

“Collaboration is key. Why can’t we get there?”

The academia of management accounting plays an important role in the professional development of future controllers. But are professors really in touch with practice? And: Do controlling professionals make use of researchers’ contributions? Two renowned professors from Australia and the U. S. see a need for change – on both sides.

Wai Fong Chua and Karen L. Sedatole in dialogue with Utz Schäffer

Wai Fong and Karen, you are both outstanding researchers in the field of management accounting and have published widely in renowned scholarly journals. At the same time, you both have had some exposure to practice. Based on that experience, let’s talk about how academia and management accounting practice interact. If collaboration is key: Why can’t we get there?

Sedatole: As I see it, there is not enough exchange. In the US, the amount of management accounting research is declining. I think the reasons relate, in part, to the organizational structure in academia as well as the publication incentives in the US. However, they also relate to the perception that it is almost impossible to collect management accounting data. Thus, researchers are reluctant to engage in that type of research. Many of the younger generation prefer to do laboratory experiments because that is something where they feel they have control. It seems to me that US companies are more reluctant to collaborate with academics and certainly less willing to provide data. I suspect that may be because we are such a litigious society.

Do you feel that this is different in Europe and Asia?

Sedatole: My hypothesis is that it is. Some of my European counterparts seem to have no trouble getting hold of data for

archival field research or even to do qualitative work. That is why I have tried to reach out to the European and Australian communities. Management accounting research seems to be more vibrant and engaged there.

Chua: Collaboration with practice is always a challenge in Australia. In the past, Bill Birkett from the University of New South Wales did set up the Australian Centre for Management Accounting Development. There were regular events and meetings with practitioners to discuss topics, exchange ideas, and occasionally, organize access for research. It ran for several years. However, it eventually became difficult to carry on in terms of funding and ensuring equal commitment on both sides. I think one of the reasons why such initiatives are hard to sustain is that academics and practitioners have different timeframes and imperatives – normally practitioners would like more immediate solutions to their problems.

Do you see any attempts to change that?

Chua: Yes. Governments are seeking impactful research now. This may not be captured well by looking at a researcher’s H Index, so the number of his publications and citations. At Sydney University, we are keen to do two things: One is to conduct research that has impact and the other is to conduct research that is multi-disciplinary because many of our prob-



Wai Fong Chua

is a Professor at the University of Sydney and Deputy Head (Research) in Accounting. Currently, she is undertaking qualitative research on professional sporting organizations and the use of advanced analytics. She is an editor at "Accounting, Organizations and Society" and has published in other leading journals. Wai Fong has held senior administrative roles in universities, managing student services and information systems. She was made a Member of the Order of Australia 2012 for her research and administrative contributions. In 2009, she received the "Outstanding Contribution to the Accounting and Finance Research Literature Award" from the Accounting and Finance Association of Australia and New Zealand (AFAANZ) and an honorary doctorate from the University of Jyväskylä. Wai Fong was elected to the Academy of the Social Sciences in Australia in 2008.

lems are complex. So, we have set up research hubs. There is, for instance, a hub which you might call "Lifestyle Diseases" – you know, rising diabetes, food allergies... Researchers from different schools – public health, medicine, psychology, business – become engaged in different parts of the research. Universities now are quite keen to have this kind of collaboration; and the scenery is changing.

Sedatole: In the States, we are also seeing deans and administrators increasingly wanting our business school faculties to engage with not only the business community but also other schools and universities. However, the incentives are more on the publication and career side. I think the younger scholars

are having a really difficult time bridging that gap. I personally have been involved in non-research activities in which I engage with practice, including executive education. And yet we tend to keep the junior faculty away from activities like that so that they can concentrate on their research projects. Then, suddenly, at a certain stage in their career, they have to do these things without having been trained for it.

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– Wai Fong Chua –

The University of Sydney

Founded in 1850, the University of Sydney was Australia's first university. Today, it is a public research university. Offering the widest range of academic programs of any university in Australia, the University of Sydney is ranked in the world's top 50 in four subjects in the Times Higher Education 2017-18 World University Ranking. In terms of research impact, it is ranked number one in Australia and number 29 in the world.

So, it is all about incongruent incentive systems?

Chua: Yes, but it is important to note that incentives differ between countries. In Australia, we have had a long history of government research grants that fund collaborative research with industry. But yes, our incentive systems are sometimes diametrically opposed.

Sedatole: At the end of the day, you need to publish in the scientific journals; and the US journals have very specific tastes. It is difficult, for example, to publish qualitative work and



Karen L. Sedatole

has been a Professor of Accounting at Emory University's Goizueta Business School since 2017, having previously held the position of Russell E. Palmer Endowed Professor of Accounting at Michigan State University. She completed her PhD in Accounting at the University of Michigan in 2000. Her research focuses on the design and effectiveness of performance measurement and reward systems, the role of forecasting and budgetary systems within organizations, and control in inter-organizational collaborations. Karen has partnered with numerous corporations in the auto, chemical, and high-tech industries to generate research relevant to the business community and is a two-time recipient of the Impact on Management Accounting Practice Award. She currently serves as senior editor of the Journal of Management Accounting Research.

sometimes also the kind of fieldwork I do – even archival fieldwork.

Chua: The narrow set of ‘top’ journals is a real problem: How can we think that only three American journals are the place where the best knowledge resides? The good thing is that in Australia most universities have a broader view of quality research. Also, performance metrics are changing. At Sydney, for instance, in our annual performance reviews, there are now questions like “Over the last 12 months, how have you disseminated your research outside of academic communities?” or “How have you engaged with the media or policy makers?”

Emory University

Being a top-ranked private institution, Emory is recognized internationally for its outstanding liberal arts colleges, its leading school of medicine, and its renowned professional schools, including the highly ranked Goizueta Business School. Emory scholars and experts generate USD 628 million in research funding annually while also maintaining a traditional emphasis on the education of its 15,000 undergraduate and graduate students.

Are there any other indicators of business engagement or business impact?

Sedatole: Business press citations. Increasingly business school deans are viewing those types of metrics as important.

“At the end of the day, you need to publish in the scientific journals; and the US journals have very specific tastes.”

– Karen L. Sedatole –

Is the research we do relevant for practitioners?

Sedatole: We certainly do practically relevant research. We just do not do a good job packaging it in a way so that practitioners can understand the implications of that research on their daily lives. There are some attempts to change that.

Chua: As a matter of fact, in Sydney we have a full-time media unit now that produces things like short podcasts about our research and this makes our work more accessible to the general public. They also help us write op-ed pieces and make sure that they are released promptly and disseminated widely. Then there will be some media interest.

Sedatole: There is a pilot program of the American Accounting Association. When you submit an article to one of the



participating journals, you have to write a plain-language summary. If your article is accepted for publication, an organization called Kudos will automatically promote it and try to get exposure. This is especially helpful for researchers at schools that do not have the resources to maintain internal media departments.

What about Harvard and its tradition of expecting faculty to write teaching cases? Case writing is usually done in close collaboration with companies. Could Harvard work as a business model?

Sedatole: The problem with writing cases is that it is a very institution-specific investment. There are not many Harvards out there in the world. If you want to continue your career somewhere else, there may be an incentive not to engage in case writing as much in order to be more marketable for other schools.

Let us change perspectives – from universities to corporations. Have you observed corporate decision makers approaching us as a community? Do you feel that our work is recognized and appreciated by managers and accountants working in companies?

Sedatole: I think the extent to which companies seek out the collaboration with a university is based on the prestige of the university in question. Most of us do not have people knock-

ing on our doors saying, “Here, let me give you some data.” We have to actively go out and try to find companies willing to collaborate with us.

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– Karen L. Sedatole –

To what extent are you successful in doing so?

Sedatole: I do not think we do a good job selling them on the benefits of what we do. One thing that I think is a source of frustration for corporates is that it takes us so long to complete a project. We have not been trained – and we do not train our people – to immediately provide them with even descriptive statistics. It does not have to be peer reviewed! Companies want a very quick turnaround. Yet, we tend to say, “Thank you for the data! I will come back in a couple of years with my insights after I have gone through peer review”. By then, they just no longer care; they have moved on.

Chua: The other thing is that their problems are highly specific, so it does become difficult. It is very hard to go in and focus on an immediate problem, write a very applied report about the solution you have discovered, and then turn it into a paper for one of the ‘top’ journals. I found it much easier to



do qualitative research, where I can actually develop a relationship. I have been visiting a particular organization for 18 months now. It is a real privilege because I do not necessarily have to solve their problems. What I do is listen and think about some of their issues. When the relationship is mature enough, I may say, “You know, do you think what you are doing is consistent with what you told me two months ago? Or, “Can we discuss this sensitive matter more openly now?” Such work allows me to maintain some analytical distance. At the same time, I get a sense of the dynamics, the contradictions that occur, and the pressures to which they are exposed.

“I think we also need room for those who are interested in reflection, and critique.”

– Wai Fong Chua –

Sedatole: Here, you and I may disagree a little bit. I think there is a lot of value in helping companies with immediate problems. I wish we did more of that. It is very much a Bob Kaplan approach: Here is a problem; let me develop a new technique, a new tool that will help you with it. Kaplan has impacted practice more than any other management accountant. It is our job as researchers to figure out what the interesting, generalizable academic question is. We are good at that. The im-

mediate question might be somewhat narrow. But, with a little work, we can identify a larger question, a more theoretical question. And then, we can answer that larger question using that specific setting.

Chua: I do realize that Bob Kaplan has been very successful at devising, as you say, solutions. He is also very good at marketing solutions. But, I think we also need room for those who are interested in reflection, and critique. If you always focus on just fixing immediate problems for an organization, you may not be devoting enough time to critical reflection and feedback. As a community, we should manage to do both types of work.

At WHU, we have established a platform for exchange between group controllers from different companies and WHU. As professors, we bring in our perspective, facilitate discussions by providing benchmarks, provide some input based on our research findings and reflections... This helps us enormously to speak the same language and understand what is really happening out there. And, of course, it facilitates access to data and interview partners.

Chua: We tried a similar thing with the Center I was talking about before.

Sedatole: I suppose another way to do that is by participating in some of the practitioner conferences – offering to give a talk and networking there.

What about other formats and topics to bring both worlds together?

Sedatole: What I find encouraging is the big push for business experimentation that we are seeing. It is an opportunity for management accounting researchers, since they know how to design a meaningful experiment and interpret the results. There is quite a bit of business experimentation going on. Large companies have their own teams for it. If they want to know the effect of a changed sales price, they do an experiment.

Chua: Another field where we can offer our expertise is in the area of what we call ‘practice theories’ and behavioral economics where we discuss how the sociology and psychology of action can have an impact on accounting practice. Also, our students can be seconded as interns to companies to undertake practical projects, practitioners can be guest lecturers, and this is another avenue for us to work together and appreciate each other’s worlds better. I personally find attending industry events and conferences very helpful in tapping into ‘the things that keep practitioners up at night’. What are their current concerns? How can we investigate these matters as a team?

So, do you think management accounting researchers have some impact on practice?

Sedatole: Absolutely. We do it through our students. We do it by giving them frameworks. We bring research into the classroom.

Do we teach the right things, the things that are really needed out there?

Chua: I think the curriculum really needs to change. We talk about digitization and still teach T accounts. I am fine with that up to a point because the students do need to understand

where the numbers come from. But, we now have a world of big data, advanced analytics, and artificial intelligence. This is changing the way that financial information is being designed, used, presented, and delivered. The issue for us is deciding how much data science to teach. We are not going to

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teach all of them to do machine learning models, right? So, we need to teach them enough that they can partner with other data experts. We are now launching new courses on analytics with business analytics, which is fruitful for us as an institution. It will help us refresh our accounting curriculum.

Wai Fong, Karen, thank you very much for the interview.

The interview was held by Prof. Dr. Utz Schäffer, Director of the Institute of Management Accounting and Control (IMC) of WHU – Otto Beisheim School of Management and co-editor of Controlling & Management Review.

Utz Schäffer

WHU – Otto Beisheim School of Management, Vallendar, Deutschland

E-Mail: utz@schaeffer@whu.edu

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