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Detecting behavioural patterns of Dutch controller graduates through interpretive interactionism principles

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Abstract

Purpose – The research goal was to trace behavioural patterns of management accountants, comprising activities and courses of action, in order to enhance understanding of the management accounting profession.

Design/methodology/approach – Protoscripts were derived, using interview techniques and a research method called "interpretive interactionism". These protoscripts depict observable, recurrent activities and patterns of interaction characteristic for a group of persons, and can be used in various types of situations.

Findings – The paper describes the procedure and outcome of the collection of behavioural protoscripts used by management accountants and controllers, as well as their possible ordering.

Research limitations/implications – The findings enlarge understanding of the controller profession, but are limited solely to controller activities. The protoscripts collected are stereotypical, at least for the controllers interviewed. Of course, all human experience is interpretation and it should be acknowledged that interpretations are never complete.

Practical implications – The control mechanisms and instruments that emerge in an organisation are the result of several interrelated factors and processes. Of special interest here is the behaviour of management accountants and controllers in shaping, maintaining and exerting control. Behavioural protoscripts can show how management accountants give contents to their role and structure their daily work.

Originality/value – Scripted behaviour of management accountants has received little prior research attention, especially in combination with the research method of interpretive interactionism.

Keywords Behaviour, Accountants, Graduates, The Netherlands

Paper type Research paper

Introduction

In the past decades we have seen a growing body of literature on the role and function of management accountants and controllers (as they are sometimes called in continental Europe). The activities of management accountants, their hierarchical position in an organisation, the way in which they handle information, the relationship

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of a management accountant with his or her management, etc. have all been objects of study (Granlund and Lukka, 1998; Hopper, 1980; Knight, 1982; Sathe, 1982; Vaassen, 2002). Also, the development of the management accounting profession within and outside organisations has received much attention. For instance, whether the profession will develop in the direction of managerial advice giving or whether there are factors at work that keep more traditional aspects of financial control intact has been studied extensively (Cohen and Paquette, 1991; Cooper, 1996a, b; Granlund and Lukka, 1998; Russell *et al.*, 1999; Sathe, 1982). Among other things, empirical research has provided insights into the time spent on various activities (Hopper, 1980) and the changes over time in the self-image of controllers (Ahrens and Chapman, 2000). Although much work has been done, a lot of work remains in order to substantiate the management accountant concept in terms of roles, activities, organisational position, etc. For this purpose research was conducted among controller graduates of the Open University of The Netherlands and the Erasmus University Rotterdam.

One of the problems with research on the management accounting profession is the conceptual disagreement in the literature, particularly with respect to how we should look at the profession and how we must define and analyse the management accountant concept (Verstegen *et al.*, 2005). As there is no uniform way to look into this, rigorous choices should be made. The research conducted focussed on activities of controllers, leaving aside other aspects of the profession. Activities, which invoke specific courses of action and behavioural patterns, are a part of a management accountant's daily work (Hopper, 1980). In fact, activities, which include reporting to third parties and designing and maintaining an accounting information system, may be one of the key factors that partition management accountants as an occupational group (Granlund and Lukka, 1998; Hopper, 1980; Russell *et al.*, 1999; Sathe, 1982). For instance, a distinction between controllers who operate as "scorekeepers" or "business partners" may be based on the difference in activities they carry out (Granlund and Lukka, 1998).

Alas, with respect to the way in which a controller performs these activities almost nothing has been published, although valuable suggestions on how to examine this have been provided by Choo (1989). Nevertheless, the manner in which an activity is performed can have substantial consequences for its outcome. For instance, advising the management of an organisation on control can be done in many ways, e.g. with respect to timing, contents, and emphasis of the underlying activities, all of which affect management decisions (Cohen and Paquette, 1991). Likewise, designing and maintaining an accounting information system will be important for the functioning of an organisation, but this can also be done in several ways (Vaassen, 2002). Any understanding of the controller profession must take into account how controllers perform activities. Furthermore, to understand this profession in general, activities that characterise group(s) of controllers – transcending individual controllers – should be identified.

Detecting behavioural patterns of controllers would enrich the description of the profession. Behavioural patterns serve a number of functions (Choo, 1989; Gioia and Manz, 1985). In the first place, under certain conditions they enable someone to choose a particular course of action without having to think about every decision that has to be made along the way. For example, if a person always takes the same route from home to work, he will know after some time where traffic jams may be expected and

dangerous crossings occur. Sometimes one may not recall having passed a certain point on the route anymore, since travelling the route has become common practice and one knows when attention is necessary and when it is not. Second, behavioural patterns serve a communicative function. Others can infer from witnessing someone starting a behavioural pattern what to expect from him, if it is a pattern they have witnessed before. For instance, when an applicant for a vacancy enters the interview room, the behaviour of the personnel officer conducting the interview can inform the applicant about the type of interview it is going to be (inquisitive, aggressive, etc.), thus giving the applicant opportunity to choose a certain course of action himself. These purposes of behavioural patterns also hold for controllers, most notably when they turn into behavioural routines (Burns and Scapens, 2000). If behavioural patterns that transcend individual controllers could be identified, it would be a first step towards detecting behavioural patterns that characterise the controller profession.

Because of the conceptual disagreements, as little as possible should be imposed in advance on the contents of empirical research. Therefore, an interpretive approach was used to enhance understanding of the controller profession. However, some limitations were necessary. First, the controller concept was predefined. Second, behavioural patterns were specified in terms of scripts, which have shown promise in the study of accounting and auditing behaviour (Birnberg and Shields, 1984; Choo, 1989; Schank and Abelson, 1977). Third, the method of "interpretive interactionism" was applied to detect and define scripts (Denzin, 1989). This research method is relatively new in accounting as compared to the social sciences. Finally, particular interview techniques were used to obtain information about controller behaviour (Choo, 1989; Gioia and Poole, 1984; Marriott and Marriott, 2000).

Controllers undertake of lot of everyday activities, such as opening doors, eating and talking. Of course, the activities of controllers related to control are of central interest here. In this paper, attention will be limited further to activities related to management control (hereafter referred to as "control"). In this study, "management control" means (Anthony and Young, 2004; Anthony and Govindarajan, 1995; Merchant, 1998):

> ... implementing an organisation's strategy by pursuing strategic goals.

The definition of a "controller" that prevails in the curricula of the two institutions involved was used in this research. Thus, a controller:

> ... supports and advises the management of an organization in exerting control, so that it can reach its economic, public and/or financial strategic goals.

In this definition "support" is interpreted in terms of:

> ... the shaping and maintenance of management control through the design and operationalisation of management control systems and methods (like budgeting systems and systems of performance management), including the procurement and distribution of accounting information.

The research goal can be summarized as enhancing understanding of the controller profession. Therefore, we aimed to describe how controllers shape, maintain and exert control and, in particular, how behavioural patterns of controllers were detected. That is, scripts were sought that transcend individual controllers.

In the next section the script concept will be discussed. Subsequent sections set out how interpretive interactionism principles were applied to reveal the scripts used by controllers, and describe the scripts found. Finally, some concluding remarks are presented.

Scripts

An important aspect of behavioural patterns is that they generally cannot be mixed, for actions contained in one pattern will often not fit those of another and they might thus lead to unintended or unpredictable effects (Gioia and Poole, 1984; Schank and Abelson, 1977). For example, if someone uses an aggressive line of questioning in a discussion, he or she will not jump to a more informative style for a question or two and return to an aggressive style thereafter, for this would confuse people (Gioia *et al.*, 1989). To give another example, when a waiter in a restaurant first displays the behaviour of an attentive servant in the background, and then suddenly starts asking restaurant guests whether his services are needed every three minutes, this would create misunderstandings and bewilder and offend the guests (Schank and Abelson, 1977). That is why choice points exist for the behavioural patterns someone can enact. In a given situation a course of action can be chosen from a set of alternatives (at a certain point in time) (Lord and Kernan, 1987). In the previous example of the waiter, a choice can be made, between being attentive in the background and frequently offering services, at a specific point in time.

Behavioural patterns can be studied in terms of scripts (Choo, 1989; Schank and Abelson, 1977). Regarding accounting behaviour, Choo (1989, p. 481) thinks that "The script concept is explored in depth and is shown to have substantial promise". Scripts describe the sequencing of events involving observable, recurrent activities and patterns of interaction characteristic of a particular setting (Gioia *et al.*, 1989; Lord and Kernan, 1987; Schank and Abelson, 1977; Poole *et al.*, 1990). For instance, when a business-unit controller tends to follow the same course of action every time a manager is expected to overshoot his budget, this can involve scripted behaviour (Choo, 1989). Flexibility in behaviour is possible in a script as there can be different routes that lead to outcomes with the same general characteristics. These routes are called the "tracks" of a script (Gioia and Manz, 1985). In the waiter example, both courses of action (being attentive in the background or offering services) will lead to restaurant guests being served, but the route taken to do so differs. A track is thus an alternative specification of a script that possesses the same general characteristics as other tracks stemming from the script, but differs in actualised form (Gioia *et al.*, 1989). Under certain conditions (Choo, 1989), tracks can (jointly) be depicted in a tree-like structure that allows for feedback mechanisms (Lord and Kernan, 1987). Such a tree visualises the level, distribution, and mix of (individual) tracks that describe all the courses of action one can take in a certain situation (like placing an order in a restaurant or discussing one's wage with a personnel officer), showing how each action can be followed by the next. The actions undertaken gradually become more specific when moving through the tree. Lord and Kernan (1987) describe such a tree of scripts in the context of a proposed budget cut. One could, for example, lobby for money to bridge the gap between the current and proposed (smaller) budget. This could be achieved by having lunch with one's boss. If this does not lead to a larger or similar budget, one can defend the current budget. This can for instance be accomplished by using one's personal

influence on the (financial) manager in charge of the cut, or by documenting the importance of one's department and distributing the ensuing report amongst higher-level colleagues. If these actions are unsuccessful, one may have to cut one's budget oneself. Note that in the foregoing example, choice points precede all actions. For example, at the highest level of the tree, a choice can be made between lobbying, defending a budget and cutting it. At a lower level, depending on the action(s) taken previously, a choice can be made between having lunch with one's boss, exerting personal power and distributing documents among colleagues. This illustrates the role of choice points in tree-like structures containing scripts. Such a tree will be constructed later.

Gioia and Poole (1984) discern several types of scripts, namely:

- cognitive scripts;
- behavioural scripts (comprising performative and inferred scripts); and
- protoscripts.

Cognitive scripts consist of known courses that can be chosen in a certain situation. An outsider can detect these scripts by means of free elicitation (Gioia and Poole, 1984). Gioia *et al.* (1989) describe a cognitive script in the context of an appraisal talk. According to this script, a manager conducting such a talk typically moves through six stages, starting with some "opening" remarks, a first "evaluation" of an employee, and an "information exchange". He then enters a "direction and goal setting" phase, giving an employee a "pep talk", after which the talk is brought to a "closing". This script can entail different tracks (for instance, in case of a "good" or "bad" performing employee).

A behavioural script is an activated cognitive script: that course of action one finally opts for. Behavioural scripts can be subdivided into performative and inferred scripts. Performative scripts contain one's perception of one's own behaviour. This means that performative scripts can be uncovered by applying interviewing techniques, while inferred scripts entail the inferences a researcher makes about the detected behavioural scripts (Gioia and Poole, 1984).

Gioia and Poole (1984) also introduce protoscripts. These are behavioural patterns characteristic for more than one person in more than one setting. Given a certain recurring situation one can look for a protoscript that suits the situation, without analysing all its aspects before choosing a certain course of action. According to Lord and Kernan (1987), protoscripts help generalise scripts from familiar, recurrent situations to unfamiliar situations. Being able to talk about protoscripts highlights the communicative function of these scripts. For example, patterns of behaviour that are recognised by a group of controllers may be known by more, if not all, controllers. Therefore, when a behavioural pattern is common knowledge for a group of controllers and a group can discuss it without confusion, this pattern may well be a protoscript. Like scripts, protoscripts consist of tracks (Gioia and Poole, 1984).

Research method

In this research "interpretive interactionism" principles were used to interpret observations made by (previously selected) individuals and to put these interpretations into context (Denzin, 1989). In the following sections, the method of interpretive interactionism is briefly described and the structure of the interviews discussed.

Interpretive interactionism

In distilling the various types of scripts involved, the interpretation step of a research method called "interpretive interactionism" was employed (Denzin, 1989). Although Denzin's approach is tailored to exposing problematic personal life events (like the effects of alcoholism, aggressive behaviour, etc.) in the social context the person operates in, this approach can be applied to other forms of qualitative research. Interpretive interactionism principles were used to reveal the scripts that controllers use in shaping, maintaining and exerting control. Like the script concept, putting interpretive interactionism principles into practice requires interview techniques. Denzin's approach tries to combine the best of other research methods like case research and participant observation, while its goal is to create understanding of the essential elements in the experiences of interacting individuals (like controllers). By carefully drawing inferences from interpretations, conclusions can be reached that verify, falsify or form a more elaborate viewpoint on (a) certain (group of) individuals. Three assumptions underlie the approach:

> First, in the world of human experience, there is only interpretation. Second, it is a worthy goal to make these interpretations available to others. By doing so, understanding can be created... Third, all interpretations are unfinished and inconclusive (Denzin, 1989, p. 8).

In the interpretation step of interpretive interactionism, it is determined why certain events occur in a person's life and why these are interpreted in a certain way. This is achieved in a sequence of six steps, of which the final four were followed. The first two steps, the framing of the research question by both the researcher and the subject and the analysis of prior conceptions of the phenomenon, could not be undertaken in this research (Denzin, 1989)[1]. The four steps followed were:

(1) capturing;

(2) bracketing;

(3) construction; and

(4) contextualisation.

Capturing involves collecting multiple stories around common themes, so that individual experiences can be compared and contrasted. In order to give substance to this step, several controllers were selected who were open and willing to share their experiences, so that common themes (subjects that they all talked about with respect to the shaping, maintenance and exertion of control) could be distilled. This was accomplished by conducting individual interviews with the controllers. Thereafter, the collected experiences were grouped around the common themes that the controllers had discussed independently of one another. Then, the controllers had to confirm the interpretation of the themes made and deepen understanding of the courses of action they resort to within these reassessed themes. This meant that the controllers had to be interviewed for a second time to see whether the preliminary findings could (ultimately) be endorsed.

Through bracketing, the courses of action controllers mentioned in the second round of individual interviews were dissected into the common themes previously uncovered. Following Denzin (1989), the essential elements of the courses of action put forward were determined and interpreted, whilst avoiding the use of prior conceptions

of what specific courses of action "should" or "normally" look like. By breaking courses of actions down into essential elements, an initial set of tracks resulted.

The construction step built on the foundations from bracketing, as the initially selected tracks were put into a coherent whole against a conceptual background. This background amounted to the shaping, maintenance and exertion of control. The goal was to arrange the tracks in "constituent packages" (performative scripts). Therefore, combinations of tracks had to be discerned that addressed identical aspects of designing, maintaining and exerting control. To ensure that all issues raised by controllers could be comprehended and interpreted, the interviews were videotaped so they could be examined in detail afterwards. Therefore, few notes had to be made during the interviews and attention could focus on listening to what controllers brought forward. Videotapes were used instead of audiotapes as this made it easier to discern who said what. Besides, it created the opportunity to show video fragments of the interviews to other controllers. At the end of the construction step a set of inferred performative scripts was uncovered, as well as a set of preliminary performative protoscripts.

Contextualisation takes what has been learned about the behaviour of controllers (in terms of scripts) on the common themes and fits that knowledge to the environment they operate in. Therefore, the inferences of the previous steps were placed back into the "social context" of controllers. This could be accomplished by talking to other controllers. When groups of controllers recognised the protoscripts previously inferred and were able to discuss them, this would substantiate the general character of the scripts, thus contributing to the validity and objectivity of the findings (Denzin, 1978). This led to the use of group interviews as the method of analysis (Denzin, 1978). In order to assess the transcending nature of controller behaviour contained in the initially selected performative protoscripts, two group interviews were conducted with other controllers (details will be outlined below). The controllers previously interviewed did not participate in the group interviews.

In Table I, the steps in interpretive interactionism are related to the stages in the interview process. As indicated, two rounds of individual interviews were conducted followed by two group interviews. In each stage the outcome of an interview round formed the input of the next round, with one or more interpretive steps in between. Thus, all the interpretive steps were followed by an interactive step in which the interpretations were confronted with the experiences of controllers, so that the interpretations could be corroborated. Only after this was the next research step undertaken. Thus, following Denzin (1978), sensitising concepts were used, which helped to enhance the validity of the findings. Note that, for reasons of space, we will later focus solely on the inferred performance protoscripts and their constituting tracks. However, we will first look more closely into the interview methods that were applied.

Interviews

Individual interviews. To start with, four experienced controllers were selected who had graduated from the controller programs of the Open University of The Netherlands and Erasmus University Rotterdam. During these post-experience programs they had written theses featuring the shaping, maintenance and exertion of control. One

Steps in research		Common themes	Tracks, Scripts, Protoscripts	Step in interpretive interactionism
First round of individual interviews	⇒ analysis ⇒	- initial set of common themes (shared by all controllers) in the shaping, maintenance and exertion of control		Capturing
Second round of individual interviews	⇒ analysis ⇒	- definitive set of common themes		Capturing
Second round of individual interviews (revisited)	⇒ analysis ⇒		- initially selected set of tracks	Bracketing
Second round of individual interviews (revisited)	⇒ analysis ⇒		- inferred performative scripts, comprising the aforementioned tracks - initially selected performative *proto*scripts	Construction
First group interview	⇒ analysis ⇒		- revised performative protoscripts	Contextualisation
Second group interview	⇒ analysis ⇒		- inferred performative protoscripts	Contextualisation

Table I.
Research steps related to interpretive interactionism principles

controller held a Registered Degree in Financial Control from the Open University of The Netherlands while the other three held postgraduate Registered Degrees in Controlling from Erasmus University Rotterdam. All four held a Master of Science degree in Economics. During the research period, they were all employed at a business-unit level in large for- and non-profit organisations in The Netherlands. These controllers were chosen to get a first impression of the activities and courses of action they resort to in their daily work.

Two rounds of individual interviews were scheduled. The first round was of an orienting nature. Attention focussed on finding out the key themes controllers distinguished in shaping, maintaining and exerting control (Hopper, 1980; Sathe, 1982). Therefore, they were asked which dilemmas they were faced with in their work. Although the interviews were semi-structured, there was room to disclose information and explore unexpected angles. Thus, free elicitation was allowed. The interviews led to the identification of six (initial) themes that included the most relevant aspects of shaping, maintaining and exerting control.

Thereafter, a second round of individual interviews with the same controllers was organised. As all interviews were videotaped, they could be analysed afterwards and excerpts could be used in subsequent interviews. This second round served two purposes. Firstly, the discovered image of control was calibrated by re-examining and seeking confirmation of the six themes. Therefore, all interviews were structured identically around the six themes. From the analysis of the videotapes a set of general themes emerged against which controller behaviour could be assessed. These themes were:

- The position of a management accountant in shaping, maintaining and exerting control. Although control should primarily be the responsibility of a controller, he can only be held liable when his organisation collaborates with him. If this is not so, the controller will be isolated.
- The design of a control system within these surroundings. Which design philosophy should be used? A once-and-for-all approach, a gradual approach or otherwise?
- The dilemma between stability and flexibility when designing and implementing a control system. Management accountants want to introduce several control measures to ensure that their organisation is always "in control". On the other hand, decision-makers in the organisation should be given enough room to manoeuvre. How is this managed?
- The interaction with other decision-makers (most notably, one's management) when implementing and maintaining a control system. A controller wants to be involved in the management of an organisation, staying close to the manager. On the other hand, a controller wants to remain independent for the purpose of control.
- Trust and the disclosure of information in a control system. Most controllers receive information from lower levels in the organisation and have to report, together with their manager, to higher levels. There is a potential consistency problem between a controller's own behaviour with respect to the disclosure of information to higher level managers and the behaviour expected from lower level managers. Trust among hierarchical levels in an organisation has an important role in generating openness.
- The derivation of values and norms to base decisions on.

A controller is often seen as the (economic or financial) conscience of an organisation. If so, which norms should he use? The norms of his manager, his own norms, or (solely) legal rules?

A compilation of video fragments from the interviews, comprising the six themes, was shown to the controllers interviewed. They confirmed in writing that they all considered these themes to be of crucial importance in shaping, maintaining and exerting control. As confirmation was received from all four controllers on the same set of themes, these could be labelled common themes, at least as far as these controllers were concerned (Table I).

Second, attention was given to how controllers acted within the six themes. Thus, in the second round of individual interviews questions were asked like "How do you behave . . .?" or "How do you go about . . .?". Subsequently the interview tapes were

analysed anew and partitioned into internally coherent fragments (like paragraphs in a text). Then, those fragments were marked where courses of action were formulated with respect to shaping, maintaining and exerting control. Three members of the research team did this independently of one another. Only fragments marked by all three members were selected for further analysis. This selection formed the initially selected set of tracks (Table I). Thereafter, the complete interview tapes were reassessed to see whether there were tracks within the marked set that addressed similar aspects of shaping, maintaining and exerting control. A combination of tracks addressing the same aspect of control can be (part of) one script (Choo, 1989). On this basis, an initial set of performative scripts and protoscripts was discerned (Table I).

As stated earlier, when a script is common knowledge to a group of controllers and the group can discuss this script without being puzzled, it may well be a protoscript. Therefore, the next research step was to examine the initially selected performative scripts and protoscripts for groups of controllers, to judge whether there was any transferability taking place in controller operations. If so, the discerned courses of action were common to more controllers than those previously interviewed (so that the tracks and scripts could be validated). For this purpose two group interviews were arranged.

Group interviews. The participants for the group interviews were chosen from over 700 former students with Registered Degrees in Financial Control from the Open University of The Netherlands. Prerequisites were that they: currently worked as controllers; had at least five years work experience; were interested in the relationship between behaviour, communication and control; had held various positions in various firms before their current position; and were available on the dates the interviews were scheduled.

The two group interviews were also videotaped for further analysis. In the first group, seven controllers operating at a business-unit level in Dutch for- and non-profit organisations participated, just like the four controllers that were initially interviewed. In the second interview, five controllers with more varied backgrounds, holding various positions in an organisation, took part. Working with two groups of at most seven controllers is in accordance with Hedges (1985), who finds this a manageable group size and the minimum number of group interviews required to avoid a-typicality of results. In addition, if the results from the second group interview accorded with those of the first, the behavioural patterns inferred would be transcendental.

In the first group interview, the initially selected performative protoscripts were shown on video and subsequently discussed. Four conclusions emerged. First, a few initially selected tracks were not recognized. Most tracks were, however. In addition to the recognized tracks, controllers mentioned other courses of action they regularly resorted to, which had not been mentioned in the individual interviews. Second, without interference of the interviewers, controllers indicated that these tracks could be interpreted as courses of action followed in shaping, maintaining and exerting control. Third, confirmation was sought for the combinations of tracks that were hypothesised to address similar aspects of control. This confirmation was found. Finally, as the group had no problems discussing the various tracks, and since there was no confusion with respect to their meaning, the proto-aspect of the courses of action contained was confirmed (Table I).

The videotape of the first group interview was analysed by one member of the research team, who had no active role in the discussion, to see whether groupthink effects had appeared (Janis, 1972). If so, it would have been possible for opinion leaders within the group to dominate discussion, and for insecure participants not to be involved. However, following Janis' (1972) guidelines, no signs of this were discovered.

By combining the initially selected scripts with those addressed by the controllers in the first group interview, a revised collection of initially selected performative protoscripts (consisting of tracks) could be established (Table I). In the second (highly structured) group interview, this revised set of performative protoscripts was discussed. It turned out that all controllers corroborated them, thereby indicating that these scripts were not "merely" understood by the first group. Also, the additional tracks mentioned in the first group interview were supported in the second. It is this final set of protoscripts that will be described in the Results section. The transcending nature of the (proto)scripts and the choice points for the various tracks were discussed explicitly too (Lord and Kernan, 1987). It was established which aspects of control the choice points referred to (also presented in the Results section).

Reliability and validity issues. The research addressed several issues of reliability and validity (AERA, 1985; Brownell, 1995; Salvucci *et al.*, 1997).

Reliability was sought with respect to:

- The common themes: by questioning the controllers in the individual interviews in a similar fashion about the themes, and by asking them to confirm the themes afterwards in an identical manner.
- The courses of action, i.e. tracks: by questioning the four controllers in the individual interviews in a similar way about the courses of action they resort to in their work, and by showing these courses of action in the two group interviews (whilst looking for their recognition). Tracks were used for further analysis only when all three members of the research team deemed them significant (Hirschi and Selvin, 1967).
- The combination of courses of action into scripts: by questioning the controllers in the individual interviews similarly about their courses of action and by showing combinations of these to the controllers in the two group interviews (whilst looking for their recognition).
- The transcending nature of the courses of action and their combination into scripts: by questioning the controllers in the individual interviews similarly about their courses of action and by showing these to the controllers in the group interviews (whilst looking for a naturally emerging group discussion).

Validity was sought with respect to:

- The common themes: by asking the controllers in the individual interviews explicitly whether these were common themes with respect to the shaping, maintenance and exertion of control.
- The courses of action, i.e. tracks: by asking the two groups explicitly whether the selected tracks could be interpreted as courses of action with respect to the shaping, maintenance and exertion of control.
- The combination of courses of action into scripts: by asking for confirmation of these combinations in the group interviews.

- The transcending nature of the revealed scripts: by asking the controllers in the first group interview to expand on the tracks found, and by asking in the second group interview whether the underlying scripts were of a transcending nature.

Results

What do the protoscripts found look like? First, the separate tracks that appeared in the performative protoscripts will be presented. Second, we described how the tracks can be combined into (proto)scripts according to the controllers interviewed. Thereafter, the results are discussed.

Inferred performative protoscripts

Separate tracks. Controllers described their daily practices and how they generally handled the dilemmas they were faced with. They also explained these dilemmas. The issues they raised were interpreted and they were asked later on whether the interpretations were complete and correct. If this was not so, changes were made until the interpretations were deemed accurate. Following the research method described, ten behavioural patterns could be discerned that represent tracks in one or more protoscripts (after the second group interview). These patterns and the underlying protoscripts were corroborated in the group interviews (where the corresponding video fragments were shown). All controllers engaged in free-flowing discussions about the detected behavioural patterns, their completeness, and the possible interrelationships between them. There was negligible assistance from the research team to get them to discuss these patterns.

The resulting ten tracks are as follows.

(1) *Set long range boundaries*. When talking about the dilemma between stability and flexibility in a control system, the question emerges as to which part of control should be comparatively stable. A part of the control system should be fixed for a longer period of time, for instance a couple of years, independently of the dynamics of the business. This could be done by fixing the general structure of the control system, leaving aside single measures or variables. Continuity is thus assured. Examples include the use of the balanced scorecard to measure performance or the use of long-range planning systems. Thereafter, periodical additions and specifications to these systems are made (for instance yearly). They refer to the selection and measurement of individual variables and control system flexibility. The invariable part of control sets boundaries for the flexible part of control.

(2) *Design financial controls*. A part of the control system has to be cemented and thus becomes invariable. It will not be touched any more once it has been installed. This often holds true for so-called "financial controls". These are administrative processes for which a sound procedural description suffices. Financial controls are designed with a high degree of specificity to guarantee that an organization is always in control in a financial sense. One interviewed controller said "financial control – that is control close to the administrative process – is likely to function well when you have thought about it long and hard, made good procedural descriptions and set these in concrete".

(3) *Discussion and acceptance*. The variable part of control contains flexible control measures. These are designed after various organisational members

have been consulted. In one individual interview it was argued "The business does change. One has to be aware of the effects of too inflexible control" and "In my view, a system is never finished. A controller should have the opportunity to improve the system". The flexible part of control can embrace the setting of accounting standards like transfer prices or the determination of overhead rates. But, accounting standards can also refer to administrative aspects, for instance the cost elements that are taken into account in specific decision-making processes. Of the flexible part of control, one controller said "When you design a control system behind your desk it will by definition not work". Management accounting standards that are introduced are flexible and determined through discussions with one's management. Controllers also talk with other employees to see if and how standards are used. Where problems are signalled, these are ranked in importance and it is decided what is to be done about them. The resulting decisions are likely to be accepted by an organisation.

(4) *Begin with standardisation and allow for differentiation after complaints*. At first, accounting standards are obligatory and the same for everyone. Therefore, standards are initially enforced. After their introduction, organisational units discover if and to what extent the standards can effectively be applied. This will give rise to objections that a controller has foreseen. Since, controllers know beforehand that some units are to be treated differently than others, they will already have developed some (pre-designed) solutions. By implementing these, there will eventually be some flexibility in the accounting standards used, and organisational units will believe that they initiated the flexibility, despite the ideas originating from the controller. This can be illustrated by the following remark:

> One should strive for standardisation and enforce every accounting standard that has been designed. Business-units will then suggest improvements. You have already taken these into account when you implemented the standards, so that making adjustments based on the suggested improvements will be no problem. However, as the suggestions come from the unit itself, and you have apparently been considerate, the unit's employees will support the new design.

(5) *Standardise and clarify*. Accounting standards are obligatory and the same for everyone in an organisation. They are enforced. After their introduction, organisational units discover if and to what extent they can effectively be applied. If this gives rise to objections, a controller must explain why these standards have been chosen and why there is no room for differentiation (for instance, because they were chosen to rapidly adapt to changing environmental circumstances). It was asserted, "In standardisation the role of the controller is to explain accounting standards and tell employees why they are what they are. When I tell managers that I try to help them run their business, I get full attention. They want to know what I can do to make them run a better business".

(6) *Changing management reports*. When internal or external conditions lead to changes in the accounting information system (for instance, following a

take-over), the control department must ensure that the necessary changes are made. After a take-over there will, for example, be two (possibly conflicting) accounting information systems in use. Should they be merged, should one of the current systems be chosen, or should a third system from outside the organisation be implemented? The control department has a major role in decisions like this. However, the department must also have discretionary power to signal problems that may be overlooked by an accounting information system, and report them to top management. This can be accomplished by adding attachments to periodically required reports. Otherwise, the unit manager may get a false picture of the status of the business. Controllers must be able to file additional reports even when their managers disagree. One of the interviewed controllers gave the following example:

> An accounting information system (AIS) will always overlook some aspects. For instance, if internal deliveries are reported by the AIS as a boost of turnover for the business unit as a whole, department managers may make use of such a characteristic for the purpose of covering up a decreasing level of outside deliveries. The business unit management will then get a false picture of the status of its business. In such a case the business unit controller should have the opportunity to file an additional report although department managers will perhaps not agree.

(7) *Complete exchange of information (as far as the information is relevant)*. Business-units provide information to higher-level departments in an organisation. The question emerges as to what extent information is fully disclosed. Controllers and managers may be as open as possible when higher-level stakeholders hold them accountable. An illustrative quotation from our interviews reads as follows:

> I always give and expect total openness from higher-level stakeholders. The division controller gets everything I have – we have no secrets. But if he misuses the information I give him and stabs me in the back during a periodical review, he will never get anything again … no, never again!

In line with the previous argument, a complete disclosure of information is also expected from lower-level parts of a unit when they inform a business-unit controller and/or his manager. It is expected that nothing be withheld.

(8) *Partial exchange of information (less than the relevant amount)*. A business-unit will only partially pass on the information it has to higher levels in the organisation. Information is distributed within the limits of what is allowed: "I never let the parent firm look in the books of my unit. I only give them the information that is absolutely necessary". One of the interviewed controllers noted "Tactical openness is the answer: send information through the organisation pointed to certain targets. Dose information and tailor it to the case at hand". This is not extraordinary – people behave the same way when they inform a controller. Controllers know that lower levels parts of the organisation will treat them similarly.

(9) *Present the undershooting of targets as a shared problem in the management team.* Controllers are often the watchmen of their organisation(al unit). They

are expected to monitor the performance of their organisation and its departments, signalling deviations from targets. The relationship between the controller and his management team is important here. When a department manager does not meet his targets, a controller can bring this to the attention of the management team. The responsibility for the failure of the department will be shared. After all, when a manager fails the whole organisation or business-unit suffers. A joint search for solutions will start to redeem the failure. If no improvement is witnessed, even after various solutions have been implemented, the manager will only be held liable when his negligence can be shown.

(10) *Discuss the undershooting of targets with the manager in charge beforehand and announce the resulting decisions in the management team*. When a department manager does not meet his targets or is not expected to meet them, the controller can informally tell him about this (well in advance). The department manager then gets the chance to implement several solutions, and the controller will ensure that he can present these in the management team. If no solutions are found, or if these do not lead to improved results, his failure will be reported to the manager of an organisational unit, and the department manager will be held liable by the management team.

Combining the tracks into protoscripts. As was seen earlier, tracks can be part of one and the same (proto)script. During the group interviews it appeared (when discussing possible interrelationships between the previously mentioned tracks) that the ten tracks could be arranged into five combinations that address similar aspects of shaping, maintaining and exerting control. Controllers also discussed how they could summarise each combination of tracks. The names they agreed upon for these combinations, which were proposed by the research team and subsequently substantiated, were:

- The invariable part of control (tracks 1 and 2).

  When designing a control system, a part of it will be fixed for a longer period of time. This may either entail long-term or mid-term plans, determining activities, production plans and strategic goals (track 1). However, the fixed part of a control system can also consist of financial controls ingrained in the accounting system of an organisation (track 2).

- The flexibility of control (tracks 3, 4 and 5).

  A part of the control system is much more flexible and is adjusted periodically. This often boils down to the (re)setting of accounting standards (like transfer prices, cost drivers or calculating standards). Setting standards can be done in a number of ways, taking into account the interests of organisational units to a greater or lesser degree.

- Reporting change (track 6).

  A control system requires information exchange between organisational units, based on certain specifications. The adaptation of a reporting system can in theory be done in several ways (Anthony and Govindarajan, 1995) but only one came forward in the interviews.

- The vertical exchange of information (tracks 7 and 8).

  The provision of information to higher or lower levels in an organisation can be done either in a completely open way (track 7) or by only partially passing on information (track 8).

- Cybernetic feedback (when targets are not reached) (tracks 9 and 10).

  Controllers are often the first to notice that unit managers will undershoot their targets. As a reaction they can either follow a more involved (track 9) or detached (track 10) line of behaviour.

In Figures 1-3 these five sets of tracks, constituting five protoscripts, are depicted in abbreviated form. The dots represent choice points with respect to tracks. Of course, other tracks may be contained in the same protoscript, since it cannot be claimed that all possible tracks were uncovered (which is in line with Denzin's third assumption on interpretive interactionism listed earlier). Therefore, tracks labelled "???" have been added to each figure (which may actually depict more than one track).

In the group interviews the various protoscripts were discussed singly (although the figures were not shown – only the video fragments constituting the separate tracks). Even though strict planning was undertaken, both group discussions moved autonomously from the "invariable part of control" via the "flexible part of control" to "reporting change". Without interference by the interviewers, the controllers participating in the first group interview suggested that the tracks in Figure 1 could be arranged into a tree-like structure (Lord and Kernan, 1987). Their suggestions were followed. This indicates, when looking at Figure 2, that no interconnecting levels may

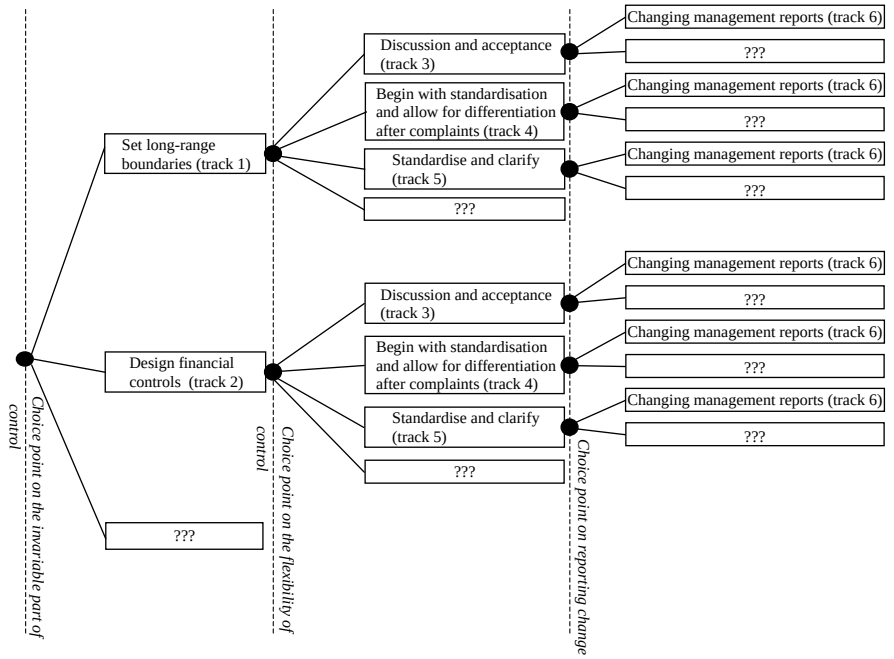

Figure 1.
Constellation of the "invariable part of control", "flexibility of control" and "reporting change"

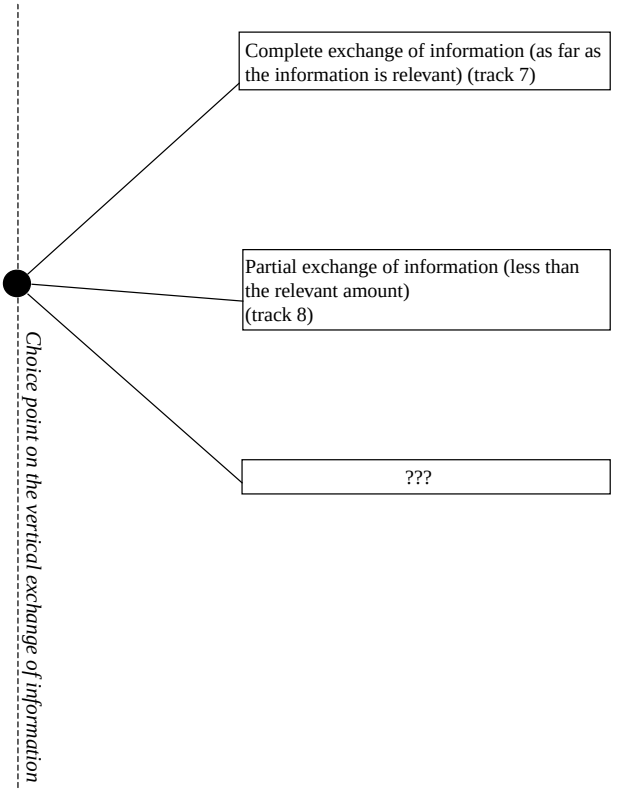

Figure 2.
Vertical exchange of information

be required to compose an interlinked structure of tracks containing several scripts. Notice the similarities between Figure 1 and the budget cut example discussed earlier.

If the tracks in Figure 1 were tied together in a decreasing order of abstraction, three layers can be distinguished in a tree structure (Lord and Kernan, 1987). That depicts the shaping, maintenance and exertion of control at different levels, namely:

- A general level that depicts the choices involved in the foundations of a control system (tracks 1 and 2).
- A more specific level, encompassing the degree of flexibility applied when developing control (tracks 3, 4 and 5).
- An even more specific level concerning the possible ways to adapt management reports given the decisions made about the previous issues (track 6).

For Figures 2 and 3 no such interconnections emerged from the group interviews, although some controllers in the second group interview claimed that Figure 2 could be tied to Figure 1 as well, but they could not indicate how this was to be accomplished.

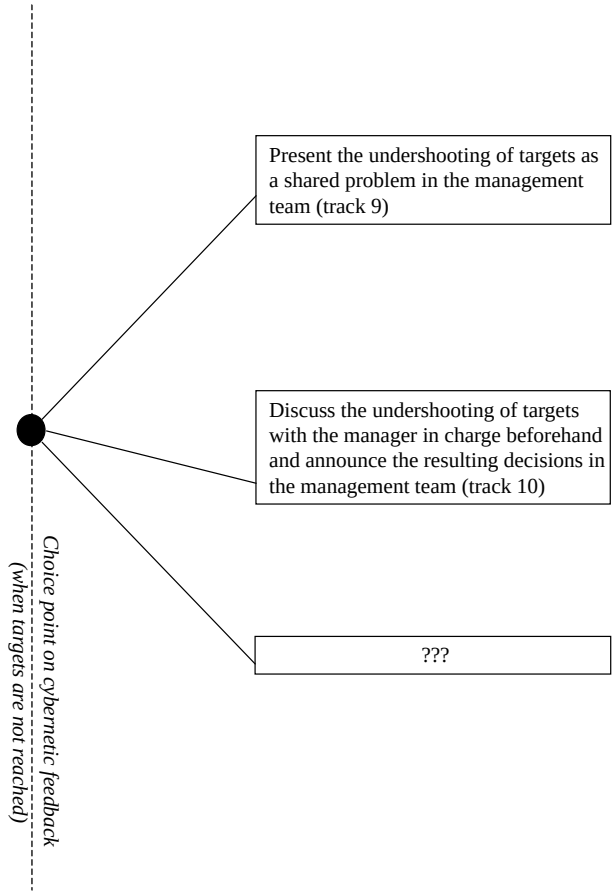

Figure 3.
Cybernetic feedback (when targets are not reached)

Reflection

As stated, the purpose of this research was to deepen understanding of the controller profession. Following Choo (1989), it was suggested that knowledge of the controller profession could be enlarged by studying controller behaviour, and by detecting protoscripts that describe the behaviour of management accountants in particular.

The reported results help to enhance research into controller roles, such as the work of Sathe (1982). He states that controllers continuously have to weigh their involvement in internal decision-making against the integrity of the financial information they provide to internal and external parties like shareholders and tax authorities. On the basis of how far controllers are involved in managerial decision-making, take risks, and affect performance, Sathe derives four types of controllers: involved controllers, independent controllers, split controllers and strong controllers. Each type is among others described in terms of behaviour, like remaining involved in divisional activities (in case of involved controllers) or having internal audit responsibilities (in case of split controllers). But this behaviour is not very specific. What does, for instance, "being involved in divisional activities"

mean? And, in what way will a controller retain his or her independence with respect to managerial decision-making in an organisation? By examining (proto)scripts and tracks of (proto)scripts, controller classifications like Sathe's can be worked out as far as behavioural aspects are concerned. For instance, we showed that controllers could take an involved or detached role when assessing business-unit performance. Similarly, how information is provided to higher levels of the organisation can also be accomplished in an involved or a more detached manner. This might substantiate Sathe's image of involved and independent controllers. Such examples underscore Choo's (1989, p. 491) observation that "Scripts aid in the understanding of auditing/accounting behaviour in practice".

Hopper (1980) exclusively focuses on controller activities when studying controller roles. He tackles the question of how controllers organise their work. Hopper examines this issue at a general level, using broad descriptions of controller activities like budget preparations and liasing. His analysis of activities is substantiated through the analysis of scripts, which allows operationalisation of some issues surrounding the controller profession. Thus, the constellation of protoscripts shown in Figure 1 may be seen as (part of) how controllers organise their activities, at least as far as control issues are concerned.

Finally, in his directions for future research on controller behaviour, Choo (1989, p. 491) notes:

> ... [finding] the structure and content of scripts should help clarify ... the organizing or sequencing of events that underlies auditing/accounting task behaviours. ... well developed scripts may be used as a vehicle for training junior auditors/accountants in coming to grips with the appropriate actions and events associated with specific auditing/accounting tasks.

The previous sections revealed the content of certain scripts (in tracks 1 to 10 and Figures 1-3), and a possible sequencing of aspects of controller behaviour (in the same Figures), which are common to many controllers. This assertion is reinforced by the application of a detailed research method to interpret (and reinterpret) controller behaviour. Several valid and reliable results were generated that enlarge understanding of the controller profession, albeit solely as far as controller activities are concerned. Of course, following Denzin (1989) all human experience is interpretation and it should be acknowledged that interpretations are never complete. However, it may be considered worthwhile to make the research results available to others (Denzin, 1989).

Concluding remarks

The research goal was to deepen understanding of the controller profession. Therefore, an elaborate description of how controllers behave in shaping, maintaining and exerting control was provided. In doing so, several behavioural patterns that transcend individual controllers were detected and corroborated by other controllers. It proved possible to combine these into five sets of behavioural scripts. These scripts were interpreted, at least for the controllers interviewed, as protoscripts. It cannot be claimed that all the scripts controllers resort to were found, or that all scripts necessary to provide a complete picture of the shaping, maintenance and exertion of control were revealed. However, it can be suggested that at least three of the five scripts may be contained in a tree-like structure.

A remaining question is: how far can the results obtained be generalised? At the very least, the results can be interpreted as a set of behavioural patterns that controllers frequently resorted to, talked about, recognised, and (partially) expanded – they can be interpreted as stereotypical behavioural patterns. They go beyond a mere description of the type of activities controllers perform, as they show how activities are performed, thereby fostering understanding of the controller profession. Future research will perhaps describe controller behaviour in more dimensions than activities alone and will give more content to the aforementioned patterns (and the ensuing protoscripts). This research might be conducted along (some of) the lines described by Choo (1989).

Note

1. The research question as it is set out in the introduction (detecting behavioural scripts of controllers when examining how control is shaped), had been formulated already without the involvement of the controllers and there were no known prior analyses of scripted behaviour of controllers. Of course, there had been previous attempts to detect performative and inferred scripts in other settings, as indicated by Poole *et al.* (1990).

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