Changing Roles of Management Accountant

- Burns and Scapens have studied changes in management accounting and noted how it has changed focus from financial control to business support.
- So the management accountant has become more of a generalist within the business providing an internal consulting service for managers.
- They have named this new role a hybrid accountant.
- Traditionally, it was thought that accountants needed to be independent from operational managers in order to allow them to objectively judge and report their accounting information to senior management.
- Burns and Scapens also report that many accountants believe that there is an element of a current fashion in the need for change.
- There are three main forces for change: technology, management structure and competition.

Taking technology first, a significant change has occurred over the past 20 years in the quality and quantity of information technology. In the past, the accountant was one of the few people in the organisation who had access to the IT system and the information generated, as the outputs from the IT system were used to prepare highly sensitive financial reports to management. Data input was strictly controlled. Now, however, management information systems (MIS) allow users across the organisation to input data and run reports giving the type of analysis once only provided by the management accountant. So, the management accountant now just acts as another user of the system.

Secondly, changes in management structure have forced change on the accountant. For example, responsibility for budgeting has often moved from the head office to operational management. The increased autonomy of SBUs in recent times, has driven the SBU managers to take more of the decisions that would have been reserved for the head office management accountant. These managers will be using financial and non-financial indicators and they will be producing forecasts. The management accountant will be providing reports alongside the SBU reports, often trying to provide a link between the operational reports, the financial consequences and the strategic outcomes desired by the board.

Finally, the competitive environment also drives change in the role of the management accountant. Over the last 20 years, there has been a move in organisations to a more strategic focus with the need for competitive advantage being emphasised. As a result, the traditional accountant’s focus on the final profit figure has been seen as short term and this has led organisations to focus on a range of measures to try to capture the longer-term trends in their performance. Companies these days face global competition from expanding large brands that will try to enter and dominate its markets using their scale to competitive advantage. Therefore, companies will have to be flexible and innovative in response.

Benefits
All of the factors requiring the changes in the role of the management accountant. It will be of particular benefit that the management accountant can take a supporting role to assist the SBU managers in getting the most from the new MIS. This will entail the accountant understanding the needs of the particular manager and then working with them to extract valuable reports from the MIS. It may also require the development of different performance measures beyond the traditional measure of profit. From the organisation’s perspective, the accountant will be a guide to the SBU manager to ensure that strategic goals are reflected in their performance management.