance of management accounting instruments, the organization thinks before it acts. It remains under coordinated control and heads steadily in the designated direction (Horngren *et al.*, 2003; Merchant and van der Stede, 2003).

Many assumptions underlie the textbook view. The organization is considered able to position itself in an "environment" and identify its boundaries as an autonomous entity. It knows its preferences, and employs a central agent – a responsible management. It has specific goals, on which its participants broadly agree. It carefully plans its future before rushing into action, asking for "hard" data and formally processed information. When the organization acts, this action is coupled to routinized monitoring, documentation and follow-up. Hence, the organization has two important, constantly ongoing problems. The first is rational decision-making – how to choose the best available course of action as a result of a logical sequence of events that we know as the "decision-making process." The second is rational control – how to implement "decisions" and steer the organization by comparing specified outcomes with specified objectives.

Management accounting, as a functional technology that helps acting management, is connected to both of these assumed problems. It assists rational decision making by providing quantitative information, economic analysis and financial evaluation that support informed, sound choices. It assists rational control by measuring and monitoring the organization's progress towards specific, quantified financial and non-financial objectives, and allowing "management by exception," which triggers immediate corrective action. Summing up, management accounting is seen as a practical medium that serves rational management purposes. It is a flexible and neutral technical instrument, or formal system that can be moulded to the functional aims of its users.

One could almost wish this were the case. Everyday organizational life would be much more predictable! However, the organizational reality we usually encounter does not match the implicit ontological simplifications of the textbook view. When we enter a real organization, and a real business firm in particular, we soon realize that we are very far from the instructively appealing abstractions of textbooks. The organization operates in multiple competitive and institutionalized environments (DiMaggio and Powell, 1991). It faces conflicting demands. Sometimes the organization is powerful enough to design and engineer its own "environment." For instance, a giant multinational enterprise is far from being a passive adaptor to imposed circumstances (Galbraith, 1978). The boundaries of many organizations are fuzzy, especially in the network-economy of our times. Participation of organizational agents is fluid. Organizational agents and different coalitions within the firm may have contradictory goals (Cyert and March, 1963). Often the organization acts before it thinks; the cost of pausing to think may outweigh the benefits of planning and "rational" decision-making since prompt action, without paralyzing analysis, may be needed to secure the commitment of key agents. Alternatively, the organization might act in order to discover its preferences, trying to learn what it actually wants in a highly ambiguous and dynamic situation (Brunsson, 1989, 1982).

Decision processes are rarely rational and linear. Rather, they are complex bundles of interconnected, loosely coupled events that bounce back and forth. They involve many actors who represent diverse opinions, interests, biases, hidden agendas and competencies. Decision-making often gets interrupted, marginalized, diverted, restarted or merged with another stream of urgent concerns. Moreover, rational control – on closer empirical examination – is also an illusion. What the officially sealed decision in fact suggests in terms of concrete operational action cannot be articulated with precision. Targets are imperfect approximations of what the organization seeks and are interpreted in different ways by biased local agents (Mintzberg, 1973; Mintzberg and Westley, 2001; Donaldson and Lorsch, 1983).

Consequently, those seeking a deeper understanding of the management accounting phenomenon "from a distance," while avoiding the need for a longer involvement with the mundane practice of business, can learn a lot from the interpretive tradition and from the qualitative research literature and its documented illustrations of practice.

Management accounting is not a compact "toolbox" of functional techniques and neutral systems to assist rational choice and control (Hopwood, 1983; Burchell *et al.*, 1980). Rather, it is a loose assembly of calculative practices that are used selectively, in a bewildering variety of ways, by a multitude of agents within a broad range of organizational processes and situations. For instance, instead of serving internal decision or control needs, the numbers provided by management accountants may be used for merely cosmetic purposes, projecting an image of up-to-date management practice. Or they may be used as a substitute for action, to lure external parties into believing that a major transformation is occurring where none in fact exists (Kasurinen, 2002; Malmi, 1997; Vaivio, 2006).

Furthermore, qualitative research has revealed that cost data may be used to gain a better negotiating position with a partner-supplier. Where cost data is used within the unstructured chaos of a decision process, it is often manipulated by key agents to serve local, perhaps sub-optimal ends. Competing expert-groups within a company can use management accounting information to gain the upper hand in internal battles for power and resources. Investment calculations might be used to legitimate *ex post* a large investment decision that was taken rather quickly, after subjective but "strategic" considerations. A bold market move, a "shot in the dark," may be post-rationalized with management accounting figures to look like a premeditated, carefully analyzed decision. Budgets and performance measurements can produce unintended consequences if they are misunderstood, fail to reflect real intentions, are subject to game-playing, or are deliberately manipulated. And management accounting professionals can take many different roles – they are not always boring "bean counters" but may become powerful strategic change-agents (Covaleski and Dirsmith, 1988; Markus and Pfeffer, 1983; Bariff and Galbraith, 1978; Lumijärvi, 1990; Granlund and Lukka, 1997; Vaivio and Kokko, 2006).

Thus, qualitative research serves an important educational and pedagogic purpose by offering a deeper perspective into the subject of management accounting. It probes beyond textbook idealization to expose management accounting as an imperfect practice, used in a variety of different ways to become *de facto* organizational reality.

A counterweight to the economics view

The educational and pragmatic textbook view has borrowed much from the theoretical tradition underlying the economics view – a perspective that dominates important streams of academic enquiry in management accounting. With its roots in neoclassical economics, and the micro-economic theory of the firm in particular, the economics view offers an analytically powerful research perspective. The strength of this framework lies in its conceptual clarity, parsimony and elegance, as well as in its universal character. It attempts to explain management accounting in abstract and often mathematically modeled terms that defy the constraints of time and place. This perspective offers, therefore, a "general" theory.

Under this view, "the firm" is an abstract productive entity, a "black box" where inputs factors become efficiently transformed into an output to maximize profits. Management accounting is seen as a rational tool of self-interested economic agents of "the firm," which operates under conditions of scarce resources and opportunity costs. These agents possess considerable computational skills and use them to maximize their utility. They operate in many different markets that tend, at least in the long run, towards equilibrium, and can obtain reliable information about market prices. The preferences of these agents are exogenously given and known. Hence, management accounting becomes coupled to marginal decision-making – to the impartial weighing of marginal utility against marginal cost. Furthermore, the relationships between these rational agents are primarily transactional, but these transactions come at a cost. Recently, the economics view has drawn on concepts of the principal, the agent, contracting, moral hazard and asymmetric information to analyze management accounting techniques and economic incentives for the rational control of economic undertakings (Lambert, 2001).

In management accounting research, the merits of the economics view, and its substantial impact on the North American theoretical tradition, are undeniable. It has allowed us to analyze problems of organizational control, i.e. the problems of evaluating the performance of different actors and tying suitable incentives to performance measurements. However, the limits of the somewhat imperialistic economics view need to be acknowledged (Lazear, 2000; Luft and Shields, 2002). We should avoid closure in our theoretical paradigm and a premature shift into what Kuhn (1962) called "normal science". Here, qualitative research has served in a remarkable role. In simple terms, it can be claimed that the largely European tradition of qualitative management accounting research has acted as a necessary counterweight to North American theoretical influences, preserving both theoretical and methodological pluralism.

The achievements of qualitative research are twofold. First, it has rejected the economist's notion of the organization as a "black box." After all, the microeconomic theory of "the firm" was never intended to become an accurate description of what happens inside firms. The theory of "the firm," its rational agents and its marginalism, was meant to be a building block in a much wider macroeconomic theory, the general theory of market equilibrium, designed to explain vast classes of economic phenomena. "The firm" was constructed as a theoretical firm – it was never meant to portray the empirical firm[1]. Qualitative management accounting research has penetrated the economists' "black box," seeking the how and why of organizational affairs, and discarding the stereotyped actors and their stylized economic transactions assumed in the economics view.

Qualitative studies have documented how management accounting instruments become intermingled with intricate political processes, in which the distribution of organizational power plays a central role. They have illustrated how budgeting procedures introduce organizational segmentation and tension. They have exposed how accounting measurements create disciplinary spaces for governing economic life. They have identified the ritualistic and symbolic value of financial controls in transforming an organization's dominant culture. They have described how management accounting "talk" becomes intertwined with other forms of organizational and managerial knowledge. They have identified the routinization and institutionalization of outdated management accounting techniques. They have reminded us that management accounting can be synonymous with exploitation (Baxter and Chua, 2003; Dent, 1991; Miller and O'Leary, 1994, 1987; Ahrens, 1997; Burns and Scapens, 2000; Wickramasinghe and Hopper, 2005; Vaivio, 1999a).

But the foremost message of these qualitative investigations is that management accounting does not reflect any single, given economic reality. And it is not the passive consequence of economic conditions. It is an active, constitutive phenomenon. With management accounting, we make reality (Hopwood, 1986, 1983). Management accounting calculations create urgency and relevance around particular issues whilst marginalizing or discrediting others. They drive organizational initiatives into predefined alleys. Measurements determine what receives managerial attention, and so create a certain visibility within the organization. For instance, cost and profit centres order and partition activity, thereby shaping actors' understandings of how operations are structured and how various elements are interlinked. Management accounting also maintains conformity in these perceptions by, e.g. standardizing reporting formats.

Second, qualitative research has demonstrated that we need more than a "general theory," based on economic analysis, if we want to understand the management accounting phenomenon. The universalism of the economics view must be complemented with a fundamentally different philosophy of what counts as legitimate "theory" in management accounting research. In qualitative research, "theory" is primarily a local description and explanation as well as a temporal creation. This suggests a different ontology and a different epistemology. "Theory" emerges from a local context and is limited by the particular characteristics (in space and time) of this context. It is not supposed to be a universally valid construct, generalizable in a statistical sense from a sample to a wider population, across a broad range of empirical contexts, from one place to another. And it is not supposed to be an eternal construction that stands firm against the ravages of time. Instead, theories are born, have a lifespan and die[2].

Qualitative studies can be credited with introducing management accounting as a context-bound phenomenon. Empirically, management accounting is not a homogenous set of calculative practices, but is highly contingent and situationally specific. Moreover, qualitative research provides evidence that management accounting is a dynamic, organizationally embedded social phenomenon. Organizational agents continually re-interpret management accounting in particular situations, creating subjective meanings around specific forms of calculus and formal control. Thus, the shared making of this reality, which later may become objectified, is in a constant state of flux. Management accounting instruments are not stable and fixed, but are often complex, temporary and fragile.

This is not to imply, however, that regularities, parallels and general tendencies between management accounting phenomena cannot be observed across contexts. Management accounting does not materialize "case-by-case," as an entirely idiosyncratic, isolated and unique phenomenon, as shown by qualitative case and field studies (Kakkuri-Knuuttila *et al.*, 2008a, b). But an examination of qualitative research warns us against sweeping generalizations across contexts. Such "general" theories, while empirically supported across a larger population of organizations, are often uninteresting and empty in substantive content. Such theories are "general" because they tell us so little.

Problematizing the consultancy view

A pragmatic perspective on management accounting is offered by what can broadly be described as the consulting industry. It is important to acknowledge that commercial interests are at play here, in a market where significant financial gains can be realized. Consulting agencies, multinational accounting firms, educational institutions with a consultancy orientation and "branded" academics operating as part-time consultants are the suppliers of progressive management products. Amongst other product offerings, these agencies include management accounting in their repertoire of fashionable "packaged solutions" (Jackson, 2001; Clegg and Palmer, 1996). They are rhetorically persuasive and logically appealing prescriptions of what should be done with "new" management accounting technologies. Such normative statements should, however, be kept apart from scholarly research findings on how management accounting appears as an empirical phenomenon.

The consultancy view of management accounting draws on a vocabulary of reform and improvement coupled with illustrative examples, testimonies by leading authorities and selectively documented "success stories." Often, existing management accounting practice is portrayed as something orthodox and inadequate to be fundamentally questioned and reformed. For instance, activity-based costing has been advanced as a remedy to the problems of conventional overhead allocation. Or a more compact set of key figures is marketed as a solution to the recognized problems of current, bureaucratic budgeting routines. Also, a "new" management accounting technique may be put forth as a response to wider managerial concerns, just as the balanced scorecard, for example, has been proposed as a means of translating the organization's strategic plans into grass-root operational action. Hence, in the consultancy view, management accounting is a practical technology that should be radically amended (Johnson and Kaplan, 1987; Cooper and Kaplan, 1988; Kaplan and Norton, 2001, 1996; Hope and Fraser, 2003).

Qualitative research has traced the external origins and discursive underpinnings of organizational management accounting practices. It has linked the seemingly technical and impartial calls for management accounting reform with much wider societal programs of efficiency and rationalization. It reminds us here of the big picture; we should be aware of the often implicit societal ideals and political aspirations where the consultancy view is at play (Miller and O'Leary, 1994, 1987; Bhimani, 1993). But perhaps the most significant contribution of qualitative research has been to question the prescriptions of the consultancy view. It has brought these normative schemes under intensive, critical examination in various empirical settings. Their workings have been observed in real organizations and within the complex and shifting, socially constructed contexts in which "new" management accounting technologies are implemented. It appears that these real-life contexts – where management accounting is redesigned, "new" techniques are launched and the benefits of new calculations should materialize – are far removed from the idealized conditions assumed in the consultancy view. In reality, management accounting change progresses slowly. It takes unexpected turns and twists and it produces unintended consequences. Also management accounting change seems to be contextually limited. Success in one setting cannot be easily replicated in another setting (Kasurinen, 2002; Granlund, 2001; Jazayeri and Hopper, 1999; Burns and Vaivio, 2001; Vaivio 1999a, b).

Management accounting change has been shown to be smaller and less significant than is presumed within the consultancy view. On closer examination, some organizations implementing "new" calculative techniques make only marginal refinements in their practices or achieve only isolated, local changes (for instance, where only a minor unit in a larger organization succeeds in implementing ABC costing). Also, change might remain at the level of top management intention, or people at the corporate centre and the organizational periphery may have different perceptions of the speed and impact of change. Many impediments to change have been identified, ranging from the sedimentation of prevailing accounting routines and lack of data systems support to employee resistance in the lower echelons of the organization (Briers and Chua, 2001; Major and Hopper, 2005; Ahrens and Chapman, 2002; Ezzamel, 1994; Malmi, 1997).

Resistance to change has been identified as a considerable hindrance to the implementation of "new" management accounting technologies (Scapens and Roberts, 1993). Resistance can take overt and articulated forms, or can dwell below the surface of organizational action – in silent, more subtle practices of non-compliance. New measurements may be rejected by a rebellious expert group that fears a violation of its decision rights. Or, a balanced scorecard, for example, can be pushed to the sidelines by a prolonged lack of real organizational commitment, when organizational members fear the prospect of detailed surveillance, and newborn Taylorism, in its non-financial measurements of process-time. Overall, qualitative research has contributed to our appreciation of management accounting change as a hazardous and non-linear process (Baxter and Chua, 2003; Andon *et al.*, 2007) in which "success" is a debatable and relative concept. Further change in management accounting must be contrasted with its stability (Granlund, 2001; Lukka, 2007). A new initiative can run into problems, coming eventually to a standstill. The remnants of an "old" technology, after a long dormant period, can be rediscovered and reused (Vaivio, 1999b). Key agents may leave, carrying the zeal of change with them. Focused change is buried under more comprehensive reforms.

Besides, critically examining the implementation of advocated "new" management accounting techniques, qualitative research has uncovered an even more fundamental problem with the consultancy view. Taken together, qualitative studies have alerted us to the homogenizing influence of normative prescriptions. While illustrating and explaining the adoption of fashionable management accounting solutions, qualitative research has revealed a tendency towards uniformity in contemporary practice. By embracing "packaged solutions" organizations make themselves vulnerable. First, it is questionable whether proposed designs and templates offer genuine competitive advantage since these solutions are freely available in the market. Second, and more importantly, a packaged solution also contains a definition of what is to be reformed, i.e. it suggests a "packaged problem." Hence, adopting organizations may lean towards conformism as their understandings of what counts as an urgent managerial concern become more homogenous. But are the deficiencies of cost accounting, or the imperfections of performance evaluation, really the organization's most pressing issues? Or do more acute problems perhaps threaten the firm's survival? The standardization of vision within an industry may open the opportunity to the newcomer – to the venture that builds on self-generated management innovation.

Qualitative research and theory development

Having summarized the achievements of qualitative research, we now turn to its epistemological foundations and methodological justification. How does qualitative research help to develop a theoretical body of knowledge in management accounting? And how can we distinguish between different kinds of qualitative studies in these terms? Of course, qualitative studies can be categorized in several ways. For instance, we can distinguish between descriptive, illustrative, experimental, exploratory and explanatory studies (Scapens, 1990). Alternatively, Keating (1995) suggests a framework that categorizes case and field studies according to their different theoretical purposes. It is based on the notion of "research scope," i.e. what the findings of a study suggest in theoretical terms. Keating differentiates between theory discovery, theory refinement and theory refutation studies.

A qualitative study aimed at theory discovery can be compared to an exploration of an unknown territory. The imagery of an eighteenth century explorer-adventurer, who sails off into uncharted waters, returning later to *The Royal Society* to report the first observations of previously unknown reptiles and exotic plants, captures the purpose of this genre of case or field study. The research seeks to explain a new phenomenon of interest, for which the boundaries may be unclear and only rudimentary patterns can be discerned. The study may be a revealing, rich description and first mapping of the research phenomenon, with little explanation of its connections with other known phenomena or of the more specific mechanisms operating within it. Where little prior theory exists, inductive and exploratory "discovery studies" lead to preliminary theory that emerges from the empirical observations (Keating, 1995, pp. 73-7, on Simons (1987) and Merchant (1987)).

For example, the novel application of a management accounting technique, say a target costing system, is studied in a novel institutional and cultural setting which has had little contact with any management accounting practices. This kind of study leads to a preliminary interpretation of how the phenomenon of interest is shaped and behaves. It builds a set of concepts and informed descriptions, or perhaps advances more formal hypotheses of causal connections. Or, it may produce an illuminating, well-documented narrative that increases our understanding of the studied phenomenon. The findings of theory discovery studies can be used as first building-blocks in further investigations, such as more focused qualitative studies, or survey studies that test the validity of preliminary hypotheses across a larger population.

Many other qualitative management accounting studies have sought theory refinement. While theory discovery studies proceed from a limited theoretical starting point and rely on emerging insights from field data, theory refinement studies start with a clear theoretical focus and objective. In a sense, before entering the field, the researcher has already decided which theoretical "goggles" to wear in observing the phenomenon of interest. This does not suggest, however, that empirical observations are forced into a predetermined framework. Theory is being developed through novel, empirically-embedded interpretations. Some theoretical elements are corroborated and strengthened; other elements become more clearly specified. As a consequence, of this empirically substantiated refinement, theory may be partially rebuilt, as more appropriate constructs replace those with less explanatory power.

According to Keating (1995) this broad category of refinement studies can be further divided into studies that illustrate a particular theory (Keating, 1995, pp. 77-9, on Ansari and Euske (1987) and Dent (1987)), and those that specify an established theory. A case study that, for instance, uses a particular social theory to explain the power effects of management accounting systems may be viewed as an illustration of this wider theoretical perspective. It demonstrates the capacity of the social theory to explain phenomena in the management accounting domain, for instance when management accounting measurements and power considerations get intertwined. Such a study also reinforces the plausibility of the power-related social theory by showing that the generic theoretical framework applies in the investigation of accounting-related puzzles. Arguably, an illustrative study should also go a step a further and identify aspects of the adopted social theory that could be developed in the light of the empirical evidence.

Qualitative management accounting studies that specify (i.e. further develop) an existing theory bring a theoretical starting point under the loop of empirical examination and critical evaluation (Keating, 1995, pp. 79-81, on Simons (1991) and Macher (1987)). The concepts and causal connections within the theoretical framework are partially revised to improve theory's application within a specific organizational, social, or institutional context. The theory can even be radically reformulated in light of the researcher's iterative interpretations of fresh new field evidence. For instance, an initial theory about how senior managers use monitoring systems for strategic control might be further refined when applied within specific organizational contexts. Or, a theory that explains the mechanisms of management accounting change may be elaborated by applying it to a case study that reveals factors that inhibit or delay change.

Finally, the interpretation of evidence from a case or field study may reveal that practice does not match established management accounting theory. Instead of illustrating how the theory works in the study's context or refining the theory, the investigation contradicts the applied framework – i.e. it is a theory refutation study (Keating, 1995, pp. 81-3, on Young and Selto (1993) and Macintosh and Scapens (1990)). It should be noted that the refuted "theory" might be a normative construction – a prescribed "solution" that claims certain causal relationships, for instance, between the adoption of a management accounting technique and specific financial or strategic benefits. This, of course, applies also to theory refinement studies, which may have a normative starting point. An example of a theory refutation study would be one that finds dysfunctional consequences from "strategic" non-financial measurement in an artistic organization that shuns bureaucratic formalism, thereby contradicting a popular theory on the effects of a "new" management accounting technology.

Doing qualitative research: some guiding principles

How should we proceed in actually doing qualitative research in management accounting? It is important to note that qualitative research is affected by unforeseen events and stochastic factors – it is a bold jump into the unknown. A study addressing a well focused, theoretically sound research question within an intriguing empirical site can suddenly run into problems and produce poor results. The phenomenon of interest may not be captured, being too tightly entangled with other organizational elements and dynamic social processes. The researcher may fail in data collection, gathering for instance only "official" views about the role of a new accounting practice, or otherwise biased accounts. Access to critical locales may be denied. Or, the emerging interpretations can remain uninteresting and lacking in theoretical novelty. To minimize such problems, qualitative researchers need to follow some broad guiding principles about how to conduct successful case or field studies.

Research design

First, there is the question of research design. Is the research question relevant from theoretical and practical points of view, well formulated and sufficiently focused? An overly pragmatic approach may result in findings that are deemed overly technical or functional from an academic perspective. In contrast, an overly theoretical approach may produce findings that are welcomed by a small scientific community, but which have little practical value. A poorly articulated research question can lead to sloppy data collection, yielding general and uninformative conclusions. A research objective that lacks focus may lead the researcher to observe "the whole world" inside an organization. But an overly focused research question may, in the worst case scenario, leave the researcher empty-handed, wondering whether the phenomenon of interest exists at all (Ferreira and Merchant, 1992).

A key decision in the design of a qualitative study concerns the extent to which prior theory should inform the research question and data collection (Eisenhart, 1989; Dyer and Wilkins, 1991[3]). Some conceptualization, and a clear a priori theoretical orientation, is needed to guide empirical observation to the right context and specific locales of interest. It assists in crafting interview themes and later in filtering the masses of research evidence. It should be noted that no researcher's mind is an empty canvas, a *tabula rasa*. We approach phenomena with some implicit assumptions about what we expect to see, casting a "net" over the facts we wish to capture. A strong theoretical orientation and strict adherence to pre-specified constructs may, however, force preordained theoretical perspectives onto the observations, suffocating any potential empirical insights. For instance, a researcher might perceive an organization's performance appraisal practices solely in terms of the suggested dichotomy between diagnostic and interactive control systems. He or she may then fail to notice different local uses of accounting measurements that do not fit this categorization, but which provide a better explanation of organizational practice. Hence, empirical sensitivity should not be sacrificed in the name of prior theoretical focus (Ahrens and Dent, 1998).

Another key issue in qualitative research design concerns the dilemma of depth versus breadth. Should the study be a deep-probing investigation of a single organization or other unit of analysis? Or, should it seek to theorize about a management accounting phenomenon that exists across multiple case study organizations? In the single case study, the phenomenon of interest is examined in its detailed context, against a rich background of organizational processes, tensions and competing sectional interests, which are reflected in management accounting calculations and practices. This contextual understanding, together with the contrasting observations within the case, allow for an appreciation of the social dynamics that surround the studied phenomenon. This provides a plausible, contextually rich explanation of the research phenomenon that has theoretical value.

In a multiple case study, comparisons across organizational contexts are sought, so each organization can be studied less intensively. This approach usually draws on well-specified prior theoretical constructs, research instruments and protocols. Although the within-case analysis may be less detailed, visiting several empirical sites does provide an opportunity to examine cross-case patterns and search for similarities and differences in the studied phenomenon. The juxtaposition of the different case contexts can challenge simplistic a priori expectations and generates a more sophisticated theoretical understanding (Eisenhart, 1989). For example, this approach might reveal that dissimilar organizations experience similar difficulties in the implementation of a "new" management accounting technique, indicating potential flaws in the normative design that has been applied.

Data collection

Second, besides giving sufficient attention to research design, successful qualitative studies in the management accounting field have been built on reliable and valid empirical evidence obtained via professionally executed, meticulous data collection (McKinnon, 1988). Brief and superficial "site visits," allowing for only one or two interviews, should be distinguished from genuine case or field studies. The latter involve the researcher for longer periods in the field. Generally, the longer the researcher spends in the studied context, the less vulnerable the study is to factors that jeopardize its reliability and validity. Some moderation is advisable, however. The notorious tale of the sociologist being finally rediscovered in a Borneo jungle wearing a hula-hula skirt and a ring in his nostril warns us about the threat of "going native." Researchers undertaking qualitative studies must maintain an appropriate distance from the studied context.

Once in the field, even the best research design is unfortunately no protection against the obstacles the researcher faces within a real, working organization. Typically, a good qualitative management accounting study, which succeeds in building a strong theoretical argument, is the product of careful underlying fieldwork. If interviews are the primary data source, they must be sufficiently extensive within the unit under study. They must have been thoroughly prepared, and the researcher acts in a particular way during them, trying for instance to minimize respondent bias. It is not enough to interview only senior management about an activity-based costing implementation, for example, since people on the "shop-floor" may have a totally different story to tell. The independent nature of the study must be explained to interviewees, to avoid any perception that the researcher is acting as a "management spy." The researcher must know the background of each interviewee and must address topics relevant to that person. She or he must avoid using scientific jargon and speak instead the "language" of the interviewees. The researcher must not lead the discussion along preconceived paths, but must have the sensitivity and skill to steer the discussion away from clearly irrelevant topic areas, to maintain focus on the phenomenon under study. At the same time, interesting leads should be followed with further probing questions. The researcher should not express his or her own opinions during the interview, or take sides in any way, otherwise the fieldwork may become "politicized."

Extensive interviews are often the primary, but not the only, source of data. A thorough qualitative study will complement interviews with other data sources. Triangulation between different empirical materials is sought to increase the reliability of the evidence. For instance, a study examining non-financial management accounting measurement within an organizational improvement program should seek critical documentary material, such as internal memos, reports, manuals, written instructions and official newsletters. Participant observation of critical management meetings provides another source of evidence to compare with interview transcripts and internal documents. Here, again, the researcher must show thoughtful conduct in the field, trying not to interfere in a way that alters the behaviour of organizational members, but also avoiding the threatening, mute behaviour of a police detective who sits in the corner and makes "observations" (McKinnon, 1988).

Interpretation

Third, a successful qualitative study in management accounting can be distinguished by the theoretically oriented interpretations it produces. The investigation should have uncovered the intriguing organizational processes that are entwined with a particular management accounting phenomenon. Often, it will document a chain of interlocking events, and capture the multiple and shifting meanings that different actors give to uses of management accounting in specific contexts.

Even after all of this empirical work to discover the "reality" under investigation, the study is still only half way to completion! What remains is to give theoretical sense to the masses of illuminating, perhaps even thrilling, evidence from the case or field study. We may have an intriguing narrative here, but why does it matter? What do we learn from it? Here, the role of interpretation is crucial.

Without bold interpretation and theorizing, the qualitative study is just a collection of engaging field detail. In practice, theoretically valuable interpretation requires numerous iterations between theory and evidence. The layers of collected, often contradictory, pieces of field evidence gradually become more organized and things start to make sense. Some observations appear more important and more credible than others, and some pieces of evidence are pushed aside as irrelevant. A preliminary storyline takes shape. The first theoretically anchored patterns emerge. But the researcher must not jump to hasty conclusions. Maybe some additional evidence must be collected on curious empirical instances that stand out, asking for further explanation. And a new theoretical angle, perhaps from beyond the management accounting literature, might be discovered. It may develop the explanation of the observed instances and events, but without being harshly "glued on" the data. Alternative explanations and conflicting voices from the field should be considered, elaborating the study's logic. No story should be forced onto the evidence, however. With patience, a documented and plausible rich account is constructed – not a sanitized, intellectually corrupt version of events that twists evidence into the simplistic formats of normative prescriptions (Ahrens and Dent, 1998). Finally, after multiple iterations between theory and data, a theoretically oriented interpretation can be extracted and then reported.

Common problems in qualitative management accounting studies

Although the qualitative research tradition in management accounting has produced significant theoretical advances, some individual studies exhibit weaknesses. Of course, the same criticism can be leveled at any methodological approach and any research method. Still, a brief mapping of common weaknesses of qualitative research is worthwhile since, in any scientific domain, a fair amount of self-criticism promotes improvement.

Often, a disappointing qualitative study starts with a disappointing theoretical framework that fails to provide focus and guide the fieldwork. Instead, the theoretical framework might be a loose assemblage of reviewed literature that points at pieces of theory here and there. Some of its elements might be incompatible because they represent different streams of prior inquiry, proceeding from different ontological, epistemological and methodological assumptions. For instance, a study may try in vain to borrow both from economics-based agency theory and sociologically grounded interpretive ethnography. This can be thought of as the mixed salad problem of qualitative enquiry.

The digestion of such a disorientating theoretical mix can be difficult. The real disappointment, however, lies further ahead, when the study fails to fully utilize the theory it has introduced in its empirical and interpretive phase. Why this heavy theoretical "frontload," the reader grumbles. A meandering storyline and the absence of an explanatory backbone reflect the more fundamental problem: wearing too many theoretical "goggles" may be no better than walking blind and may suggest to the reader that the empirical work was also muddled.

Another common problem arises when a study fails to reconnect with its theoretical starting point, even when this point is sufficiently clear and focused. The study may introduce an interesting narrative, interspersed with interview quotes and documentary material that give verisimilitude to the description of, for example, a management accounting change process. But, its theoretical interpretation and conclusions will fail to meet academic standards if they do not explain how the empirical evidence enriches our theoretical understanding of management accounting change. Since, the phenomenon of interest is already theorized to some extent, how is this theory refined, specified or partially refuted by the interpretation of the field observations? If the study's empirical findings about the change process are not appropriately compared with previous theoretical contributions, its conclusions will be rather myopic. It may even claim to discover something that has already been demonstrated in other studies, thus falling victim to the rediscovering the wheel problem of qualitative investigation (Laughlin, 1995).

It is also common for qualitative management accounting studies to draw on social theory or socio-philosophical meta-frameworks. Such an approach explicitly acknowledges that management accounting is not just a universal, neutral and functional technology, but is a context-bound practice that has social, disciplinary, and political dimensions. However, such studies often serve to illustrate only one particular social theory. A generic social theory, which was designed to explain a wide range of social phenomena and corresponding societal dynamics on a macro-scale, becomes empirically illustrated and verified in the context of a specific organization's management accounting practices. This can lead to what we call the it fits, it fits! Problem of qualitative studies.

When a novel social theory is first imported into the management accounting domain, such illustrative studies are well justified. But once the social theory has become established, the replication of purely illustrative studies becomes counterproductive. Instead, an attempt should soon be made to use the field or case study insights to challenge and refine the social theory, since – irrespective of their status and reputation – all theories should be treated as provisional and incomplete. Furthermore, qualitative studies that draw on a social theory should also examine the contingent nature of contemporary management accounting practice (Malmi and Granlund, 2006; Humphrey and Scapens, 1996). They should provide novel insight into specific applications of management accounting techniques.

The uncritical illustration of a theoretical starting point also occurs in another category of qualitative management accounting studies – those that seek empirical confirmation of a normative management accounting solution that has arisen from the consultancy view. The researcher, especially if inexperienced, may be unaware of this underlying motivation. Since, popular normative arguments are generally easy to grasp, and since management accounting practice seems to follow the latest normative recommendations, an inexperienced researcher may be attracted to the consultancy view as a "theoretical framework" to guide the study. In qualitative management accounting research, this may be termed the *Windsurfer Problem*.

Uncritical empirical illustrations of popular "management products" often build on questionable fieldwork, failing to observe the guiding principle of professional data collection, discussed earlier. Convinced by the force of his/her popular wind, the researcher "surfs" the field, collecting only superficial evidence. Those interviewees who freely speak out are often those agents who are promoting the new practice and who have an organizational interest in it. Their voices may come to dominate the interview data while the skeptics remain in the background, avoiding interview or daring only to relate a "sanitized" opinion to the researcher. Also, if the full impact of the new practice has not yet been felt, the views of many agents may be premature and may change later. Reliance on a consultancy view "theoretical framework" can also result in observer bias, where the new management accounting technique is perceived to signify "progress" within the empirical site. The researcher may look for positive evidence of its implementation, ignoring or marginalizing its more problematic aspects. Consequently, the findings of such studies tend to be unsurprising, uncritical and somewhat thin accounts of how, in yet another setting, a new approach (such as the balanced scorecard) has been adopted almost as its original blueprint suggested.

Finally, qualitative management accounting researchers can be prone to over-generalizing their findings. Having presented management accounting as a contextualized practice within a unique case study setting, some researchers then suddenly suggest that the findings can be generalized, in a statistical sense, to a larger organizational population. This inappropriate claim constitutes the misplaced universalism problem. It stands as another pitfall of qualitative management accounting research, which stems from a positivist or modernist conception of science.

The desire to look beyond a particular study to discover something more "general" is to be applauded. But we have to be careful about what we mean by "generalization." The aim of qualitative management accounting research is not to produce generalizations of a statistical nature, or make inferences to a broader population. A single case study is not a statistical study with a sample of one, and it is a mistake to seek this kind of "universal" generalization in it. Qualitative studies can, however, arrive at a different kind of generalization – theoretical generalizations (Lukka and Kasanen, 1995). They can bring theories into contact with empirical reality, thus exposing their strengths and weaknesses and modifying or even refuting them. In addition, exploratory qualitative studies can, as mentioned earlier, serve an important theory discovery role, building initial hypothesis for use in further studies that seek universal generalizations and higher external validity within larger populations.

The future potential of qualitative management accounting research

Qualitative research that pays attention to the above problems and strives towards high-academic standards has a lot to offer for the further development of management accounting theory. At its best, a qualitative study is a theoretically informed, focused, intensive, well-documented and plausible analysis that increases our understanding of how management accounting operates in different societal, cultural, institutional and organizational settings. Because it explains management accounting practice as a context-bound and dynamic phenomenon, a qualitative study can probe beyond economic models and normative idealizations. It builds an understanding of management accounting as something very real – as something that affects the lives of countless individuals in their workplaces.

Hence, qualitative research has the potential to enhance our appreciation of how management accounting practices shape, and are shaped by, the unique contexts in which they are applied. Second, despite their contextual nature and historical specificity, management accounting practices do exhibit regularity and predictability across different contexts. Arguably, under these ontological assumptions we can apply qualitative methods better, harnessing their full potential to build research and theory that connect with the actual challenges facing the organizations and societies of our time.

Qualitative studies can address fundamental, practical problems related to how management accounting is used and transformed in different settings. These studies could, however, draw on existing management accounting theory, rather than seeking to illustrate a "grand" social meta-theory. The findings of a previous case study in the same topic area can be a solid basis for the design of a new field study. Can we partly replicate this study in another empirical context, or partly refute it? Can we develop it further, perhaps adding some new explanatory dimensions, extending it to other organizational contexts, or learning something more specific about the conditions that must be met before a certain management accounting practice can be usefully deployed?

A well-positioned qualitative study can also take a recent survey study as a point of departure, for instance a study that maps current uses of different techniques. It can examine unexpected, inconclusive or oddly distributed survey results, or investigate an intriguing correlation that requires further explanation. For example, why is the adoption of formal controls so popular in a particular sub-category of enterprises, against our expectations? Can we explain the delayed implementation of management accounting reforms under certain strategic and organizational conditions? Can we explain dysfunctional practices that surprise us in a subset of enterprises?

At a minimum, a qualitative study should contribute to coherent management accounting theory by comparing its findings with those of other relevant studies and looking for cross-case patterns. It should identify the theoretical dimensions that differentiate it from other studies that have examined similar management accounting practices. This promotes theoretical generalization and may increase the external validity of the study's findings.

The external validity and theoretical insights of a qualitative study can be further improved by complementing it with a large-sample statistical study, using hypotheses that emerged from the qualitative study. Construct validity in such a survey is high, since the operational definitions of theoretical concepts, and measurement instruments used in the survey, are based on the inductive empirical findings from the qualitative study. For example, it is easier to design a meaningful questionnaire about investment post audit in the energy sector if we can build on the findings of a case study that examined the detailed dynamics of post-audit processes in an oil company.

A qualitative study can also be complemented by a laboratory study that is designed to simulate the sort of "natural setting" observed in the case or field study. Or, it can be followed by mathematical modeling that formalizes key relationships uncovered in a field setting (Modell, 2005; Birnberg *et al.*, 1990). The use of multiple methods, combined with tolerance and mutual respect within the research community, can help us to develop a less fragmented body of management accounting knowledge.

In particular, the potential of qualitative management accounting research should be applied to contemporary concerns of practice. Although we must guard against overly pragmatic and instrumentalist demands, qualitative research conducted in "academic isolation" may have little to contribute beyond a narrow scholarly debate. Thus, qualitative research should continue to question the emerging ideas that organizations embrace in the hope of improving their management practices. We must critically examine the latest consultancy views, probing their foundations and their implications, since their evaluation is too important an issue to be left to consultants! Qualitative research can caution managers and accounting practitioners against the deficiencies and dysfunctional consequences of normative schemes and identify the conditions under which these prescriptions are likely to work best. And, it can suggest how to modify and improve them. The tension between qualitative scholars and consultants should, therefore, fuel a constructive dialogue with current practice.

Important contemporary topics facing qualitative management accounting researchers include globalization, hybridity and the "network society" (Baxter and Chua, 2003). Globalization often means that management accounting practices are uprooted from their original context, becoming diffused to other remote locations. Yet our knowledge of how these technologies are transferred, and what problems arise, remains limited. Hybridity, a related concept, suggests that we have to examine the workings of management accounting in conditions that mix traditional and new elements such as the local and the global, rivalry and partnership. How is management accounting used by organizations that combine, for example, the private and the public, as happens in educational institutions? Finally, it has been suggested that we now live in the "network society," a technologically advanced, digitized "surveillance society," where management accounting can make visible almost any form of action. Using qualitative studies, we can ask whether management accounting is engaged in the creation of a "superpanopticon," an open space where somebody can watch our every move (Baxter and Chua, 2003).

This leads us to how the potential of qualitative investigation can help us to examine the quantification of organizational life. As a consequence, of political agendas and normative prescriptions, such as the balanced scorecard and measurements of customer satisfaction and quality, as well as because of continual advances in information systems and data networks, organizational reality is increasingly dominated by both financial and non-financial measurements (Llewellyn and Northcott, 2005). This is fundamentally transforming how organizations perceive themselves and their environments, how they negotiate, and how they act upon issues and events. Recently, even the smallest aspects of organizational activity have become transparent and open to evaluation via management accounting measures. Organizational members can no longer escape ongoing surveillance as benchmarks and uniform standards are increasingly applied (Vaivio, 2006, 2005).

What are the implications of this increasing quantification within post-modern organizations? We know little about how it affects people in their jobs. Will they eventually become obedient, passive and risk-averse instead of being creative actors who promote learning and innovation? Will increasing quantification change how decisions are made? Will it drive out the influences of intuition, practical experience and judgment? Will "hard" numbers overwhelm "soft" talk?

These questions should not be overlooked in qualitative management accounting research. They are important to the successful management of contemporary organizations, since they impact a range of issues, from the formulation of competitive strategy to organizational learning and operational flexibility. They are also important from a broader societal point of view. The quantification of organizational life is not only a narrow management concern. Its implications run much deeper and concern how the everyday reality of the post-modern individual is being shaped. Qualitative research in management accounting must not loose sight of its societal duty. It should continue to provide theoretical and empirical insights that protect the individual against impersonal, institutionalized forces that go against their interests. Qualitative research needs to explore the social, the societal and the political in management accounting, reminding us of the larger picture and revealing the ideals and motivations that lie beneath the surface of contemporary practice.

Conclusion

In summary, this paper has presented a broad panorama of ideas about qualitative research in management accounting. First, it emphasized the importance of qualitative research as a counterweight to textbook idealizations, formalized economic models and consultancy products. It examined how qualitative study contributes, in different ways, to the construction of management accounting theory. It then presented a practical "road map" to guide the eager management accounting scholar who wants to use case or field study methods. The reader was then alerted to the common problems in existing qualitative research, in the hope that this will improve future efforts. Finally, the potential of these future studies was illustrated across a number of possibilities, all of which could lead us towards a more coherent, valid, relevant and emancipating body of knowledge in management accounting.

Notes

1. For a classic argument around the theory of the firm, and on the need to keep the theoretical and empirical firms apart, see Machlup (1967).
2. For a recent debate on the theoretical purposes and methodology of interpretive/qualitative management accounting research, see Kakkuri-Knuuttila *et al.* (2008a, b), Ahrens (2007) and Ahrens and Chapman (2006), as well as Armstrong (2007).
3. These papers provide a sharp debate around Eisenhart's view that well-developed constructs should be applied whilst "in the field."

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