

THE INVOLVEMENT OF ACCOUNTANTS IN CORPORATE STRATEGY IN MALAYSIA: A STEWARDSHIP THEORY PERSPECTIVE

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Abstract

The purpose of the research is to ascertain the extent and nature of accountants' involvement in the formulation phase of corporate strategy in Malaysian public listed companies (PLCs). This is achieved using the triangulation approach consisting of survey questionnaires and interviews. The findings reveal that accountants in Malaysia are involved in the formulation phase of corporate strategy. At this stage, accountants appear to be discharging their stewardship role, and are involved even in the very initial stage of advising management with strategic proposals, directly helping to formulate proposals and even shaping the strategic framework, which ensure that only strategic proposals that lie within the current concept of strategy is submitted and deliberated.

Keywords: Accountant, Corporate Strategy, Management, Corporate Governance, Interview, Public Listed Companies, Malaysia

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1. Introduction

The responsibilities of accountants have been subjected to scrutiny in the last decade due in part to the globalization attempt and the financial crisis rocking the financial world. The delineation of their job description becomes more necessary especially to ascertain the nature and extent of their involvement in corporate strategy since it involves the overall scope and direction of a corporation and the way in which its various business operations work together to achieve particular goals. Meanwhile, accountants are saddled with the responsibilities of ensuring the efficient functioning of organization by allocating resources based on inflows and outflows, sources and uses of fund, assets and liabilities. Although it is undisputed that accountants role is highly geared toward control (Lind, 2001; Mouritsen and Thrane, 2006), accountant's strategic role is gradually being recognised (Ahrens and Chapman, 2005; Chua, 2007).

The rationale of conducting this research can be attributed to the fact that descriptive studies on issues relating to the strategic involvement of accountants in Malaysia are nearly non-existent. All of the descriptive findings related to these issues concerning accountants' involvement were derived from developed countries. Accordingly, this

research sets out to fill the gaps in the current understanding of the Malaysian scenario by providing a detailed assessment exploring the nature and extent of accountant's involvement in the corporate strategy area of PLCs in Malaysia. It presents empirical evidence on the current outlook of the involvement of Malaysian accountant and the extent of this involvement. Due to scarcity of literature of accountants' involvement in Malaysian companies, literature in developed countries are utilized as a point of reference and will be used as a basis of comparison for findings revealed by this study. Consequently, through the analysis, it may be concluded whether Malaysian accountants' involvement in Malaysia is consistent or otherwise with the accountants' of the developed economies. Since this study aims to explore the nature and extent of this involvement, it is therefore expected that it will contribute to the body of literature and highlight the factors that may affect the perception of these involvements from the perspective of a developing nation. Hence, it is anticipated that a significant contribution of this study is in the provision of empirical evidence from Malaysia, utilising both qualitative and quantitative styles of inquiries, which would help towards narrowing the significant gap in the literature between developed and developing countries. In addition, the possibility of expanding this study for a future

comprehensive study on each aspect of the issues investigated is promising, and the findings of this study could be used for guidance and direction. This paper takes a more exploratory approach with the intention of establishing how accountants contribute to the strategy decision of their organizations or in other words what do accountants do when it comes to corporate strategy. Questionnaires were administered on company accountants and company secretaries of the board of directors. Personal interviews were later conducted with selected accountants and company secretaries to complement the results of the questionnaire.

The paper commences with the introduction which provides an overview of the study. This is followed by the review of literatures and the research methodology, which details the description and rationale of the research design and the method of data collection. After that, the findings of the survey and interviews will be presented. Lastly, the paper concludes with a brief summary of the research, including its conclusion and implications for theory and practice. The limitations of the study are outlined and potential extensions to it are also suggested.

2. Literature Review

The recent upturn of events in world financial markets especially the Enron bankruptcy saga has continued to generate heated debates on the nature and extent to which Accountants get involved in their respective organization's corporate strategy. The different defining dimensions that have accompanied globalization have varied. These events have also widened the tasks/roles and responsibilities of Accountants in ensuring that the contents and organizational outlook are in consonance with the changing faces of time and the end users needs, and the proclaimed vision and mission statement of the company.

Accounting has grown into a significant position in the functioning of modern industrial societies and become one of the most influential modes of management of organizational and social arrangements (Burchell et al., 1980). Further, Burchell et al. (1980) explained how accounting has been developed not only to manage the financial resources but also to create particular patterns of organization visibility, form management structure and organizational segmentation and reinforce creation of particular patterns of power and influence.

It has recently been suggested that there is a need to examine the dynamic relationship between accounting and strategy (Chapman, 2005; Chua, 2007). Chua (2007, p. 493), for example, calls for a rediscovery of accounting and strategy as "contingent", lived verbs rather than abstract nouns.

Combining this concern for strategizing with a concern for everyday practice of accounting (see Tomkin & Groves, 1983) seems promising in many respects. A focus on "strategy-accounting talk" (Chua, 2007, p.492) allows, for example, discussion on how accounting is weaved into strategic considerations and debates as well as how accounting concepts, such as "profit" or "cost", are mobilized when crafting strategy.

It is also possible to examine to which extent strategizing is, in itself, a form of accounting (in the broad sense of this term; see Garfinkel, 1967) that may complement, or even replace, the reliance on accounting representations. Brian and Martin (2010), in their examination of projects, using new product development, observe that their practices tend to be rather complex in terms of their demands and uncertain outcomes which as a consequence places Accountants in different organizations handling different projects continuously sharpening of their skills to be on top of their jobs by making relevant strategic decisions.

Ahrens (1996) and Garfinkel (1967) suggest that even though there may be limits to the usefulness and applicability of those forms of accounting that neatly specify what is right and wrong, the alleged precision and objectivity of accounting numbers may be of little value in a setting where a plurality of interpretations is not only possible but also warranted. Nevertheless, there is the need for some form of accounting in such a case. For, ultimately, decisions need to be made and actions must be coordinated. Rather than relying only or primarily on accounting representations, organizations may resort to other types of accounts which allow goals, decisions and actions to be selected and justified.

The enactment of a strategic objective is a case in point. Strategic objectives may be mobilized together with accounting information to make sense of particular design choices or action alternatives and to control the trajectory of the New Product Development (NPD) process. It is imperative to reiterate that the contribution of Anthony (1965) reopens the research agenda on the link between accounting and strategy. Even though the link has been conceptualized in various ways, the most enduring strand has been the one that emphasizes accounting's role as a means for assisting strategy. It is worthy of note that making categorical statements as to the extent of accounting involvement seem to be inconclusive yet.

This why several authors (Ahrens and Chapman, 2005; Briers & Chua, 2001; Smith, 2003; Whittington, 2004; Skaerbaek and Melander, 2004) have suggested that the link between accounting and strategy has not been fully understood. Issues with respect to what organization levels and the extent at each of this level gives much room for speculations. Chua (2007) questions the assumption

that strategy is an activity reserved for senior management and calls for further investigations at lower levels. There also exists another dichotomy whereby some school of thoughts holds it that due to accounting's role of assisting strategy, it has to adapt itself to the dictates of strategy while other schools maintain the opposite.

The supporters of this idea such as Wilson (1997) argue that the role of accounting is to serve the needs of strategic management. While those opposed to the idea such as Hansen and Mouristen (2005) question the subordinate (and neutral) role of accounting. Drawing upon the notion of 'problematization', which "describes a system of alliances, or associations, between entities, thereby defining the identity and what they 'want'" (Callon, 1986, p.206), they argue that strategic management accounting is more actively involved in "mobilizing objects and logic that seek to encapsulate what strategy is" (p.125).

Analyzing the extent of Accountants involvement in corporate strategy via the roles they play in organizations, Chapman (1998) carried out a series of interview in 34 organizations in UK clothing and textiles industry. The interviews were with senior managers involved with the budgeting process, and were structured around a series of questions aimed at bringing out the role of accounting within their organization. The result shows that the Accountant's role was one of policing adherence to predetermined courses of action.

In another but relevant circumstance, the manipulation of financial information by management reflects strategic purposes, of which the most obvious is enhancement of market image or tax avoidance. Financial information may also be used strategically for other purposes, for example for circumvention of corporate governance restrictions (McBarnet & Whelan, 1992) or in preparation for privatization.

It may also be used by both sides in conflicts, for example, over takeovers. In such situations, accounting techniques and financial information are used strategically as explicit weapons in adversarial disputes, as techniques of adversary accounting in a battle for the construction of financial status and corporate credibility. Such a strategy may stem from different views of the function and role of accounting.

Lawrence & Lorsch (1967), Bruns & Waterhouse (1975), Hayes (1977), and Ginzberg (1980) noted that researchers have interpreted 'organizational structure' to include management accounting practices, the formal and informal information and decision-making methods that govern the allocation of organizational assets. Simon (1990) concluded that management accounting practices are developed in conjunction with and evolve to fit the information needs of

management, needs which are tempered by the relative costs and benefits of information and which are in response to both recurring and unexpected decisions.

Udayari (2009, p.4,) said that management accountants are closely involved in supporting, planning, controlling, directing, communicating and coordinating the decision making activities of organizations in the private sector, as well as the public sector. He further noted that the role of the management accountant in an organization is to support the information needs of management. However, he cautioned that the type, size, structure and form of ownership of the organization will influence the management role, and thus, determine the complexity of the management accountant's role. Such differences in size do not change the basic role of the management accountant, nor the basic work which he or she does. The size of the organization may, however, change the degree of formality or sophistication with which the function is carried out, or the level resources devoted to management accounting.

The relationship between firm size and professionalism is further complicated by the research of Schroeder and Imdieke (1997) who observed the two variables to be unrelated, and by the research of Lengermann (1971) who reported a U-shaped relationship between the two variables. Lengermann found that accountants in the smallest and largest firms had the highest levels of professional autonomy. Horngren (1972, p.8) said that "as a major provider of information for management decisions, the cost (management) accountant must focus on the decision-making process to determine what data are needed at various management levels". He further notes that this management control systems can and should be modified to complement strategy and the related strategic objectives and goals. In line with such a perspective, the strategic management literature advocates the establishment of some system of strategic controls to monitor strategic progress and ensure the implementation of strategic plans (see, for example, Govindarajan and Gupta, 1985; Hrebiniak and Joyce, 1984; Lorange, 1982; Lorange; *al.*, 1986).

Most recently, researchers have exploited dramatic shifts in the external environment to study changes in management accounting practices within firms over time (Zhou, 1988; Lanen and Larcker, 1992; Groves et al., 1994; Chow et al., 1995; Pourjalai and Meek, 1995; Firth 1996; Garrod and McLeay 1996; Jaruga, 1996). Consistent with the strategy-structure-performance paradigm, the endogenous factor most commonly examined in relation to management accounting practices is firm strategy (Govindarajan and Gupta, 1985; Dent, 1990; Govindarajan and Fisher, 1990). Other

endogenous factors that have been considered are technology (Waterhouse and Tiessen, 1978; Ginzberg, 1980) and organizational culture (Thomas, 1989; O'Connor, 1985). Of the three broad areas of management accounting typically included in introductory texts (planning and control, cost management, and performance appraisal), planning and control and performance appraisal are the subjects of most contingency research.

Alluding to the importance of the information age, the Institute of Certified Management Accountants (ICMA, Australia, 2004) describes the management accountant as someone who applies his or her professional knowledge and skill in the preparation and presentation of financial and other decision oriented information in such a way as to assist management in the formulation of policies and in the planning and control of the operation. The changes which are affecting the core role of the management accountant are in large part due to the popularity of Enterprise Resource Planning (ERP) system such as SAP and Baan, particularly in large companies (Foote, 2006; Jackling and Spraakman, 2006; Bae et al. 2004; Booth et al. 2000; Burns et al., 1999; Davenport, 1998). In this new environment, the management accountant must acquire a broad knowledge of the business, and add value to the organization by bringing financial expertise to the management process and participating as team players. The management accountant must now move into the spotlight and become an integral part of the management team by using a broader range of skills, utilizing both financial and non-financial indicators; taking decision-making roles in cross functional teams; and integrating operational and strategic control. The management accountant must broaden the nature of his role and become a strategic manager (Collins, 2000; Murphy, 2004; Parker, 2002; Pierce, 2001).

Hence, advance research into accountant's involvement in company strategy as highlighted above that accountants are active participants in the strategic arena. However, the literature on the nature of accountants' involvement has not clearly identified their involvement in the types or phases of corporate strategy. For that reason, studies on the independent non-executive directors' involvement in corporate strategy will be used as a benchmark as to what accountants are expected or should be expected to do in corporate strategy. The benchmarking is admissible reason being that the independent directors' main role is in control although they are also encouraged to be involved in strategy (Judge and Zeithmal, 1992; McNulty and Pettigrew, 1999; Stiles, 2001), a situation that mirrors the accountants. Two phases of corporate strategy in which accountants could be involved are the formulation and evaluation phases, as the

implementation phase will be the responsibility of project managers (Judge and Zeithmal, 1992; Stiles, 2001). In strategy evaluation, Judge and Zeithmal (1992) contend that there are two levels of involvement, namely, probing management's evaluation of resource allocation or simply accepting the evaluation provided by top management. In the formulation phase, however, accountant's involvement is more indeterminate. Stiles (2001) states that there are numerous levels of involvement in the formulation phase ranging from directly working with management to develop company strategy to merely ratifying management's proposals. McNulty and Pettigrew (1999) argue that the active participation in corporate strategy should be directed more towards the formulation phase, as the influence early on would ensure the strategy is able to better achieve its intended goals. Based on that, this study will investigate generally the involvement of accountants in Malaysian PLCs in the strategy formulation phase.

Consequently, the involvement of accountants in corporate strategy can be viewed from the perspective of stewardship theory. The basis of this theory originated from the discipline of psychology and sociology that promote a 'model of man' totally in opposite to that of agency theory (Davis *et al.*, 1997; Tricker, 1994). This theory is thought to be consistent with theory Y of Macgregor's behavioural theory⁷ that project managers as non-opportunistic agents who work for the owners' best interests (Donaldson, 1990). In fact, Tricker (1994) said that this concept of viewing man as honest and trustworthy was the pillar of the corporate concept reflected and upheld in company law. This perspective recognises that managers have other goals in which they would like to achieve that are beyond serving their own interests (Hendry and Kiel, 2004) Apart from financial incentives, managers behave in a cooperative manner in pursuing non-financial payoffs as well that include achieving work satisfaction (Donaldson, 1990) and getting respected for their authority and work ethics (Muth and Donaldson, 1998). Managers will sensibly place higher value on cooperative behaviour through their perception of the greater utility accorded by behaving in this way (Davis *et al.*, 1997). As Lane *et al.* (1998) added, it will be in

⁷ Tricker (1994, p. 102) outlined the tendencies of managers who fall under theory Y category to include (reproduce):

1. That management is responsible for organizing the productive elements – men, machines, materials and money – in the interests of economic ends.
2. That people are not by nature passive or resistant to organizational needs.
3. That the motivation, the potential for development, the readiness to direct behaviour towards organizational goals are all present in people.

the managers' interests to cooperatively serve the interest of the shareholders.

Since managers are good stewards, they are expected to be perform a more administrative function of providing expert advice and counsel on administrative issues to management instead of monitoring and control as envision by agency theory (Davis *et al.*, 1997; Westphal, 1999). Apart from that, the role of the managers would be more directed toward involvement in company strategy by influencing numerous strategy related decision and advising management on achieving the company's mission and objectives (Hung, 1998; Hendry and Kiel, 2004). Stewardship theory also suggest that the company strategy will be enhanced if more inside executives are elected as board members because "the amount and quality of information possessed by inside directors should be superior to that typically possessed by non-executive directors" in making strategic decisions (Baysinger and Hoskisson, 1990, p. 74).

Since corporate strategy is broken down into the formulation and evaluation phases, accountants, being controllers of an organization, are expected to be involved in the evaluation phase. Through financial and non-financial information in which they possessed, it would be a must for accountants to provide feedback or evaluation on the implementation of a particular strategy. Through this controlling role they perform, accountants ensure the successful implementation of strategy. Apart from that however, involvement of accountants in the formulation phase is rather indeterminate. Hence, the research here will investigate if they too are involved in the earlier phase of formulation as a form of discharging their stewardship role. Not only the involvement will be made more determinate, the activities undertaken in that phase shall also be made clearer.

3. Research Design

This section focuses on the research methods that were employed in this study. It provides explanations concerning the research design in achieving the research objective, which aims is to explore the nature and extent of accountants' involvement in the formulation phase of corporate strategy. A major reason for conducting surveys is because they are easily understood and are perceived to be authoritative by people in general (Saunders *et al.*, 2003, p.92). Survey is designed to find out what a selected group of participants do, think or feel (Hussey and Hussey, 1997, p.161) and, hence, it is an effective tool to seek opinions, attitudes and descriptions relating to the research issues (Ghauri and Gronhaug, 2002, p.93). Therefore, the survey method of collecting data is suited to the purpose of this study because its overall objective is to obtain the perceptions of

senior high level employees (i.e., accountants and company secretary to the board of directors) from public listed companies with respect to the nature and extent of involvement of accountants in corporate strategy.

The research activities involved two stages. The first is the use of a postal questionnaire to capture the issues regarding accountants' involvement in the formulation phase of corporate strategy of publicly listed companies in Malaysia. Accountants and company secretaries to the board of directors of companies listed on Bursa Malaysia Berhad comprised the respondents to the postal survey. (Bursa Malaysia Berhad is an exchange holding company approved under Section 15 of the Capital Markets and Services Act 2007). Apart from offering a quantitative element to the research design, this stage also prepares the ground for the findings that will emerge from the analysis of the second stage. The second stage covers a series of interviews with selected accountants.

The use of both methods for data collection would allow triangulation of the study findings. Triangulation is defined by Denzin (1978) as an approach in which multiple observations, theoretical perspectives, sources of data, and methodologies are combined. Nachmias and Nachmias (1996) pointed out that, because each research method has its own limitations, triangulation can partially overcome the deficiencies associated with a particular method. Saunders *et al.* (2003) stated that this enhancement is achieved because the data and findings collected in one method may reinforce or support those of the other method, leading to greater confidence in the interpretation of the end-results and in the conclusions of the research. Burgess (1982, p.166) added that triangulation provides flexibility and theoretical relevance, while Gill and Johnson (1997) argued that it increases the production and quality of data collected.

All of the questionnaires, together with the attached documents, were mailed on 4th October, 2010. After four weeks in circulation, a total of 76 questionnaires were received and this gave a response rate of approximately 4%. Although the response rate is low, it is fairly near with the rate achieved by other studies that had utilized survey questionnaire in Malaysia. McDonald and Pak (1997) had stated that a mail response rate ranging from 7.6% to 27.4% from respondents made up of managers is consistent with expectations with regards to Malaysia. The questionnaire results are used here to support the main findings, which emerged from the qualitative data, and given the response rate, are meant to be illustrative rather than definitive.

With regards to the interviews, in order to guide the researcher in conducting the interview, a standard interview schedule was constructed. A

series of interviews were conducted after analysis of questionnaire survey responses between December 2010 and March 2011. A face to face interview was conducted with nineteen accountants of selected publicly listed companies. Each interview lasted on the average of one hour. The findings from the interview data provided enough material to stimulate a discussion on the accountants' involvement in public listed companies, in relation to the research objective posed. The responses were analyzed using cross case approach as in Miles and Huberman (1994). This approach is a result of combining case oriented and variable oriented types of analysis. The data

were reduced through coding and themes were extracted using deductive method. Afterward, the data from the coded transcripts were entered into relevant matrices for data display to assist in the process of forming conclusions.

4. Results of Questionnaire Survey

The aim of this chapter is to discuss the results of the questionnaire survey, derived from the overall responses received. The table below describes respondents' opinion about accountants' involvement in corporate strategy.

Table 1. Analysis showing perception toward the extent of accountants' involvement in corporate strategy in Malaysian public listed companies (PLCs)

	None		A little		Uncertain		A lot		Very much	
	No	%	No	%	No	%	No	%	No	%
To what extent do you think accountants should be involved in corporate strategy?	X	X	2	2.9	1	1.4	38	54	27	37

Based on the likert scale adopted 91% of respondents combined chose 'a lot' and 'very much'. The statistical result connotes that respondents envisage in-depth involvement of accountants in corporate strategy. This is in tandem with the position of Burchell et al. (1980) when he explained how accounting has been developed not only to manage the financial resources but also to create particular patterns of organization visibility, form management structure and organizational segmentation and reinforce creation of particular patterns of power and influence. Therefore, corporate strategy is generally regarded as the set of management decisions designed by executives, the board, senior management team or whoever are the final decision makers in the organization that are meant to get the better of competitors or attain the organization's end. Accountants become handy in their measure and reports of financial and non information that helps manager make decisions to fulfil the organization's goals. In other words, it is consistent with the argument made by Wilson (1997) who stated that the role of accounting is to serve the needs of strategic management.

Stiles (2001) claims that the phase of strategy formulation contains within it various levels of involvement ranging from working with management in developing the strategic framework and direction of the company to merely ratifying management's proposals. An active involvement in the formulation phase entails assisting management in the initiation and generation of strategy, rather than the simple mode of merely reviewing and approving proposals (McNulty and Pettigrew,

1999). For this reason, the next question that was put to the respondents elucidated their opinion on the actual involvement of accountants in the strategic formulation phase. The results and explanation of the analysis are presented below in Table 2.

From the table, it is clear that the accountants' main involvement is in advising management in making strategic proposals. Ninety-four percent of respondents either agreed or strongly agreed that accountants' main responsibility is to advise upon strategic proposal (mean = 4.2). Often times the most important aspect of proposal that draws management's attention is the financial part. Accountants are often needed to clarify the financial jargons for adequate strategy decision by the board. Also, quite contrary to the technical role of accounting as a neutral device that documents and reports the economic facts of economic activity using numerical computations of revenues, costs, profits, losses and returns prior to the 70's, enduring researches have brought the social role of accounting to the fore. Thus, according to Govindarajan (1988), such a perspective on management accounting seeks to provide information concerning the firm's market and on its competitors, with emphasis being placed on long term. Also, (Lee, 2002) in his review of the contemporary driving skills forces that constitute the management accounting environment and the changing skills demanded of contemporary and future accountants, opines that strong management bias requires management accountants to take on the role of both advising and leading business

development. Advising management is followed by referring back proposal to management for any amendment is deemed necessary, which scored a mean of 4.10. It is imperative that the decisions on the potential combinations of human beings and machines, on the flows of external and internal information, and finally on the allocation of human and financial resources assigned on the proposal should be adequately referred back to the management by the accountants for any amendments deemed necessary. This is so as to

avoid not only unclear and inconsistent details, especially relating to risks, insufficient benchmarking and estimation regarding budgeting figures of costs, revenues and profitability, which would then ensure adequate decision making process and less concentration of power of any manager. This study is also consistent with the findings of Chapman (1998) who found that the role of accountants was one of policing adherence to predetermined courses of actions.

Table 2. Analysis showing the Mode of Accountants Involvement in the Strategic Formulation Phase in Malaysian PLCs

Mode of accountants' involvement in the strategic formulation phase	Strongly Disagree		Disagree		Uncertain		Agree		Strongly Agree		Mean	Rank
	No	%	No	%	No	%	No	%	No	%		
1. Defining and shaping strategic framework	X	X	1	1.4	12	17	45	64	12	17	3.9714	4
2. Directly helping management to formulate strategy	X	X	1	1.4	7	10	48	69	14	20	4.0714	3
3. Advising management in making proposals	X	X	X	X	4	5.7	48	69	18	26	4.2000	1
4. Referring proposals back to management	X	X	1	1.4	8	11	43	61	17	24	4.1014	2
5. Approving management proposals	1	1.4	17	24	21	30	25	36	6	8.6	3.2571	5
6. Rejecting management proposals	2	2.9	17	24	22	31	24	34	5	7	3.1857	6

The third level of involvement was directly helping management to formulate strategy with a mean score of 4.07. The voices of respondents are heard high up in this regard because formulating strategy is an important point which the objective inputs of accountants cannot be underestimated. Thus, this finding finds consistency with Anthony (1965) who had emphasized since back then that the most enduring strand has been the one that emphasizes accounting's role as a means for assisting strategy. Fourth on the table was defining and shaping the strategic framework that scored a mean of 3.97. 'Agree' and 'Strongly Agree' constitute eighty-one percent of respondents' answer. This is a key part of general management strategies and their implementation. Building resources and capabilities based on available materials are essential parts of corporate strategy

which the insights given by accountants are valuable information to management decision making. The strategic proposal is normally formulated during budget periods and is usually performed by a management committee headed by the CEO. Accountants will normally be chosen to be on this committee and as Udayari (2004) mentioned will be closely involved in supporting, planning controlling, directing, communicating and coordinating the decision making process of the organizations.

At the same time, the results also indicate that the approval and rejection of proposal by accountants occurs less often. Only forty-four percent and forty-one percent had either agreed or strongly agreed with involvement in approving and rejecting the proposals respectively. Approving or rejecting a proposal on strategy is not a prerogative

of accountants. It is usually the responsibility of the board of directors. Respondents whom had agreed may have accountants sitting as board members. In general however, accountants are privileged to table their submission given the chance, on strategy related decisions. Chua (2007) noted that accounting may change the configurations of organizational reality and challenge existing routines on a longer term basis but do stand the chance of imposing thoughts and opinions on the management. This may be why the results of respondents' opinion seem to be below 50% on both grounds.

4.1 Reliability Test for Accountants' Involvement in Strategy Formulation

The result of the reliability test for this section of the questionnaire as shown in the table below reveals that the statements are (interrelated) and support the construct. According to Sekaran (2003), the closer the reliability coefficient is to 1.00, the better. In general, reliabilities less than 0.60 are considered poor while those in the range of over 0.80 are considered good and acceptable. The reliability figure as depicted in Table 7 below is .873 which is on the high side. This portion of the questionnaire describes the extent of accountants' involvement in the approval of strategic project proposals emanating from both within and outside the company.

Table 3. Reliability Statistics (Involvement in strategy formulation)

Cronbach Alpha	Cronbach's Alpha based on standardized items	No of items
.866	.873	6

The result shows that respondents are confident in accountants' active participation at strategic formulation phase. Hence, it is safe to conclude that accountants play significant roles in initiating proposal, managing and evaluating it, approving and rejecting in the event of default with agreed plan, and other strategic framework that can shape it.

4.2 Factor Analysis on Accountant's Involvement in Strategy Formulation

The factor analysis procedure is able to produce only one factor that explains 61.9% of the variance. Also, when we used extraction method, the result remains unchanged. It means that the statement that borders on "shaping strategic framework" under the mode of accountant's involvement in the strategic formulation phase, in the perception of respondents, carries much weight such that it explains 61.9% of the variation.

Table 4. Total Variance Explained (Involvement in strategy formulation)

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.718	61.961	61.961	3.718	61.961	61.961
2	.973	16.217	78.178			
3	.707	11.778	89.956			
4	.339	5.643	95.599			
5	.182	3.028	98.627			
6	.082	1.373	100.000			

Extraction Method: Principal Component Analysis

Accountants contribute meaningfully by directing resources towards shaping the strategic framework of organization should as a consequence be given the leeway to be involved in strategy formulation.

5. Results of Interview Survey on Accountants Involvement in Strategy Formulation

The research findings from the questionnaire survey, as presented in the previous section, indicate that the involvement of accountants has generally been perceived by respondents as having a major impact on the formulation of companies'

corporate strategy. In an attempt to explore the issues further, a series of interviews were undertaken with the accountants of nineteen PLCs. The ultimate aim of the interview survey was to explore to a greater extent the issues raised by the results of the questionnaire survey.

About 70% of the interviewees believed accountants should be involved in strategy formulation. The result indicates that the interviewees observed the vital need for accountants to be involved in strategy formulation, which is reflective of the results of the questionnaire survey, which had established that this involvement is one of their important roles. It was generally felt that accountants are a part of the strategic team in an effort to move the company forward and the involvement of accountants in the strategic arena would add value to the process of creating the vision, mission and strategy of the company. The interviews revealed that businesses are currently operating in an ever changing business environment that culminates in the era of globalization, new technology, rapid product and market development, mergers and acquisitions among others. In order to compete in the current environment, more and more companies are utilising cross-functional teams, whose opinions are sought even at the highest level of decision making including instances when a particular corporate strategy was being formulated. Hence, companies need to take consideration from all angles regarding inputs to a strategy with contribution and opinions coming from various disciplines such as finance, marketing, business development and regulatory. The interviews revealed accountants are there to provide counsel and advice on the courses of actions to be taken, primarily from the financial point of view. The interviewees believed that it is very important that all accountants' experts be involved in corporate strategy due to the role of accountant in analyzing the financial impact on the company, in terms of cost and profitability, of adopting a particular strategy. One of the company secretaries interviewed said:

"For big organizations that finds itself in many make or buy decisions, whether to expand or maintain current output levels, recruit or downsize, etc, on a regular basis need information from various units. The role of accountants, particularly in the formulation of strategy becomes handy on issues that have to do with cost benefits analysis by preparing informed reports about the adequacy of such financial engagements".

The interviews revealed that the accountants must appropriately manage the company's financial situation. In this instance, it was stated that corporate strategy and cash flows are related to one another and that estimating the future operating cash flows for the length of time for which the

strategy will be in operation should be taken into account. An accountant maintained that:

"Generally, company formulates strategies (based on available resources) in order to improve upon the currently available resources. Accountants relevancy come to the fore because they maintain individual unit's budgets and computes the expected income and expenditure analysis of their organizations so that managers can set achievable targets."

The interviewees unanimously agreed that management accountants can provide the greatest value to corporate strategy due to their ability to provide information that would assist in determining the organizations strategic positions. This finding is hence consistent with literature which had identified and given more focus to management accountants being the type of accountants better suited with involvement in the strategic arena. They are no longer seen simply as the information gatherer, but as active participants in decision making. . The financial and analytical skills that accountants possessed can be used to objectively and critically analyze factors that can make business more successful. It is believed that the accountants have the ability to translate the goals into measurable future financial indicators and outcomes. An accountant said:

"Management accountants bring the value to the company in a way that they are able to convert the numbers into strategies."

An accountant from a different company posits that:

"Management accountants can provide the greatest insight to the business strategy due to their ability to provide information that would assist in determining the organization's strategic position."

It was generally thought by most interviewees that management accountants are capable to provide not only financial but non-financial information as well. The interviews also revealed that advice on non-financial information, such as company's market position relative to their competitors and industry is also sought by decision makers of the companies. The contribution of management accountants came to the fore as an interviewee highlighted a tool commonly used by management accountants. The interviewee said:

"Accountants help a lot on the strategic framework. For example, in the use of balanced scorecard, there is a component on finance which enunciates the financial consequences on the final accounts that the board eventually decides to adopt".

The interviewees also consider the activities of accountants as important element of the strategy framework of the organization. It is gathered that setting the strategy is an important function that set the direction for organizational activities and translates its vision into a visible working plan.

This finding is consistent with the finding of the questionnaire survey. Also it supports the contention of Collins (2000) and Murphy (2004) who stated that management accountants must broaden the nature of his role and become a strategic manager. The interviews revealed that financial consequences need not be restricted to balance sheet and profit and loss account but also other measures such as return on investment, advertising and promotion expense, payback period, margin analysis and so on. The interviews also revealed that the accountants can also help with the strategic framework by projecting future financial statements such of cash flows, income statements and balance sheet as well as by benchmarking the competitors' financial performance and market share. It is believed that the benefits of benchmarking include improving the company's competitive position by revealing the company's relative cost position and identifying opportunities for improvement as well as influencing a change process through the introduction of new costing model.

Another interviewee also commented the importance of accountants in ensuring the company continue to operate as a going concern. The interviewee said:

"Accountant is just like a doctor in a hospital, without them, the firm will not be able to understand how healthy they are. Before a strategy is given the green light, accountants need to assess whether the strategy will affect the financial health of the firm or not".

Some of the accountants and company secretaries interviewed are of the opinion that strategic framework is not always set by the board of directors as many people may want to believe but by employed researcher(s) who may have little knowledge about the internal workings of the organization, hence the need for accountants' involvement. Interestingly, the interviews also revealed that the involvement of accountants in corporate strategy relates to good corporate governance. Some of the interviewees suggest that even though accountants provide relevant information with respect to revenue and cost analysis, final decision rests with the top management. The activities of accountants are parts of larger activities to be evaluated by the management. Thus, one of the interviewees thinks that getting involved at both formulation and evaluation stages would place uncheckable powers at the stable of accountants. Hence, it is believed that the accountants' involvement must be monitored by the audit committees since an involvement that is not monitored may lead to agency problems that might trigger fraudulent acts.

6. Conclusion and Recommendation

This study utilized the questionnaire and interview surveys to solicit the opinion of accountants and company secretaries of Malaysian PLCs in examining the extent and nature of accountants' involvement in the formulation phase of corporate strategy. The majority of respondents agreed that their accountants were involved in the formulation of company strategy. The involvement of accountants in the evaluation phase may be anticipated as that is where the accountants are expected to perform a controlling function to ensure that the strategy is in line with projections. This function could also be construed as a part of agency theory prescription, whereby reports generated by accountants will be used by boards of directors to monitor performance of the executives. However, the finding that accountants are also involved in the formulation phase is very interesting. This finding shows that the responsibilities of accountants in Malaysian PLCs are growing. It might be an indication that accountants are beginning to be involved in functions which were previously wholly in the hands of the CEO or other executive directors. This finding also indicates that accountants in Malaysian PLCs could exert their influence in the early stage of decision process and not just be confined to the end of it. This is true when the majority of respondents agreed that the nature of involvement entered into by their accountants and ranked first in the strategic formulation phase was in advising management with strategic proposals. This activity was closely followed by directly helping to formulate proposals and shaping the strategic framework, which goes to show that accountants work with other managers and top management team to set the strategic direction the company wants to pursue. This in turn is consistent with stewardship theory which says that managers will sensibly place higher value on cooperative behaviour through their perception of the greater utility accorded by behaving in this way.

The study provides clues that the involvement of accountants in organizations' strategic decision making is important within the organization's strategic set up. The study suggests that strategic decision making should not be concentrated at the top management level because the middle as well as the low level managers understand the working requirements of their respective levels and would be well laden due to their day to day involvement to offer insightful recommendations that would further the improvement of the units. Thus, in order to achieve the goal congruence and give all the units' greater sense of responsibility, the strategic inputs of other organizational levels should not be neglected in strategic decisions that affect their job performance and welfare. The study also makes inference from the submissions of the respondents

that accountants should be involved in the corporate strategy because they have over time been acquainted with the organization's work processes which increase their competent level as a result. In what way then are accountants competent to advise the board of directors on corporate strategy? The job of modern day accountant has become multi-tasking which presupposes that high level of professionalism and multi-dimensional responses are expected from anyone saddled with such responsibilities. The alternative social theories assume accounting as a versatile but merely as one element in a large process of shaping the reality of organization or the society at large. As a corollary, the advice render management by accountant varies and has to do project at hand. This is because all project proposals involve uses of funds which have to be sourced. The job of accountants nowadays transcend the primary boundary of analyses of sources and uses of funds to many perspective that share the insight of accountants as a constitutive practice which has the potential to shape the future of the organization and their environment. Therefore, accountants now offer professional advice in business performance evaluation, cost/financial control, interpreting/presenting management accounts, profit improvement and planning/managing budgets. Lower down, they ranked strategic planning, decision making and strategy implementation, generating value, and designing/ implementing new information system.

One of the unavoidable limitations of this paper is the limited time and resources available to undertake a more comprehensive coverage of the study. Nonetheless, there are other limitations present which are recognised and discussed below. Notwithstanding these, however, the researcher has endeavoured to ensure the aims of the study were met and answers to the research objective were provided. This study seeks the perceptions of company secretaries and accountants. Future research may examine the opinions of other groups that are connected to corporate strategy such as directors and senior managers. Opinions from academicians, industry professional bodies and regulators as well as foreign and local analysts could also be sought. Furthermore, there are limitations in asking company secretaries and accountants about accountants' contributions and effectiveness. Any deficiencies admitted may be perceived as deficiencies in their organisational abilities and this may produce bias in their perceptions. Also, the overall response rate to the survey questionnaire is low, which may result in inherent systematic bias. However, because triangulation of data was undertaken through interview surveys, bias generated by research respondents is considerably minimised. Also, the questionnaire results are meant more for illustrative purposes in order to support the main findings

emanating from the qualitative data. However, caution should also be noted with regards to the interview data, as the sampling was not random. This is firstly because access to many interviewees depended on recommendations from acquaintances of the interviewees and secondly, respondents were consciously selected in order to select only the accountants. Also, a case study approach in attempting to ascertain the nature and extent of accountants' involvement could be of benefit. In-depth comparative research could be undertaken by studying cases of companies that are in different stages of the life cycle or companies that are in a stable environment as opposed to turnaround companies.

The focus of this study is on PLCs of the main board of BMB. Future research could further investigate issues identified in this study with reference to private companies, and companies listed on the ACE market of BMB. In addition, further research is required to systematically examine the issues in more detail in government related entities (GLCs), Chinese owned companies and foreign owned companies in order to reveal the effect of culture on accountants' participation. Further research should be aimed specifically at examining the impact of national and cross culture on the culture of the organisations. In furtherance to that, this study could be extended to include other countries in the Asian region, most notably Malaysia's closest neighbours such as Thailand, Singapore and Indonesia. All these countries, to a varying extent, suffered in the East Asian crisis, and have taken steps to strengthen their respective corporate governance systems, which may include the involvement of accountants in corporate strategy. The extension of this study into these other countries would ascertain their practices in terms of the involvement of accountants, which might be influenced by respective national factors.

This paper provides supporting evidence for studies from developed countries regarding the growing role and additional responsibilities of accountants in corporate strategy. Future research should endeavour to combine the theories underpinning the examination of accountants' role and subsequent impact on the performance of the company, rather than a preoccupation towards the utilisation of any particular dominant theory.

Contribution of the Study

The major contribution of this study to existing literature is that it takes a holistic view to explore and describe the nature and extent to which accountants are involved in corporate strategy, especially the formulation phase. It also, in a way, explores the issue from the perspective of a developing nation with a distinct national and corporate culture. Particularly, this research is the

first study to explore the roles of accountants and conduct a comprehensive investigation into their involvement in the company strategy of Malaysian companies. The study reveals that accountants do not predominantly focus their efforts on ensuring the successful implementation of strategy through the controlling role that they perform. They too are involved in the earlier phase of formulation as a form of discharging their stewardship role.

Finally, a further contribution of this study to learning is reflected through its research design in achieving the aims of the research objectives. This study utilises two stages of data collection consisting of questionnaire and interview surveys respectively, which is rare in the context of research in corporate strategy in Malaysia. The combination of the quantitative and qualitative approaches enables the process of triangulation that enhances the findings of this study. In addition, the majority of respondents who participated in both stages were experienced people from the business world, who are able to provide a proper assessment of the issues investigated. Moreover, with regards to the interviews, this paper offers a valuable insight from interviews conducted with the 19 accountants, which in itself is rare in the literature of business and management, especially from an Asian viewpoint. Overall, the perceptions of those who participated in this research effort provide satisfactory evidence of the nature and extent of accountants' involvement in the formulation phase of corporate strategy of publicly listed companies in Malaysia.

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