A changing role of finance department in organization’s management: part one- theoretical underpinnings

Abstract: This article is a theoretical introduction to a study which investigates a changing role of finance department in management of organization. Nowadays there is a growing pressure towards finance department to become ‘business partner’, that is to consult managers and affect future performance rather than just record past performance and control with budgets (Jablonsky, et al., 1993, Granlund & Lukka, 1998, Scapens, et al, 2003, Burns & Baldvinsdottir, 2005, 2007, Hope, 2006, Byrne & Pierce, 2007, Järvenpää, 2007, Baldvinsdottir, et al. 2008). Through usage of explorative interviews (preceded by a survey questionnaire) at a multinational company from paper and packaging industry this study compares work of different finance teams and tries to explain the reasons for the differences. The study results include importance of structure of the finance department, organization of management, operational organizing, as well as palpable role of formal regular meetings, links with corporate level finance and influence of the managing director (general manager) as crucial forces for finance department to become business partners.

Introduction

The rhetoric of finance department becoming business partner has since several years pervaded institutional, academic and organizational realms. Traditionally, finance department dealt with bookkeeping and budgeting, since budget were the most important performance management tools. However, nowadays, as perhaps the financial and economic crisis aptly showed, budgets get out of date quickly and they are not sufficient to run the business (Fraser & Hope, 2000, 2001, 2003, Libby & Lindsay, 2003a, 2003b). There is a pressure on finance department to be not only a watchdog and policeman, but also a consultant, who can help to find new and existing profitable products, markets and customers, and advise on investment strategies. However, the current research on the roles of management accountants is claimed to be fragmented, incomplete and contradictory (Byrne & Pierce, 2007) and theory about business orientation of accountants is underdeveloped and often anecdotal (Järvenpää, 2007). Not much is said about the actual content of the ‘business partner’ role, and in particular how is this role enacted in organizations (Baxter & Chua, 2008). Also, although a lot is said about the need for a change in a role of finance department and macro-level economic and institutional pressures on finance functions (e.g. technology, hypercompetitive environments, blurred organizational boundaries, normative and regulative pressures), a micro-level analysis of what drives some finance functions in organizations to move to the ‘business partner’ model while others do not is still limited (Byrne & Pierce, 2007, Burns & Baldvinsdottir, 2005).

Motivation for the study

First, the motivation of the study lies in a quest for improved understanding of the content of the business partner concept, since the business partner model is claimed to be associated with ambiguities and conflicts (Burns & Baldvinsdottir, 2005, Byrne & Pierce, 2007, Järvenpää, 2007). Practice oriented magazines are replete with writings about individual traits (competences) that a finance employee in a business partner role should have, like for example ability to see the big picture and being a team player, but this picture focusing on individual competences is not complete and the study tries to fill this void. Baxter & Chua (2008) contend that:

Previously established practices, relating to that of an ‘historian’ and ‘watchdog’ (Granlund & Lukka, 1998) are being reframed in terms of expectations calling for a business advisory role (Coad, 1999, Emsley, 2005). But it is unclear how CFOs in action actually enact this organizational role, with more research being required along these lines. (Baxter & Chua, 2008, p. 216).
One important aspect of business partner is the differences in processes and routines between different types of finance teams. The work of the finance department has been studied previously, but the focus was rather on a single aspect of it (e.g. budgetary process, or implementation of new accounting tools, like ABC or BSC). Research covering all the work of accountants in organizations, where accountants are at the centre of analysis has been limited (with notable latest exceptions of Mouritsen, 1996, Burns & Baldvinsdottir, 2005, Järvenpää, 2007, Baxter & Chua, 2008).

Enactment of the role of the business partner goes beyond the processes in the department and embraces encounters and relationships with other organizational members. Mouritsen (1996) observed:

‘The conclusion is that accounting departments’ work is relational. It varies according to organizational circumstances but with the important caveat that their position is not ‘determined’ by them. Their work is rather produced as an interplay between the aspirations and expertise mobilized by accounting departments, and the responses of top-management and line functions to their actions. Accounting departments’ work is an effect of the interrelationships between situated managers.’

Similarly it is a contention of the current study that how role of business partner in interaction with non-finance employees is enacted is still under-researched. By focusing on processes/practices of finance department the current study tries to deepen the knowledge about these interactions. This study through incorporation of theoretical perspectives of (management) control and practice theories and concepts borrowed from these theories (e.g. authority, symbolic capital) suggests a way in which to look at finance department and understand the concept of business partner.

Second, motivation for the study lies in explaining more the organizational drivers for the finance function on meso/micro organizational level. In the previous paragraphs macro forces were enumerated, namely the influence of changing global environment and rhetoric by consultancy/professional bodies and other institutions as universities according to which finance function should be more involved in strategy making process. However, these macro influences might not be enough for a change inside companies, and looking inside the organizational realm for explanations is the aim of this study.

Research purpose and research questions

The purpose of the study is to clarify the concept of finance function business partner by exploring differences between finance teams in an organizational realm. This purpose will be realized through two research questions:

1. How is ‘finance function business partner’ role enacted, i.e. to explore the content (different dimensions) of work of finance department.

2. How do enabling and constraining organizational forces condition existence of different types of finance functions?
Theoretical underpinnings and a conceptual framework

This study applies a (management) control theory and practice theory perspectives on finance function, it also utilizes theory of finance function work and builds on previous empirical research on finance department.

A collection of early articles trying to conceptualize what finance department does and its different roles constitutes a body of knowledge which can be called a theory of finance work. Simon et al. (1954) conceptualizes four areas of involvement of finance department in organizations, namely treasury (decisions about equity and debt financing and management of fixed and working capital for ensuring solvency), scorecarding (bookkeeping of accounts receivable, payable, etc. and preparation of financial statements), attention directing (mainly budgeting) and problem solving (ad hoc analyses for managers). Hopper (1980) divides the role between bookkeeping and customer aid where bookkeeper 'is concerned with the implementation and administration of financial systems to enable superiors to specify and measure the performance of subordinates. The accountant is primarily a scorer and a hierarchical attention director' and customer aid is exercised by decentralized controllers who 'give precedence to analysis of operations and special studies for managers' Centralization vs decentralization is a matter of lines of responsibilities and physical location. Mouritsen (1996) divides finance department’s work into five aspects, namely bookkeeping, consulting, banking, controlling (mainly through budgets) and administration. While Simons et al (1954) and Hopper (1980) observe that there are other roles beyond recording transactions and acting as corporate policemen in evaluation the performance by finance department, these new tasks are not described in detail. Mouritsen (1996) is more precise when talking about consulting role, and he links it with such activities evaluation of profitability, marketing, forecasting, pricing, productivity, inventory-management, capacity-utilization, new technology or quality assurance. The undergoing changes in the roles of the finance department are multifaceted (see Figure 1 for a model suggested by May, 2002).
Management control theory can be well utilized in comparing different types of finance teams, but it has been only to a limited extent used in research on finance. Since organizations consist of more than one individual coordination mechanisms are required to ensure effective and efficient cooperation. Czarniawska-Joerges (1989) contends: ‘Without control, organization is invaded by chaos and deadly entropy’. The term ‘management control systems’ was first coined by R. Anthony in 1965 in his book ‘Management Planning and Control Systems: A Framework for Research’: ‘management control is the process by which managers assure that resources are obtained and used, effectively and efficiently, in the accomplishment of the organization’s objectives’. While the terms ‘management control theory’ (or ‘management control systems theory’) have been widely used in an academic field, in this study I will refrain from using expression ‘management control theory’ and try to replace it with simply ‘control theory’. The aim of doing that is to broaden the understanding of and the usage of concept of ‘control’ to infuse it with a power dimension, while management control theory might reflect pure functionalistic approach to design of management control systems.

The word ‘control’ is an ambiguous concept, but Otley & Berry (1980) suggest there are two main streams of connotation: one emphasising ‘the idea of regulation and monitoring of activities’ and the other stressing ‘domination of one individual or group by another through the exercise of power’. While the first strand of meaning refers rather to formal controls through e.g.
rules, standards, budgets and targets, the second one is related to informal dimension of control. Informal control can take numerous forms, from a charismatic plant manager, who indeed ‘dominates’ over the group of plant workers, to more subtle and bilateral control between professional group members.

Inherent in most traditional management control models is a view that the crux of control is to ensure that objectives/goals of an enterprise are met and employees ‘behave in the best interest of the company’ (Anthony, 1965, Ouchi, 1979, Merchant, 1985, Merchant & Van der Stede, 2003). During the last two decades there has been a growing critique towards the cybernetic systems approach to management control (Bunce, et al, 1995, Bartlett & Ghoshal, 1993, Kloot, 1997, Hope & Fraser, 2003, Nixon & Burns, 2005). Unlike in the thermostat, where the desired temperature is easily decided on and set, in human organizations, the goals are often ambiguous, and what is best for the company is often equivocal and subject to change. Nowadays objectives and goals are unclear and subject to frequent changes, since environments are hypercompetitive, due to globalization and deregulations (D’Aveni, 1995, D’Aveni & Veliyath, 1996, Wiggins & Rueffli, 2005, Akhter, 2003). Traditional cybernetic control systems models were appropriate for stable environments where supplier rather than a customer was endowed with power (Nixon & Burns, 2005, Cokins, 2004). Currently, power has been switched to customers, and Internet is only exacerbating this imbalance, through open access to information (Cokins, 2004). The corollary is that it is more difficult to plan and set specific goals. A vast amount of critique has been directed towards budgets, since, as earlier depicted, cybernetic systems approach to control is inherent in this formal control tool, which is still the most commonly used tool by organizations (Mouritsen, 1996). The critique of cybernetic management control models has been addressed in two generic ways. First, attention was brought by practitioners and researchers towards changing design of management control system(s), mainly through complementing or replacing budgets, on which the critique was mainly focused, with other controls. Second, academics have focused on the use of control tools in organizations, since accounting is embedded in organizational context (Roberts & Scapens, 1985, Puxty, 1993, Arwidi & Samuelson, 1993, Vaivio, 2007).

Important trend in management control framework is complimenting financial measures by non-financial ones. Balanced scorecard (BSC) (Kaplan & Norton, 1992), which is a set of performance indicators in different perspectives beyond financial perspective (i.e. process efficiency, customer, learning and growth) aims at increased thinking in organization about strategy, how value is created and which actions contribute to strategy and value creation. Interestingly, also the term ‘management control system’ is itself more often replaced by ‘performance measurement/management’ in management accounting research studies (Otley, 2003). Otley, (1999) defines management control systems as ‘systems which provide information that is intended to be useful to managers in performing their jobs and to assist or-
ganizations in developing and maintaining viable pattern of behaviour’. Overall, the emphasis in management control systems is switched from performance evaluation and ensuring that goals/objectives are implemented to assisting managers in making good decisions. This goes in line with growing attention to informal types of controls (with no standards, goals) in management control practice and research (Arwidi & Samuelson, 1993, Bartlett & Ghoshal, 1993, Collier, 2005, Nixon & Burns, 2005).

It can be hypothesised that finance department plays a palpable role in organizational control, since it is responsible for managing if not all, at least some of the control tools (e.g. budgets). In light of the changes of management control systems described earlier, where budgets are being criticized and circumscribed as ineffective and insufficient, other tools/techniques emerge, whose aim is to regulate, monitor or analyse organizational activities. Seen from the first control perspective (regulation, monitoring and analysis) changes in finance department are perceived as mirroring changes in management control systems models - finance department becomes business partner depending on how many of these new tools it is able to capture, seize ownership over, or create. This is also in line with changing use of tools in the area of management control and move from ‘management control’ to ‘performance management’: from performance appraisal if budgeted plan has been fulfilled to using different tools with an aim of assisting in better decision making. Lord (2007) describes management accounting practices developed without involvement of finance department and warns that ownership of new strategic management accounting practices by finance department cannot be taken for granted:

‘unless accountants can learn to work in teams, contributing their strengths in data collection and analysis to the strengths of other team members, it is possible that something like strategic management accounting may develop without any involvement of accountants’ (Lord, 2007, p. 150).

Seen from the second, namely ‘power’ perspective finance department becomes business partner when its role in important managerial decisions increases. Finance function moves from ‘bean counter’, a back office department focused on reporting past results, to a department which tries to find where the value is, sits on negotiations tables with customers and suppliers, provides constructive skepticism towards managerial ideas and influences important decisions.

A useful concept from control perspective in positioning of the finance department is a concept of authority. Authority can be defined as ‘the power to make decisions which guide the actions of another’ (Simon, 2000:179). Authority is often built through expertise, i.e. conviction of one’s expertise inclines others to accept factual statements even without existense of proof (Simon, 1945, 2000). At the same token Simon observes:

‘An individual who does not have a recognized status, or who is not recognized by his associates as expert with respect to a certain kind of knowledge, will have a more difficult time convincing his listeners that a rec-
ommendation is sound than one who possesses the credentials of 'expert-
ess' (Simon, 2000, p. 181).

The changing role of the finance department implies that it moves to-
wards areas where expertise is more blurred. Unlike in the more traditional
tasks, as treasury, working capital management (accounts receivable and
payable, inventory) and bookkeeping, the decision-support (problem solving)
area, regarding for example portfolio of customers, or performance man-
agement using non-financial measures might look less as 'pure finance' en-
davours. Authority may play an important role in these new tasks. As
Simon contends:

‘(…) individuals acting upon the recommendations often do not have
the expertise needed to judge them, and because pressure of time requires
them to accept the recommendations of those whom they trust. This is an
important reason for the resistance that is usually experienced to sugges-
tions that are made outside the line of duty, or that are volunteered through
other than the usual lines of communication.’ (Simon, 2000, p. 181)

Authority may be crucial for finance department in redesigning roles
which embraces change of routines, since it is linked to power, and usually
some feeling of power is required and preconditions agency (Giddens, 1974,
2008). Giddens suggests the relations of power and agency to look in the
following way:

‘To be able to ‘act otherwise’ means being able to intervene in the
world, or to refrain from such intervention, with the effect of influencing
a specific process or state of affairs. This presumes that to be an agent is to
be able to deploy (chronically, in the flow of daily life) a range of causal pow-
ers, including that of influencing those deployed by others. Action depends
upon the capability of the individual to ‘make a difference’ to a pre-existing
state of affairs or course of events’ (Giddens, 2008, p. 14).

Previous empirical research linked to finance functions in organiza-
tions embrace longitudinal case studies, comparative studies and other stud-
ies. Järvenpää (2007) applies cultural perspective in the longitudinal case
study and sees transformation of finance department towards business part-
ners as a change in accounting culture, which is a derivative of change of
corporate culture at a mother company. New corporate culture embraced
customer orientation, process orientation, team management and empow-
erment. Järvenpää (2007) observes several ‘cultural interventions’ crucial to
transformation of the finance function: decentralization - endowing business
units with finance (employee) resources (decentralization in the case com-
pany allowed finance department to engage with customer accounts team
meetings and appraisal of new product alternatives, i.e. controlling new
product development), creation of shared service centre (which frees up re-
sources for business partnering), IT systems (simplified and homogenized
basic accounting), and innovations adopted (rolling forecasts, balanced
scorecard, activity-based costing in relations with suppliers), recruitment
policies and internal trainings as well top management role modeling and official value statement, and company rhetoric (storytelling).

Burns & Baldvinsdottir (2005) provide another longitudinal Case Evidence in which they apply institutional perspective and claim that ‘institutional contradictions’ open potential for a change. A contradiction arising from earlier concealed technical inefficiencies linked with ‘money does not matter’ philosophy, heavy uncontrolled spending on R&D and marketing was exposed as result of changing business environment (increasing pressure from government on prices and expiring patents). The contradiction raised strong conviction among steering committee of the case company that research/marketing orientation had to change into customer focus/cost control orientation. The corollary was organizational restructuring in spirit of ‘process ways of working’, namely organizing production of the whole product stream at one site. Crucial from the point of view of finance department was decentralization/restructuring of finance department necessary to mirror the broader organizational changes. Each product stream was assigned a product stream leader and financial analyst, cluster of up to three product streams was managed in one site by operations manager and financial manager. Structural change of finance department was recognized by the authors as palpable force in transformation process. Decentralization is here described in terms of organizational structure (team based working) as well as in terms of physical location. Secondly, the study accentuates the role of accounting champion, an agentic Finance Manager who utilizes and ‘artfully exploits’ the institutional contradictions, often through usage of rhetorics (Benson, 1977, Friedlan & Alford, 1991 as quoted in Burns & Baldvinsdottir, 2005).

Siegel et al. (2003b) provide an account of changing role of finance department in Caterpillar Company, spurred by corporate reorganization program. Decentralization of management and creation of profit & loss centres on lower levels broadened roles of accountants from product cost calculations to involvement in design, manufacturing, pricing and other decisions. Other change factors included: organizing trainings by finance function for other organizational members, changed organizational culture (employees thinking of financial implications of their decisions approached accountants more often), mental attitude and self-image of accountants, changed titles to business managers and changed lines of responsibility (reporting in a profit centre chain, instead of functional finance).

Baxter & Chua (2008) use practice theory (basing mostly on Bourdieu’s work) to track work practices of a CFO, since they claim that literature concerning accomplishment of CFO’s role is sparse. Drawing on data from field study authors describe actions and discourse of a CFO from a large Australian retailing organization Descriptions of practice are made within four themes: 1) incorporation of his position (how he drew on cultural, social and symbolic capital in order to position himself far from mundane accounting matters), 2) practices embedded in habitus and style (giving autonomy to subordinates combined with often brief face to face encounters, per-
sonal meeting rather than written communication, instituting weekly practice of Corporate Finance meetings), 3) practices and projects introduced in relation to the CFO’s turnaround strategy (tendering of internal audit work, appointing new external auditor, replacing company banker, new cash collection activities from retail outlets, introducing parameters to steer purchasers to higher extent), and 4) heterodox accounting practices the CFO tried to implement (efforts to impose more power over retailing department through introduction of targets for improved stock turns, cash flows, profitability and balance sheet ratios, efforts at seizing domination over Property division by e.g. introduction of a capital expenditure manual, and efforts to dominate the Management Information Systems department). The authors observe that traditional management accounting practices in CFO’s habitus are of significant importance to achieve numerous goals. Important for change was an individual style (desire and motivation) and winning support of the Chairman to use against resistance from other organizational members.

Chenhall & Langfield-Smith (1998) perform a study on factors behind involvement of management accountants in creating performance measures (based on interviews in 5 companies). The factors include a shared view of the role of the accounting function, senior management support for accounting innovations, champion in the accounting function, social and technical skills of the management accountants and the positioning of accounting within the formal hierarchy.

Pierce & O’Dea (2003) focus on comparing perceptions of management accountants vs. production and sales managers regarding characteristics of information delivered by management accountants to the rest of organization. The desired characteristics of information by all the interviewees tended to focus around timeliness, flexibility (‘good enough accounting’), more broad based information delivered in different format (visualizations and graphs rather than tables and numbers). Pierce & O’Dea (2003) provide an account of significant factors that drive the closure of the gap, namely ‘strong controllers’ (active in balancing the control and service role and ‘strong managers’ (challenging and pressing management accountants to deliver information they require).

Johnston, et al. (2002) is an example of a comparative study among different companies focusing on an involvement of management accountants in operational process change. Factors that contribute to this involvement include: 1) accountants being team players (i.e. key members of senior management team), 2) sound and well-established accounting systems (so that accountants’ time was not dominated by traditional tasks), 3) business and process knowledge (although this factor is not well explained), including open sharing of accounting information, 4) flexibility of job boundaries of accountants and their approach to non-financial information 5) interpersonal and communication skills and 6) challenge and change, i.e. existence of particular conditions.

Sathe (1983) in his practice-oriented article based on experience argues for a need of strong controllers with such characteristics as energy and
excitement, integrity and professional commitment, accounting knowledge, analytical skills, understanding of management needs to run the business, ability to judge what is important to management, building relationships and developing influence, ability to challenge managers, and managing dual accountability to both division and corporate centre. Sathe (1983) claims strong controllers can be developed through company policies: recruitment and selection, placement, progression and career paths (rotation of employees between finance and operations), continuing education and training and evaluation of performance.

Granlund & Lukka (1998a) apply a national culture perspective (Finnish culture) in a study of emerging social reality of from 'bean counter' to 'business partner' and they suggest that e.g. such cultural traits of Finns as keeping silent, withdrawing appearance, often limited oral communication skills hinder becoming business partners, while straightforwardness, abilities to disagree and to draw sharp and brief conclusions as well as low hierarchical and functional boundaries support transformation.

Emsley (2005) uses statistical survey method to focus explicitly on linkages between role involvement and innovativeness of management accountants and discerns that management accountants with business unit orientation are associated with greater level of innovativeness and with more radical innovations compared with management accountants with functional (accounting) orientation. Emsley (2005) sees lines of responsibility (accountability) to business unit managers as well as endowment of business units with finance resource (linked to physical location) as crucial components of business unit orientation.

Byrne & Pierce (2007) build a summary framework of characteristics, antecedents and consequences of roles of management accountants, based on previous literature and interviews in companies. Their framework is rather broad than deep, since in fact lots of constructs in the framework are just enumerated, but not explained. The article by Byrne & Pierce (2007) ends with suggestion of developing knowledge about interactions between finance and non-finance employees, a quest addressed by the current study.

Changing practices and position of finance department in organization are immanent in the finance function’s new roles. Through conceptual framework of practice theory and especially writings of Bourdieu1 one can search for explanations of current and changing practices of finance teams (Bourdieu ponders about the drivers of practice) as well as positioning of the finance department (drawing on Bourdieu we can see organization as a field of relations between company members who are striving for certain positions). According to Bourdieu practices result from both structural and agentic forces). Postil (forthcoming) suggests that practice theory is a middle path

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between methodological individualism which seeks to explain social phenomena by individual actions and methodological holism which explain phenomena by means of structures and social wholes.

Using perspective of practice theory by Bourdieu organization can be seen as a cultural field in which constellations of practices by organizational members (here by finance department) depend both on habitus and symbolic capital. Habitus is a system of dispositions, where a disposition can be defined as 'a way of being', 'habitual state', 'predisposition', 'tendency', 'propensity' (Bourdieu, 1997, 2008). Habitus 'provides the basis for our engagement with a situation (...) and relieves us from a consideration of unthinkable practices' (Baxter & Chua, 2008). For example, the finance person may feel as 'fish in the water' going for monthly meeting to explain variance versus budget, but not doing other practices. Habituss denotes types of activities a person is involved in and how. Habitus appears to determine the boundaries of agency and tends to be reproduced. Practices can be changed or kept depending on how much symbolic capital organizational actors possess. Finance employees are able to change their practices and positions as long as they can individually and as a group (in relation to other groups) draw on and manage distribution of symbolic capital. According to Bourdieu symbolic capital can be seen as an amalgam of economic (physical), social and cultural capital. Social capital is the relational form of capital ‘developed through networks of connections that particular agents sustain, such as connections based on work, educational affiliations, family connections, friends and acquaintances’ (Baxter & Chua, 2008). Cultural capital refers to experience, the prestige of a job or university degree. Economic capital denoting wealth is perhaps the least relevant in the current study, however finance function’s employees can draw on economic capital, since they deal with money matters and profit of the company. Organizational employees which possess symbolic capital do to a high extent influence what is valuable in the field and how capital is defined. It is of interest to investigate how symbolic capital affects position and activities of finance department and which organizational actors have a power to influence capital of finance employees locally and how strong is that influence.

Following presentation of theory Table 1 depicts conceptual framework which guides collection and analysis of empirical material. This analytical framework is based on theory however analytical work has been performed to build this framework, since the earlier writings tend to overlap (e.g. finance function work theory and management control system design both talk about activities). The aim of analytic framework is a condensation into fewer operable categories. Building of analytical framework aims at finding manageable number of categories distinct from each other, theoretically informed and addressing the study research questions. Different categories are ‘bins’ which help in data reduction, display, and conclusion drawing, three pillars of analysis of qualitative data (Miles & Huberman, 1994). Approaching the enactment of the role of finance employees three dimensions
can be distinguished. First, finance department performs activities. These have been divided into categories with different aims. Bookkeeping embraces recording of economic transactions of the company to inform about financial position of the company. Performance management artifacts is a term used to denote set of activities linked to management of ‘artifacts’, which could be understood as central management control tools which make sense of complex organizational reality and assist in overall managing of the business (D’Addeo, 2008, Briers & Chua, 2001) (be it e.g. budget or balanced scorecard), other than the tools focusing on limited areas (e.g. physical efficiency targets). Profitability/commercial activities embrace all activities linked to the customer side of the business (e.g. analyses of profitability by customer/orders) and dealing with commercial issues linked to deals with customers. Efficiency/quality/shop floor activities are linked with operations and manufacturing site. The last category is the investments activities. The all categories included in the ‘activities’ dimension are based mainly on theory of finance work and management control theory (system design).

Table 1. Conceptual framework in a graphic form
Tabela 1. Struktura pojęciowa wjęści graficznym

Source: Own study.
Źródło: Opracowanie własne.
(2005) is supported by empirical material. Similarly to sociological approach by Perrow (1970) the current study sees usage and applying of competences as rather dependent on contextual forces, since attitudes can be shaped by organization. Certain constellation of circumstances induces finance employees to use competences and skills or not. The role of the current study in a dimension of competences is to organize different competences in more clear categories (this is performed mainly through the questionnaire), since the current knowledge base is incoherent and full of overlaps and intricacies.

Finance employees do not perform activities in isolation, but they interact in different ways with other organizational members. Interactions constitute a third dimension, so far under-researched and linked with ambiguities, conflicts and intricacies. Interactions denote meetings, scheduled and unscheduled, as well as they embrace a way of engaging during these encounters. This dimension in informed by management control theory (mainly power dimension) as well as conceptual base of practice theory.

Work of the finance department takes place in an organizational context. The purpose of the study is to clarify the concept of the business partner through exploring differences between finance teams in an organizational realm, and differences in the context different teams operate in cannot be defied. The second research question concerns enabling and constraining forces conditioning existence of different types of finance teams. This question is addressed with the second part of the framework, namely the context. Since the sub cases are drawn from one company, some of the contingencies (e.g. size, industry) are constant and more detailed attention can be brought to meso/micro level explanations. So far previous empirical research addressed such influences as external 'shocks' for organizations, but also organizational structure, IT systems and powerful non-finance employees. Although interactions with non-finance employees are included in the ‘content’ part of analytical framework, non finance employees can also be perceived as creating a contextual setting in as much as their power allows to influence interactions of finance with other employees.

The framework informs performing of the study. It fulfils the role of guidance for empirical investigation, a conceptualisation of possible relevant areas, and the aim is not to test it, but rather to provide accounts of specific cases (finance teams) at stake and to develop the framework. The above framework presents the overall understanding in the current study. Context influences content, since activities, used competences and interactions take place in a contextual setting. Content, in term results in a certain type of finance function and it is believed that it also impacts performance. However, since links to performance are difficult to analyze using qualitative data from interviews, a survey data are used to link some content aspects to performance.

In the preceding sections theoretical underpinnings for a study on a changing role of finance function in management of organizations were
presented. Part two of the paper containing empirical data collected, analysis of the data and results will be included in the next edition of this publication.

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