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(AMTs), computer-aided design and computer-aided manufacture (CAD/CAM), robotics (i.e. automation), and flexible manufacturing systems. Also, recent years have witnessed changes in how products and services are supplied and delivered to customers. Such changes demand new forms of information from the management accountant.

Crucially, there has also been considerable advance in information technology during recent decades. Information preparation and dissemination is becoming much easier and processing capacities are much greater. PCs are plentiful and it is easy for organisational staff to take their desktop PC for granted. However, this was not so 15–20 years ago, when a room-sized mainframe computer would produce the monthly management accounts, but often only if left to run overnight or even longer. Today, with appropriate software, a small laptop computer can produce these accounts in minutes and transmit them to the other side of the world in seconds.

The increased capacity of computing has profoundly affected organisational work and information flows, with consequences for the roles of management accountants. A plethora of business communication technologies – for instance, the Internet and the World Wide Web, e-mail, video-conferencing, 'virtual' (global) and real-time reporting mechanisms, and e-business tools – means information is now extremely portable and transparent. Moreover, tomorrow's management accountants can take for granted further advances in information technology.

Accounting scandals

The many financial scandals during recent years have raised questions about failings of the accounting and auditing profession. In popular opinion, accounting and accountants are now closely connected to ethical failures in the business community. The Enron-led wave of accounting scandals (which also included WorldCom, Tyco, Royal Ahold and Parmalat, to name only a few) shed billions in shareholder value, put thousands of people out of work and eroded confidence in the capital markets. Further, the trust placed in accountants and the information they produce has been seriously undermined (Copeland, 2005).

The seriousness of this weakened trust is encapsulated in recent increases in regulations, monitoring and sanctions, such as the Sarbane–Oxley Act in the USA (2002) and the 8th Company Law Directive in the European Union (2005). However, although these new regulations have made some contribution towards re-establishing trust within the business community, including the accounting profession, scandals continue to surface. The business community, and particularly the accounting profession, still has a long way to go to prove its trustworthiness.

The new regulations imply rigorous documenting and continuous evaluation of control effectiveness. Most of this relies on work undertaken by employees, not least because it is too costly to engage external auditors for this. Thus the role of management accountants as interpreters of overall performance in financial reports remains crucial.

Corporate trends

Corporate trends can also impact business information needs, and hence the roles of management accountants. For instance, during the 1970s much of the industrialised world experienced a wave of mergers and acquisitions, creating more and larger global conglomerates. This precipitated changes in how organisations collated and used information internally.

More recently during the 1990s, some organisations moved in the opposite direction by de-merging and focusing on the core competencies of their business. Resulting trends such as de-layering, de-skilling, downsizing, employee empowerment, team-orientation and business process re-engineering had important ramifications for management processes and changes to information needs, often involving faster response times to customer demands.

Privatisation of many government-controlled organisations and extensive deregulation measures, particularly in developed countries during the 1980s and 1990s, also had a significant impact on how service organisations are managed and, hence, their information needs. Organisations such as airlines, financial services and utilities (e.g. gas, electricity and water supplies) found cost management and profitability were more critical following increased competition. Many of these service industries adopted the management accounting practices of their private sector and commercial counterparts, with varying degrees of success.

Another recent trend is the establishment of business networks, alliances and relationships – shaping accounting for new organisational forms involving information sharing, cooperation and flexibility. Some organisations now pool costs, even with their competitors (e.g. airline companies), and collaborate in research and development. Others are linking up with suppliers in supply chain management and, increasingly, some organisations are establishing more formal links with customers. Indeed, customer relationship management has become particularly important – i.e. targeting market segments, tweaking product designs for customer-specific requirements, providing more flexible delivery methods, integrating information systems, and reshaping organisational structures and processes to better focus on key customers. All these developments have changed information needs and, hence, the roles of management accountants.

The last decade has also seen many medium-to-large organisations shifting from hierarchical structures to leaner and flatter structures that focus on entire business processes (or value chains) from an original customer order through to after-sales services. Aligned with this, many organisations are electing to outsource necessary, but non-value-adding, business activities and processes. Such reorganisation towards a process orientation demands different management information than is normally associated with a hierarchical/functional orientation, as will be illustrated below.

New and emerging roles

Having established the context to management accountants' changing roles we can better consider role changes during recent times. To illustrate this we draw from a case study of a multinational manufacturer of pharmaceutical products. Below is a brief introduction to this company.

Case illustration: Pharmaceuticals

Pharmaceuticals is the UK-based manufacturing arm of a multinational producer of pharmaceutical products such as tablets, inhalers and liquid medicines. (Note that the real name of this company is disguised. A more expansive commentary on this case study can be found in Burns and Baldvinsdottir, 2005). For the two decades leading up to the mid-1990s the company was very prosperous, particularly due to the success of two patented drugs, weak competition and benign pricing policies within the industry.

During this profitable period, the organisation was structured in a hierarchical and functional manner. Accounting was one organisational function and all accounting related tasks were housed there – i.e. financial reporting, transaction processing, taxation, management accounting and internal audit.

However, Pharmaceuticals underwent dramatic changes in the mid-1990s. The two successful products came to the end of their patent lives, global competition expanded, and governments worldwide began to impose stricter price restrictions on pharmaceutical products. This brought tougher economic times for the company and senior management realised that 'things had to change'.

A comprehensive programme of organisational change was instituted, which included a dismantling of many functional tasks. These were replaced by horizontal/process-oriented product teams. Now individual manufacturing sites dealt with specific products across their entire value chains – i.e. from the original product order, through engineering, operations, marketing, and eventually to the final delivery of goods, cash collection and after-sales service provision. The generic term adopted in the organisation for this was 'process ways of working' (PWW). The new ways of working brought the formation of newly powerful management teams comprising experts from different parts of the business, such as design, engineering, operations and marketing. Importantly, these teams also included management accountants more oriented to business analysis and consulting, following the implementation of PWW.

PWW thus reorganised and realigned products at individual sites, each under the control of an individual 'product stream leader'. As stated, Pharmaceuticals had previously been a functionally based organisation, with each function located at sites of operation spread across the UK. Following the introduction of PWW, however, many ex-functional departments were disbanded and their staff incorporated into the product streams. Only three functional departments retained their former independent status, namely Accounting, IT and Quality. All three made a monthly charge to individual product streams for their services.

We can now consider in more detail the role changes for management accountants, drawing on evidence from the Pharmaceuticals case.

Hybrid accountants

A perusal of recent practitioner-oriented literature gives a strong hint that the management accountant's vocation is transforming beyond the traditional scorekeeping/controllership role. There is evidence that today's roles are more 'exciting' and 'consulting-based', and involve minimal day-to-day accounting tasks:

> Growing numbers of management accountants spend the bulk of their time as internal consultants or business analysts [. . .] They spend less time preparing standardized reports and more time analyzing and interpreting information. Many have moved from the isolation of accounting departments to be physically positioned in the operating departments with which they work. Management accountants work on cross-functional teams, have extensive face-to-face communications with people throughout their organizations, and are actively involved in decision making (IMA, 1999, p. 3).

Increasingly, information systems perform routine accounting tasks automatically. For example, transaction processing, reconciliations and accounting reports can be handled by information systems on a largely automatic basis. Simultaneously, other accounting-related tasks, such as statutory reporting ('the financial accounts'), taxation and internal audit, are undertaken by smaller teams of specialists. That is, 'Centres of Excellence' are being established, involving fewer personnel than in the past, and normally taking full advantage of the increased capacity and speed of computer processing (Moore and Birkinshaw, 1998). Furthermore, some organisations have elected to outsource selected accounting processes to external providers such as independent accounting or taxation firms (Mirchandani and Ligget, 2002).

During the 1980s and early 1990s, Pharmaceuticals' accounting department was quite centralised, with most of its accountants performing duties such as transaction processing, statutory and/or group reporting, and clerical-type financial management. But, with the introduction of PWW, the nature of the accounting department and the role of accountants changed. Although the accounting department remained a separate functional area, there was a significant decline in accounting staff from 120 in 1990 to 60 in 1997 (and falling). This reduction was largely borne by people involved in transaction processing and statutory reporting. Apart from a small group responsible for statutory (and/or group) reporting, most accountants by the late 1990s worked within the product streams. They were expected to combine their accounting knowledge with a detailed understanding of the business process in which they worked. They were described by some company members as 'hybrid accountants' who advised product stream leaders on strategic issues as well as assisting other managers with day-to-day decisions and performance measurement.

In addition, for remaining routine management accounting tasks (e.g. basic budgeting and costing techniques) the evidence was that business managers increasingly bore many of these tasks themselves. Scapens *et al.* (2003, pp. 8–9) referred to this as the 'decentering' of accounting knowledge. Managers are increasingly commercially aware, and conscious of 'bottom-line' (profitability) implications of local business decisions rather than dismissing such concerns as the remit of accountants. Normally today's accountants must assist in any way they can, but will not necessarily be involved in day-to-day routine accounting tasks. This more proactive role of management accountants implies that they can promote the ethical values of a company. This can be achieved in many ways, including demonstrating why more expensive, environmentally friendly material may be beneficial to the company in the long run, or encouraging managers to evaluate subordinates on more than just financial criteria.

Technical and professional accounting expertise, however, remains fundamentally important for management accountants. Indeed, as mentioned above, following recent and much-publicised corporate collapses (e.g. Enron) and increased public interest in governance and social reporting, expertise in technical aspects of accounting (e.g. stewardship and controllership) is more critical than ever. However, due to advances in information technology and the decentring of accounting knowledge, such roles now occupy less of the management accountant's time.

Thus, in many organisations time has been freed up for management accountants, with many moving into new business areas (including the marketing and IT departments), or engaging in new advisory roles as described above. The latter work occurs 'out-in-the-field' (Scapens *et al.*, 2003), alongside different business groups and units situated along the value chain – for instance, operations, engineering, sales and marketing, and product development. They are integral members of process-oriented management teams and must understand the complexities of, and linkages across, entire business processes. Hence, they require a broad grasp of business and management issues and must utilise their technical accounting skills across different organisational foci and orientations.

An interesting issue concerns the extent to which today's advisory role of management accountants can be formally integrated into new, process-oriented organisational structures. Pharmaceuticals elected to retain a centralised accounting department, so all the accountants remained functionally attached to that department and accounting departmental costs (including time spent in business streams by consulting accountants) were charged as an overhead to product streams. Other organisations, however, could formally integrate their consulting accountants into the business streams, thus leaving only small and specialist accounting departments.

Nowadays, the management accountant's utilisation of accounting information is more proactive, strategy-oriented and interwoven with non-financial performance measurement, and is directed at business improvement and increasing efficiencies and value creation (IMA, 1999). The role thus embraces the knowledge and expertise of both traditional and new management accounting techniques. Such technical expertise, however, is not necessarily the dominant part of the management accountant's contemporary role.

Increased use of non-financial information in businesses has had a significant impact upon management accountants' roles. A related change in the focus of management accountants is a shift from 'feed-backward' orientation (e.g. comparing actual results to budgeted results) to a feed-forward orientation (e.g. projecting from actual results to predicted results), as discussed by Scapens *et al.* (2003). Nowadays, for business managers in particular, forecasts can be more important than the comparison of actuals against budgets – that is, there is a leaning towards less 'rear-view analysis' and more real-time, forward-looking orientation (Granlund and Lukka, 1997).

Much of the data, both financial and non-financial, used by hybrid accountants in Pharmaceuticals was produced and held in the product streams. One of their primary tasks was to collate such data in a form that satisfied business managers' information needs. Particular emphasis was given to rolling forecasts and 'feed-forward' information. Budgets remained important as an overall guide for the year, but the rolling forecast, generated within product streams, received most management attention. Further, as the forecasts were generated internally rather than imposed from outside, there was a greater feeling of ownership of this information and a stronger commitment to its achievement.

Financial measures, including cost-related measures, are no less important. Indeed, profit is the ultimate goal for all private and commercial enterprises, but is increasingly viewed as part of a broader set of performance measures aligned to corporate strategy and business value creation (IMA, 1999; May, 2002; Scapens *et al.*, 2003). Moreover, causal links between non-financial and financial performance are being explored and exploited through holistic and strategically focused measurement systems like the balanced scorecard.

An important role for management accountants is to link the monthly management accounts to the wider set of information now available to the management team. This information includes financial and non-financial measures, as well as both long-term and short-term performance indicators. The management accountant has to reconcile this broader perspective of a business (expressed in the various performance measures) with the narrower financial view shown in the management accounts. To do this, the management accountant needs a broad-based understanding of the business and its operations.

This implies a management accounting role different to the traditional controllership role described at the outset. A traditional role involved management accountants being independent and objective monitors of the financial performance of various business sections, normally within a system of responsibility accounting and with a focus on cost control. But today, the management accountant is usually more concerned with integrating different sources of information and explaining interconnections between non-financial performance measures and management accounting information. This is important because it enables individual managers to see the linkages between their day-to-day operations, how these are represented in monthly management accounts, and their relation to the broader strategy of the business (as reflected in non-financial measures). Thus, integration is now a key task for the management accountant, but still requires 'technical' expertise to integrate financial and non-financial performance measures into a coherent and comprehensive picture of the business (Scapens *et al.*, 2003).

Within this new role, management accountants now engage in multiple new tasks. Scapens *et al.* (2003) provide a by no means exhaustive list that includes: assessing the financial implications of operational decisions, risk assessment, strategy formulation, change management, systems design and implementation, and customer relationship management. The future role of management accountants is likely to comprise a combination of these (and other) tasks: it is not confined to an accounting or finance silo. The increase in process/horizontal forms of organisation has broken management accountants' functional embeddedness because they must re-orient themselves across (ex-)functions. However, the evidence suggests that the primary task of these consulting