

Examining the relationship between management accounting (ma) and operation manag...

[Business](#), [Management](#)



In order to come up with the correct relationship between Management Accounting (MA) and Operation Management (OM) in footings of heightening the organisational public presentation which are stairss in a concatenation taking to increased house value, it should give some practical definitions to the both of the footings.

Atkinson, Banker, Kaplan and Young (2001) defined direction accounting as the procedure of designation, measuring, accretion, analysis, readying, reading and communicating of information used by direction to be after, measure and command within an entity and to guarantee appropriate usage of and answerability for its resources. Kaplan and Cooper (1986, 1989) defined it as `` the ability of direction accounting patterns (MAP) in supplying relevant, seasonably & A ; accurate information to direction for planning, control & A ; determination devising intents is questioned ''

While the operation direction focuses on carefully pull offing overall activities associated with Product and services direction such as: merchandise creative activity, development, production and distribution every bit good as the activities pull offing purchases, stock list control, quality control, storage, logistics and ratings. Furthermore, it involves the duty of guaranting that concern operations and efficient in footings of utilizing as small resources as needed, and effectual in footings of meeting client demands. Tamboo (2008) described operation direction `` involves all the activities that converts inputs such as natural stuffs, semi-finished goods, capital, work force, installations and machinery into finished merchandises and services '' .

In the same manner that MA, OM is a subject with its own propositions for how to pull off administrations. Where MA is based on accounting Numberss in hierarchal flows of information enabling planning and control, OM is more concerned with technological, architectural and organizational rules established to ease the sidelong flow of goods and services. Great figure of new OM techniques such as Computer Aided Design (CAD) ; Computer Aided Manufacturing (CAM) , kanban, cross-functional squads and procedure function ingrained in entire quality direction (TQM) , merely in clip (JIT) or automated patterns focus on the integrating of functional sections, activities and organizational ends, and change the very nature of the planning and control undertakings in operations, which, in bend affect the function of MA.

Therefore, this survey aims to understand the responses that have been made within the MA subject in respect to new operational patterns. The survey intend to depict the literature that straight addresses the challenge/barriers from incorporate fabrication /innovations and the altering features of MA design and patterns that have been appointed. Subsequently, the paper will reflect upon possible research inquiries for the hereafter, in order to derive new penetration into the relationship between MA and OM (Hansen & A ; Mouritsen, 2007) .

The paper is organised as follows. The following subdivision outlines cardinal issues in relation and new operations direction patterns. Then, it describes how operations direction research depicts the job of accounting and follows this with an lineation of operations direction accounting - a natural tenseness

than describes the MA inventions that ought to get the better of the misfit between MA techniques and altering environment of operation patterns. Hereafter the paper describes how the challenges / barriers from inventions in OM have been debated in MA research. The subsequent measure is the findings and recommendations. Finally, the paper ends with a brief decision.

2. 0 Cardinal Issues in Relation and New OM Practices

Management accounting calculates organizational public presentation for decision-making, coordination and motive utilizing techniques such as cost allotment, duty Centres, transportation monetary values, merchandise costing, public presentation measuring and budgeting. All are expected to lend to increased house value. Operations direction has a parallel docket, but has other techniques. These specify flows of stuffs, resources and merchandises, lineation layout in fabrication and service scenes and are concerned with non-financial facets of public presentation such as clip, quality, flexibleness and invention, which are stairss, in a concatenation taking to increased house value (Hansen & A ; Mouritsen, 2007) .

2. 1 Operations direction accounting - a natural tenseness

In order to understand the nature of engagement of operations directors and direction comptrollers in determinations about operational procedures this subdivision briefly outlines their several cardinal undertakings. As a consequence it is suggested that their differing functions and positions may take to a natural tenseness between these two groups of people (Johnston, Brignall, & A ; Fitzgerald, 2002) .

2. 1. 1 The function of the operations director

The cardinal undertakings for operations directors include (Slack et al. , 2001) :

developing and implementing operations schemes associating the operation to corporate scheme in order to derive competitory advantage ;

planing merchandises and services and the procedures by which they are created and delivered ;

planning and commanding the stuffs, clients and information used in the procedure to make the goods and services, on clip, every clip ;

Continually bettering the operation to do it be effectual and competitory.

2. 1. 2 The function of the direction comptroller

There are three chief activities undertaken by the accounting and financemap in most administrations, which in little concerns may be performed by the same individual:

daily recording of fiscal minutess and their periodic coverage to external parties, chiefly stockholders ;

fiscal direction, including determinations on the mix of finance and dividend policy ;

Management accounting

Management accounting systems generate fiscal information to run into three chief demands (Drury, 2000) :

a periodic allotment of costs between cost of goods sold and stock list ;

the proviso of information on both an ad hoc and regular periodic footing to help managerial determination devising ;

the proviso of information for planning, control and public presentation measuring.

A big portion of the activities of direction comptrollers concerns the operation of systems of budgetary control, sometimes referred to as ``managing by the Numberss '' (Ezzamel et al. , 1990) . The operation of budgetary control requires that directors be made accountable for those costs and grosss for which they are responsible and which are governable by them. Budgetary control involves puting budgets and so doing periodic comparings of existent public presentation with budget, followed by appropriate action and organizational acquisition (Fitzgerald et al. , 1991)

2. 1. 3 A natural tenseness

It is at regular meetings to compare existent public presentation with budget that operations directors and direction comptrollers run into. The direction comptrollers run the systems whereby operational budgets are set, capital undertakings are approved or rejected, and operational directors are held to account. This is ground adequate to understand that there may good be a

natural tenseness between the direction comptrollers and operations directors.

Basically, the natural tenseness between operations directors and direction comptrollers is the consequence of their differing positions on two issues. First, operations directors tend to be focused on determination devising today and in the hereafter whereas comptrollers are traditionally concerned with describing on past events. Second, when it comes to bettering procedures, operations directors are looking for ways and means to alter, on the premise that what they do should better the administration 's fiscal place. Management comptrollers, on the other manus, being concerned with fiscal coverage, and responsible for budgetary control, are less concerned about alteration per Se and more concerned about the demand to be convinced, in fiscal footings, before any alteration can take topographic point.

2. 1. 4 Tension and the grade of alteration

The cardinal premise of this paper is that this tenseness is likely to evident itself most strongly where operations directors and comptrollers are brought closely together, for illustration when operations directors are seeking to convey about betterments to operations procedures which may hold an impact on budgets and capital outgo. Process alteration, such as the execution of new computer-based procedures or equipment, alterations in bringing systems such as Internet-based trading, or the restructuring of bing procedures, functions and duties, may good affect determinations on capital outgo, hazard appraisal, allotment of costs, the pulling up of budgets and

execution of new fiscal and operational control systems (Lynch & A ; Cross, 1991 ; Nanni et Al, 1990, 1992 ; Shank & A ; Govindarajan, 1993) .

2. 2 Issues in New OM Practices

Many complex direction concepts have been introduced to define better ways to pull off modern operations. Entire quality direction (TQM) , merely in clip JIT) , thin fabrication, agile manuAufacturing, time-based direction, universe category fabrication and flexible manufacAturing are merely a few illustrations. In 1974, Skinner argued that the function of fabrication or operations is strategic. Several observers, research workers and others have followed his suggestions for increasing a company 's competitory advantage through fabrication (Hayes & A ; Wheelwright, 1984; Schonberger, 1986 ; Womack et ah, 1991) .

Figure 1 shows how four cardinal dimensions of a fabrication system differ between two alternate attacks to planing operations to suit alterations in the environment. One design produces at a low cost and the other, whilst more costAly, can bring forth more differentiated merchandises that sell at comparatively higher monetary values. The system on the right of Figure 1 is a mass-producer with high modus operandi and predictabiliAty, while the system on the left is flexible and complex i. e. the first represents a fabrication system run for maximal efficiency, whereas the other dressed ores on flexibleness. Actual designs implement these rules in some signifier. But, before exemplifying this, it is utile to present the opposAing thoughts about mill and operations administration that are built-in in stuffs ' demand

planning (MRP) system and merely in clip (JIT) rules, since they illustrate the control jobs encountered in such production systems.

2.3 Critical Contemplations on `` The Problem of Accounting '' Management Accounting Position:

Hansen & A ; Mouritsen (2007) mentioned that it is a functional to alter functions and map of direction accounting while altering the operations environments sing to this affair this subdivision highlights the apparent jobs. Equally good as, there are several reviews against accounting could be summarized as follows:

Accounting operations are wholly promoted on fiscal public presentation steps instead than non-financial steps.

Accounting operations are promoted on hierarchal instead than sidelong dealings.

Accounting operations are promoted on criterion (position quo) state of affairs instead than betterment.

Accounting operations are promoted on control instead than authorization.

Management accounting may good hold a axial rotation in the new fabrication scene. The undermentioned four claims would explicate why:

First claim: Relevance is lost because accounting promotes fiscal public presentation steps instead than non-financial steps. There are two grounds that justify why non-financial steps are more of import in fabrication. The first claim is that schemes concentrating on cost efficiency are largely

changed by distinction other schemes focused on flexibility, velocity and quality because fabrication could unite both types of schemes.

Consequently, these schemes could be obtained at the same clip. The 2nd statement is that fiscal public presentation steps are excessively abstract and non operational to steer sceptered workers in the new fabrication systems because those workers need more operational information to do right determinations. Although, fiscal accounting information is frequently portrayed as irrelevant and excessively aggregated for the determination shapers every bit good as fiscal public presentation steps has used as a store floor and fiscal information is valuable at the store floor if reorganized it can be stimulus for betterment of the fabrication system. Activity based costing has been used as a solution for this job by supplying more accurate cost information that are aligned to the operational world. Finally cost accounting has been related to concerns about production clip. Therefore direction accounting seem to be important in thin fabrication systems because it provides information for operators for local determination devising and larning contributes to understanding the economic sciences of the new fabrication schemes every bit good as creates inducements harmonizing to the ends of thin fabricating systems. Furthermore, non fiscal information may non needfully be more existent.

Second claim: Relevance is lost because accounting promotes hierarchical instead than sidelong dealings. The complexness and kineticss frequently present in new operational scenes are presumed to be better accommodated by sidelong instead than hierarchal coordination to guarantee quality,

flexibility, invention and productivity. New organisational devices, such as multi-skilled workers, cross-functional footings, self-management rules and affair functions, are proposed as replies to complex and dynamic environment that require fast and advanced responses. The single determination shapers in the value concatenation do not needfully have cognition of the whole value concatenation even when there is common integrating with the determination shaper future upstream and downstream. In bend, a hierarchy may make inducements or supply information that enables the sidelong orientation. Operation direction review with accounting may be that operation direction 's attending to nonfinancial steps does not acknowledge how accounting creates the infinite within which nonfinancial steps are used.

Third claim: Relevance is lost because accounting promotes standardization instead than learning and uninterrupted betterments. Standards do not excite persons to transcend criterions. Furthermore, criterions are frequently considered as mechanisms that lead to stand in optimisation in organisations. Standard can hold different belongingss and there may be a disagreement between motivational and planning intents. For case, effectual motive frequently requires criterions that are higher than what is usually accomplishable and frequent accommodation is necessary. In contrast, any job with standard scene may impact employees ' public presentation due to dispute of asymmetric information. Directors and supervisors do not needfully cognize the occupation or procedure that they evaluate and employees may work that for their ain benefits in this instance the solution is

setting or enrooting the trust between directors and supervisors on the one side and employees on the other. Finally, It could be said that the standard scene and sidelong dealings do not needfully to conflict because that relies upon what criterions are set for and what is the end of this criterion every bit good.

Fourth claim: Relevance is lost because accounting promotes top-down control instead than authorization. The impressions of self-management and empowerment, indispensable in thin fabrication systems, run counter to accounting Numbers that are diagnostic levers of control whereby operations are planned, monitored and evaluated by upper degree directors. Self direction implies that governments for determination, devising and control are given to the employees. Here, accounting Numbers are synergistic levers of control used for single acquisition and determination, devising instead than top-down monitoring and public presentation rating. However, accounting Numbers may hold disciplinary consequence, as workers cannot command how these Numbers are used for surveillance by others. Therefore local operational information is not merely utile locally; it can go portion of wider systems of answerability. Paradoxically, self direction and thin fabrication can convey stronger hierarchal systems of answerability. Equally good as direction accounting will still be used for control and monitoring because duty centres are still in topographic point in modern fabrication scenes. Besides there are other types of duty centres which are promoted by direction accounting as relevant in altering operation direction patterns. For case, some organisations motivate their employees by supplying them with net income

information because, it is argued that this type of inducements considered more comprehensive fiscal signal than cost decrease. In bend the old index provides inducements for uninterrupted betterment even when employees work squads are non organized as net income centres. Therefore hierarchal systems of answerability still play important function in modern fabrication scenes.

3. 0 Inventions

Invention is by and large regarded as an of import research subject because inventions are believed to enable organisations to successfully accommodate to, and survive, volatile concern environments (Rogers, 1995) Management comptrollers ' part to this invention procedure is to guarantee that directors are provided with information that continues to be relevant as concern fortunes alteration.

However, direction comptrollers have been criticized for their inability to introduce (Kaplan and Johnson, 1987) and these perceptual experiences continue to prevail in visible radiation of the comparatively low success rate in implementing 'new ' direction accounting inventions such as ABC and the balanced scorecard (Cobb et al. , 1992 ; Reeve, 1996 ; Chenhall ; Langfield-Smith, 1998a ; Lukka & A ; Granlund, 2002) . This deficiency of invention was described by Kaplan (1986) as 'accounting slowdown ' that needs to be minimized in order to maintain direction accounting relevant to the altering information demands of directors. However, at the clip Kaplan (1986) coined the term 'accounting slowdown ' , there was small research about direction accounting invention and research workers have merely turned

their attending to this issue in recent old ages. This research into direction accounting invention has now matured into several different watercourses and this literature is reviewed in order to turn up this survey within that literature.

Inventions in operations direction (OM) have challenged direction accounting (MA) for more than two decennaries (Berliner & A ; Brimson, 1988 ; Cooper, 1995 ; Johnson, 1992 ; Kaplan, 1983, 1990 ; Maskell, 2003) . Automation, just-in-time (JIT) and entire quality direction (TQM) are illustrations of patterns that have changed fabrication systems (Hayes & A ; Wheelwright, 1984 ; Schonberger, 1986, 1996 ; Womack et al. , 1991) and are today considered to be basic elements in the OM subject, and pivotal in the pursuit of fight.

3. 1 Inventions in OM - Prosecuting Integrated Fabrication

Integrated fabrication environment JIT, TQM and mechanization, and characterises the new fabrication paradigm as a affair of integrating. Hayes ; Wheelwright (1979, 1984) ; Wheelwright and Hayes (1985) who present the statement for heightened attending to fabrication in the modern universe. They point to the deficiency of fight in American fabrication industries compared to Asian and European makers in the 1970s and 1980s (Clark et al. , 1985 & A ; Teece, 1987) , and the impulse to rethink fabrication and the rule of OM, and by making so, they set the phase for incorporate fabrication and the functions of mechanization, JIT and TQM.

3. 1. 1 Putting OM on the Strategic Agenda

Skinner (1969, 1974) was one of the first to indicate to the strategic function of manufacturing/operations. Skinner 's response to 'the productiveness crisis ' in the early 1970s in the US was to offer an optimistic position, proposing that what was needed was not to experience powerlessness in vying against cheaper foreign labor. From his survey of about 50 works in six industries, he pinpointed three constructs in focussed fabrication which he considered dealt with the productiveness quandary: (1) there are many ways to vie besides bring forth at low costs ; (2) a mill can not execute good on every yardstick ; (3) simpleness and repeat strain competency

Hayes and Wheelwright coined the term 'world category fabrication ' (Hayes & A ; Wheelwright, 1979, 1984 ; Wheelwright & A ; Hayes, 1985) . They developed world-class fabrication based on in-depth analysis of the patterns implemented by Nipponese, German and US houses that exhibited outstanding public presentation. Hayes and Wheelwright (1984) offer six design suggestions: (1) construct the accomplishments and capablenesss of your work force, (2) construct proficient competency throughout direction, (3) compete through quality, (4) develop existent worker engagement, (5) rebuild fabricatingtechnology, (6) tortoise and hare attacks to industrial competition. Furthermore, Hayes and Wheelwright emphasise incremental betterment patterns instead than strategic leap alterations in corporate development.

3. 1. 2 Incorporate Fabrication

Dean and Snell 's (1991) impression of incorporate fabrication, as it conceptualizes the new fabrication pattern in three patterns: advanced fabrication engineering (mechanization) , JIT stock list control and TQM. Advanced fabrication engineering, TQM and JIT stock list control work in concert to transform fabrication administrations, and they complement one another. For illustration, JIT enhances entire quality, because a decrease in stock list unmaskings quality jobs that were antecedently hidden, and entire quality facilitates JIT, because hapless quality is one of the chief grounds for keeping 'just-in-case ' degrees of stock list. Advanced fabricating engineering may besides be closely linked with entire quality and JIT. For illustration, Majchrzak (1988) observed that 'flexible mechanization creates an increased dependance on quality control ' . However, Warner (1987) argued that these techniques can replace one another, with a company utilizing JIT or TQM in topographic point of advanced fabrication engineering.

Dean and Snell (1991) propose that each of the patterns represents a different aspect of incorporate fabrication, a paradigm of fabricating direction whose nucleus construct is the riddance of barriers between different facets of fabricating operations.

3. 1. 2. 1 Advanced fabrication engineering (mechanization) includes computer-based engineerings such as computer-aided design, technology, fabrication and procedure planning (CAD, CAE, CAM and CAPP) . These engineerings are sometimes combined into flexible or computer-integrated

fabrication systems (FMS, CIM) , where the potency for integrating is a cardinal feature of advanced fabrication engineering.

3. 1. 2. 2 Just-in-time (JIT) is a system for cut downing 'lead clip ' , stock list and thereby cost. With JIT, workss receive purchased parts merely in clip for usage in fabrication (Schonberger, 1986 ; Womack et al. , 1991) . A figure of other techniques relate to the JIT construct. For illustration, the kanban system of minimising work-in-process stock list by utilizing cards to draw parts through a mill is frequently associated with JIT control. Other related techniques include minimising batch sizes by cut downing machine apparatus and conversion times, and set uping close working relationships with a little figure of providers.

3. 1. 2. 3 Entire quality direction (TQM) is the most elusive of the three constituents of incorporate fabrication, because of the many intensions of the term 'quality ' . Like JIT, entire quality involves a few, comparatively simple cardinal constructs, and what Dean and Snell name 'an formless array of peripheral associated patterns ' . The nucleus thoughts include behaviors things right the first clip, endeavoring for uninterrupted betterment and apprehension and run intoing client demands. Associated patterns include statistical procedure control, quality map deployment and Taguchi methods. Quality was ab initio limited to mill floors, but entire quality is now understood to use to all countries of endeavors.

Companies eliminate barriers in three ways: (1) incorporate the phases of production, (2) integrate functional sections and (3) integrate fabrication

ends. Therefore, Dean and Snell talk about three different signifiers of integrating: phase integrating, functional integrating and end integrating. With respects to present integrating, Dean and Snell (1991, 778) emphasise that 'the pattern underlying incorporate fabrication integrates the phases of fabrication procedures in footings of clip, infinite and information. JIT eliminates work-in-process buffers between production phases, and any stairss, such as the motion of parts, that do non add value to the merchandise. Consistent with entire quality 's premiss of making things right the first clip, reviews and rework between phases are besides eliminated. Companies practising these techniques frequently create "cells " in which machines executing consecutive operations on similar merchandises are located next to one another in a works. Such steps dramatically cut down clip and infinite between phases ' . Table 1 summarises these thoughts.

This paper besides argues that invention in OM typically deals with the sidelong flows within and beyond the house. Like MA, OM is concerned with the transmutation of inputs into end products, but in contrast to MA, OM develops and explicates how this transmutation takes topographic point in item. In a sense, while MA is concerned with juxtaposing a series of inquiries about determination devising, duty and answerability on the procedure of transmutation, mechanization, TQM and JIT are more focussed on the specific stairss in the transmutation procedure. As a effect, the objects of OM are related to throughput mechanisms including the design of fabrication and service production systems, the design of merchandises and services, the design of dealingss beyond the house, the design of (mill) layout and the

flow of services and merchandises, the design of production and service engineering and besides the design of work administration. This is a really wide spectrum of objects, which testifies that OM efforts to develop propositions about most things in a house: the lone caution is that these objects have to be subordinated to the flow of the merchandise or service in the supply, fabrication and ingestion procedures.

Many invention surveies in direction accounting scenes focus on a individual invention as the unit of survey, and Lukka and Granlund (2002) indicate that ABC is the individual most studied invention. Traditional soaking up bing systems have long been capable to unfavorable judgment. This clip the focal point of unfavorable judgment was that these systems do non accurately step costs for determination devising intents and activity based costing (ABC) has been developed and promoted. Besides, mark costing and the 'costing of quality ' were introduced as tools for facing increased competition (Abdel-Kader & A ; Luther, 2006) .

4. 0 Challenges from Inventions in Operations Management from a Management Accounting Point of View

MA research has considered inventions in OM to present a challenge for more than two decennaries (Berliner & A ; Brimson, 1988 ; Bromwich & A ; Bhimani, 1994 ; Johnson & A ; Kaplan, 1987 ; Kaplan, 1983, 1984, 1990) . This paper analyses the responses to the new fabrication paradigm given in MA research. As mentioned above, we draw on Dean and Snell 's (1991) impression of incorporate fabrication in our apprehension of the new fabrication paradigm. However, in the reappraisal it is the single research

worker 's ain definition of incorporate manufacturing-related to mechanization, TQM or JIT - which forms the footing for characterizing the relationship between MA and OM. Figure 2 identifies five challenges related to integrated fabrication that are addressed in the MA research: (1) decentralization, (2) non-financial public presentation measuring, (3) cost computations, (4) criterion scene and (5) wages systems. These five challenges are non a comprehensive list of all facets addressed in the MA research concentrating on inventions in OM. However, we believe that these points give a representative image of how the MA research has responded to the challenge from incorporate fabrication.

Figure 2 OM challenges from a MA position (Adapted from Hansen & A ; Mouritsen, 2007)

4. 1 Role engagement 's consequence on innovativeness

Role engagement is expected to impact innovativeness in footings of: (1) cognition about the rightness of inventions ; (2) credence of the inventions by concern unit directors ; and (3) inducements to introduce. The first and 2nd facets of function engagement affect the ability of direction comptrollers to introduce while the 3rd affects their motive to introduce (Emsley, 2005) .

4. 1. 1 Knowledge about the rightness of inventions

To successfully introduce, the direction comptroller needs to be cognizant of an invention every bit good as understanding its rightness to a concern unit director 's demands. However, `` consciousness " and `` rightness " are separate issues and function engagement is merely argued to be of import

for understanding the rightness of inventions for concern unit directors ' demands.

Management comptrollers with a concern unit orientation are more likely to cognize whether an innovation is appropriate or non because they work aboard and/or study to concern unit directors. This propinquity to, and contact with, concern unit directors means that these direction comptrollers will be more familiar with the kind of determinations concern unit directors make, more likely to understand the information that is of most value to doing those determinations, accordingly, they are more likely to cognize which inventions are appropriate for bring forth that information. As these inventions need to reflect altering concern unit needs, direction comptrollers with a concern unit orientation are less likely to be constrained by functional (accounting) dictates and accordingly the inventions are besides more likely to be viewed as extremist (Emsley, 2005) .

4. 1. 2 Acceptance of inventions by concern unit directors

Emsley (2005) mentioned that cognition about the rightness of a direction accounting invention is likely to be a necessary but deficient measure to originating inventions. The 2nd manner function engagement affects the development of inventions concerns the grade to which direction accounting inventions are accepted by concern unit directors. Inventions initiated by direction comptrollers with a concern unit orientation are more likely to be accepted because they can cut down concern unit directors ' perceived uncertainty about the benefits of the inventions every bit good as lessen their opposition to innovations.

The sensed uncertainty envioning the benefits of direction accounting inventions is likely to be comparatively high because they are administrative inventions whose benefits are hard to show and detect ex ante, at least comparative to proficient inventions (Dunk, 1989) For illustration, the benefit of a proficient invention that makes a machine tally faster is likely easier to show than the betterment to determination devising as a consequence of implementing an administrative invention such as ABC. Consequently to be confident that the claimed benefits of a direction accounting invention will happen, the concern unit director needs to pass clip going familiar with the information generated by the invention in order to appreciate its utility. However, the concern unit director can short-cut this procedure if s/he can swear the direction comptroller 's sentiment about the benefits and costs of an invention and this trust is more likely where the direction comptroller has a concern unit orientation because trust will hold developed as a consequence of working together in the yesteryear. This state of affairs is particularly relevant for extremist inventions whose benefits are frequently harder to show antique ante and greater resources are needed to implement them. In contrast, less trust is likely to be between a concern unit director and a direction comptroller with a functional (accounting) orientation, accordingly, the concern unit director will be less certain about the benefits of the invention and will be less likely to accept it as a consequence (Emsley, 2005) .

With respects to understating the degree of opposition to the invention, societal identify theory (Janis, 1982 ; Tajfels, 1978) indicates that direction

comptrollers with a concern unit orientation will go a member of the "in" group (i. e. the concern unit) and, accordingly, will happen it less hard to acquire their positions accepted within the concern unit than direction comptrollers with a functional orientation who will be viewed as members of an "out" group. In the former instance the direction accountant tends to be viewed as "one of us but different to us" compared to the latter instance where the direction comptroller is viewed as "one of them". This state of affairs is particularly relevant for extremist inventions where the going from being methods is larger and a greater religion in the direction comptroller is necessary (both in footings of the invention 's benefits to the concern unit and any possible downside that might accrue to the concern unit as a consequence of implementing the invention) .

4. 1. 3 Incentives to introduce

The 3rd manner a direction comptroller 's function engagement affects the development of inventions is through their inducements to introduce. Incentives include a direction comptroller 's waggess and future chances but besides includes the enhanced occupation satisfaction that comes from greater occupation enrichment (Argyris & A ; Kaplan, 1994) These inducements are likely to be mostly determined by the direction comptroller 's higher-up who, for direction comptrollers with a concern unit orientation, is likely to be the concern unit director. In such state of affairss, inducements are more likely to be geared to the accomplishment of concern unit ends where the direction comptroller will take to bring forth information that is geared towards accomplishing these ends and, as such, will be less likely to

be constrained by conventions of functional accounting ; furthermore, in order to run into the assorted demands of the concern unit, inventions are likely to be extremist compared to bing pattern (Emsley, 2005) .

For direction comptrollers who are functionally orientated, their higher-ups will be comptrollers who are more likely to aline direction comptrollers ' inducements with the accomplishment of functional ends (such as pull offing hard currency flows and conformity coverage) than concern unit ends. In such state of affairss, there is less incentive and motive for them to prosecute inventions designed to accomplish concern unit directors ' ends. This state of affairs is particularly likely if direction comptrollers with a functional orientation have to put considerable clip and attempt to convert the concern unit director of the invention 's benefits or if prosecuting those inventions threatens the accomplishment of functional ends. These statements all lead to the outlook that the function engagement of direction comptrollers will be associated with their innovativeness (Emsley, 2005) .

Some research workers have identified factors such as deficiency of top direction willingness, deficiency of equal function theoretical accounts, the accent on fiscal accounting and the laterality of computing machine based accounting systems. Others have included organizational scheme, construction and the influence of communicating channels as factors act uponing the diffusion of direction accounting inventions (Yazdifar & A ; Askarany, 2008) .

4. 2 Barriers to following new accounting techniques

Everett and Waldron (2000) mentioned that restrictions relative to a house 's human resources were the most commonly cited barriers to the debut of new accounting techniques and patterns. In particular, the cost of alteration related to people and capital, and a deficiency of relevant accomplishments were the top three barriers reported, as shown in Table (2) 40 % or more of the respondents identified each of these three factors. The 4th most cited barrier, selected by 37 % of the respondents, was direction inactiveness. This job, which represents yet another human resource barrier, besides featured in a survey of barriers to UK maker 's acceptance of throughput accounting that was conducted by Dugdale and Jones (1998) .

It would look that more attempt demands to be expended in educating troughs about the new accounting techniques and the benefits that can be realized from their usage.

Askarany and Yazdifar (2007) indicated that factors related to the features of inventions are seemed to be among the most of important influencing factors impacting the diffusion of cost and direction accounting alterations: 1. Lack of suited package plans. 2. Cost of system set up and its execution. 3. Cost of keeping and rolling up cost information. 4. Lack of information on available techniques. 5. Management policies and precedences. 6. Lack of appropriate cost accounting accomplishments. 7. Low benefit arising from alteration compared with higher needed outgo. 8. Lack of assurance in the ability of new accounting techniques. 9. Adequacy of current system. 10. Employee opposition. 11. Insufficiency of the current system non being of

import plenty to necessitate alteration in the costing system. 12. External fiscal or cost accounting criterions or patterns

5. 0 Findings and Recommendations

The findings suggest that top direction committedness and support is a cardinal factor in acceptance and successful execution of new cost and direction accounting techniques. However, the top direction committedness and support will be more effectual if it is backed up by sufficient top direction penetration. They need to cognize about the new techniques being implemented in their company and be able to pass on this to others.

The findings besides indicated that direction accounting inventions may be able to cut down the misfit between direction accounting techniques and the altering environment of operation patterns. As Snell & A ; Dean (1991) suggest, mechanization, TQM and JIT are major inventions in operational patterns in companies around the universe, and they contribute to the integrating of phases, maps and ends in what has been called a new fabrication paradigm.

The consequences of the research provide of import information to ease the diffusion of late developed direction accounting techniques in pattern. Such developments are expected to increase the satisfaction of users of current direction accounting information. The findings may besides be helpful in be aftering successful execution of any direction accounting alteration programme.

The research findings suggest that directors and practitioners should seek a better apprehension of the nature and features of new direction accounting techniques that they are being asked to follow. The findings are besides relevant for directors and practitioners working in group administrations, as the research suggests that they need a better apprehension of the operations and demands of subordinate companies.

In 2002, Johnston, Brignall, and Fitzgerald recommended that at that place look to be six requirements that appear to assist and underpin coaction:

team-working ;

sound and good established accounting systems ;

comptrollers with good concern and procedure cognition ;

comptrollers with a flexible position of their functions ;

comptrollers with good interpersonal and communications accomplishments ;

comptrollers who were willing to dispute the position quo and facilitate alteration.

The comptrollers who worked closely with operations directors in procedure alteration appear to be non-traditional comptrollers, who act as facilitators and anchors for concern determinations.

There are several issues for operations directors in order to interrupt down the tenseness between operations directors and direction comptrollers. First, there is a demand to promote comptrollers to go involved in the operation and to understand, first manus, the issues confronting operations directors. Second, this may be achieved by greater usage of cross-functional squads non merely to portion understanding but besides to make common ownership of jobs. Third, operations directors need to recognize and utilize the accomplishments of the comptrollers, in peculiar promote their functions in supplying non-financial information and utilize their accomplishments in interpretation and circulating information. Fourth, operations directors should see comptrollers as facilitators non as a barrier to alter. It would look that the potency of direction comptrollers is much maligned and misunderstood and their accomplishments undervalued and under-utilised in procedure alteration - a cardinal undertaking for operations directors.

Using the refined instrument, the following 14 points were identified to mensurate features of direction accounting invention: 1. Can acquire the occupation done quicker. 2. Can make the occupation easier. 3. Can better the quality of service. 4. Can make the occupation more efficaciously. 5. Can accomplish greater control over work procedures. 6. Can be learned rapidly and easy. 7. Is easy to implement. 8. Is compatible with exist-ing procedures. 9. Has minor deductions for other procedures. 10. Is compatible with corporate civilization. 11. Advantages/benefits are clear and incontrovertible. 12. Results are easy reported/communicated. 13. Able to test the technique

to guarantee it does what it said it would. 14. Enhances the profile and repute of the company) Askarany & A ; Yazdifar, 2007) .

6.0 Decision

Management accounting work out organisational public presentation for decision-making, coordination and motive utilizing techniques such as cost allotment, duty centres, transportation monetary values, merchandise costing, public presentation measuring and budgeting while operations direction concerned with non-financial facets of public presentation such as clip, quality, flexibleness and invention, which are both techniques stairss in a concatenation taking to increased house value.

Even if direction accounting can be described as fiscal and hierarchal, and concerned with criterions and control, it may good hold a function in the new manufacAturing scene.

In add-on, direction accounting and operations direction have much to state to each other because, as Bromwich and Bhimani (1994) note, many challenges confronting modern direction accounting semen from an operations environment. The writers ' analysis justify this position: new ways to gestate of direction accounting emerge from analyzing its interaction with operations direction. Both have similar concerns and decisions about the importance of non-financial information in modern fabrication environments. A In whatever manner, the paper analysis confront the imitation of accounting frequently made in arguments about operations direction and more by and large.

Hansen and Mouritsen (2007) recommend that the linguistic communication of operations is not a strictly non-financial. Employees do understand fiscal linguistic communication to a certain extent. Standard cost systems are used as a catalyst for betterment procedures and 'pseudo net income centres ' provide inducements for continuous betterment. In addition, direction accounting is of import as it describes the economic sciences of flexibility, velocity and invention.

As good they argue that standard cost systems and discrepancy analysis do not needfully conflict with aspirations for 'zero defect ' schemes and sidelong dealings as is suggested by many operations direction observers.

Operations direction has confronted direction accounting for rather a piece. on the other hand, direction accounting could likewise be a confront for operations direction, at the same clip as the restrictions around and within operations depend upon computations that join flows of merchandises and services, persons with organisational ends, and thoughts of fight to profitability and control. Management accounting and operations direction can learn and develop one from the other.

There is an unsolved tension between the different functions of nonfinancial public presentation steps in respect to local and cardinal information systems that build on two different sets of logic, one is oriented towards operational acquisition and uninterrupted betterment, while the other is oriented towards control. Therefore, the vagueness of the function of

nonfinancial public presentation steps in incorporate fabrication still leaves us with a important inquiry for the hereafter

Another trait of the MA research is the focal point on the economic sciences of integrating, and in peculiar, the demand for new cost computations in footings of supplying determination shapers in incorporate fabricating systems with better information. For case, the cost decrease potency of the 'integration of maps ' such as the production and design interface can be made clear by agencies of life-cycle costing, which helps design for manufacturability. Furthermore, the economic sciences of flexibleness and quality reflected in ABC and quality bing supply input to determination shapers about the bounds of the integrating scheme. New cost computations are besides introduced in order to bring forth inducements to increase throughput by agencies of back flower or throughput accounting, which have been specifically adapted to JIT scenes. One possible function of MA research here is to look into tradeoffs between types of fabricating systems (Hansen & A ; Mouritsen, 2007) .

It can be conclude that operations manAagement and direction accounting can larn and develop one from the other. In add-on, direction accounting inventions may be able to cut down the misfit between direction accounting techniques and the altering environment of operation patterns.