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From Bean-Counters to Change Agents: The Finnish Management Accounting Culture in Transition¹

INTRODUCTION

The key elements of this study consist of management accounting, communication cultures, and people pursuing management accounting in companies. These elements have not been combined in earlier studies in Finland – actually almost nowhere. Based on interviews made explicitly for this study – and on a large secondary evidence – we bring out findings and arguments according to which Finnish management accounting practice is also tied to the national culture, Finnishness, surrounding it, and that the Finnish management accounting culture is experiencing a transition period. The background for the transition can rather easily be traced, among other things, to intense internationalisation, even globalisation, of Finnish companies in recent years.

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Management Accounting in Finland

A typically Finnish starting point for discussing (management) accounting is the definition of the organisational function which takes care of financial measurement and reporting. The definition by Riistama & Jyrkkiö (1971) is widely accepted in Finland:

“Accounting can be defined as systematic action, the task of which is to collect and register price and volume figures describing the activities of the firm. The task of accounting also includes the preparation of reports and calculations on the basis of the registered price and volume figures. The aim of these reports and calculations is to help the management, financiers and other stakeholders of the firm as well as public sector agencies in their decision-making concerning the activities of the firm.”

In Finland accounting is divided into two parts: the task of management accounting is to support managerial decision-making and organisational control; the task of financial accounting again is to facilitate the distribution of profit through income measurement and to provide financial information for the stakeholders (mainly shareholders and creditors) of the company (cf. Riistama, 1971).²

We will start our analysis by dividing the field of (management) accounting into three interrelated parts, namely to research, teaching and practice (cf. Pihlanto, 1978). Accounting as a scientific discipline is understood as that part of business administration³ which examines the production and communication of financial information. Similarly as in Anglo-American countries, accountability is regarded as the core concept of accounting (cf. Ijiri, 1975), through which it can be distinguished from other disciplines (e.g. from finance). Accounting as a teaching subject is in Finland – similarly as probably in many other countries – a mixture of descriptive, explanatory and normative knowledge related to accounting function. Thus, also here the starting point is clearly in the functional definition of accounting, mentioned above. Accounting as an organisational practice is regarded as something professional accountants do. In Finland there is an interesting switch in terminology when the practical field is entered: the notion typical of scientists and teachers, accounting (in Finnish “laskentatoimi”), is only seldom used by the practical accountants. Instead, notions such as financial management (in

² Of financial statements, for decades much more attention has been paid to income statement than to balance sheet in Finland. This is mainly due to the adopted theory of financial accounting, the so-called expense-revenue theory, developed by Finnish Professor Martti Saario in the 1940's. This theory, being dynamic by nature and forming nowadays the basis of financial accounting regulation in Finland, considers balance sheet as consisting of residual items only, therefore being of less importance than the income statement (see Lukka & Pihlanto, 1994).

³ In Finland, accounting has traditionally been regarded as one part of business administration (in Finnish “Liiketaloustiede”) together with marketing and management.

Finnish "talouhallinto") and financial reporting (in Finnish "taloudellinen raportointi") are common usage of practical Finnish accountants.

There is in fact only little systematic, scientific type of knowledge about Finnish management accounting practices. Surveys have been conducted about capital budgeting (Honko & Virtanen, 1975; Honko et al., 1982; Keloharju & Puttonen, 1995), about budgetary control (Akkanen, 1982; Alaluusua, 1982), about profit-centre accounting (Virtanen, 1984) and about cost accounting (Lukka & Granlund, 1993, 1994, 1996; Laitinen, 1995; Malmi, 1996). In addition, the more and more often applied action-analytic methodology (see e.g. Lukka et al., 1984; Kasanen et al., 1993) has led to an increasing conduction of in-depth case-studies through which our knowledge of the Finnish management accounting practices has developed rapidly during the last decade (Lukka, 1988a, 1988b; Lumijärvi, 1991a, 1991b; Vuorinen, 1991; Ihantola, 1991, 1997; Wikman, 1993; Granlund, 1994; Malmi, 1994; Manninen, 1994).

A review of the existing literature dealing with Finnish management accounting practices shows that typically expressly the questions that are particularly emphasised in this study are left unproblematised in prior works. These issues are:

- 1 How management accountants operate and communicate? The omission of this question takes place as the prior studies are rather narrowly focused on analyses of certain theoretical questions at the practical level – for example budgetary biasing behaviour, or gaming in capital budgeting.⁴ Thus, even though the action-analytic studies in particular have indeed shed light on certain areas of management accounting practices, the direction of interpretation attempts (see Alasuutari, 1993) has been inappropriate with regard to profoundly addressing this question.
- 2 What Finnishness means for management accounting practices? The bypassing of this cultural question may in some cases be linked with an attempt not to emphasise the fact that the data is collected from Finland, which might be regarded as peripheral and uninteresting from the American viewpoint, for instance (cf. Lukka & Kasanen, 1996). Another possible explanation may be linked with the relatively short time that the cultural aspect has been "in fashion" in accounting studies.

⁴ A notable exception is Manninen (1994) in which the approach applied is wider, corresponding to some extent that of ours.

THE RESEARCH SETTING

Purpose of the study

The aim of this study is to examine how Finnishness emerges in management accounting practices in Finland. Thus, we are interested in analysing how Finnish culture (i.e. values, norms, beliefs and patterns of action) is implicated in management accounting practices. We pay particular attention to studying the communication patterns of accountants both with their colleague accountants and with other members of organisations. The research purpose defined in the above manner leads us in front of the following questions:

- In what kind of situations, and linked with what type of issues, are management accountants expected to get involved in? How? On the other hand, in what kind of situations, and linked with what kind of issues, are they not expected to interfere?
- In what ways do management accountants support managerial decision-making and organisational control, or participate in the formal decision-making itself?
- Does Finnish management accounting culture cause problems – and of what kind – in situations where foreign management or accounting cultures are encountered?

We will not pay much attention to the technical aspects of management accounting, of which there indeed exists some prior empirical knowledge, even from recent years (e.g. Honko & Virtanen, 1975; Honko et al., 1982; Virtanen, 1984; Lukka & Granlund, 1994; Keloharju & Puttonen, 1995). These studies indicate that in terms of technical aspects, Finnish management accounting practices largely correspond to those in the Anglo-American countries.

Methods, data and its analysis

Being ethnographic by nature, this study is heavily empirically focused. We attempt to examine the everyday life of Finnish management accountants (e.g. Garfinkel, 1967; Geertz, 1973; Silverman, 1985).⁵ Our study is informed by the plentiful literature on the inherent features of Finnish culture and by the prior studies dealing with Finnish management accounting practices referred to above. In addition, an important source of data – a kind of secondary empirical data source of ours – are our experiences and perceptions of Finnishness (as members of this culture) and of Finnish management accounting through our prior or ongoing field studies, by running, lecturing and interacting in executive programs, by participating in executive seminars,

⁵ The three archetypes of ethnography – though differences are not large – are cognitive anthropology, social interactionism and ethnomethodology (Silverman, 1985). Our approach represents none of these in a clean form but includes some elements of all of them.

by consulting relations and through anecdotal evidence gained in discussing with Finnish managers and management accountants in various occasions.

However, the primary data source of this study were the eight semi-structured interviews conducted in six Finnish firms between November 1995 and February 1996. The leading principle in selecting the interviewed persons was that they had to have significant experience from other cultures. The foreign cultures of which they had experience were meant to form reference points for our analysis – to offer background against which Finnishness in management accounting can be depicted.

Five of the interviewed persons currently represent accounting function, two had moved from accounting to general management and one had recently started a consulting practice of his own, having been an accountant in several firms for years. Of the five present accountants, one is a controller of an operative profit-centre while other four are CFOs of the whole firm. The foreign countries of which the interviewed people had most experience are Sweden, Germany, France and the USA. In addition, the rest of the Western Europe, Canada and Far East played sometimes a role worth mentioning in the interviewees' recollections. Four of the interviewed persons has worked several years abroad.

With the exception of the consultant, the interviewed persons represent in Finnish scale very large, internationally operating firms, listed in Helsinki Stocks Exchange. One of these firms represents paper industry (two interviewed persons), one is from construction materials industry (two interviewed persons) and three represent machine construction industry (one interview in each of them). The background of the consultant is in machine construction industry, in mechanical forest industry and in paper industry. To sum up, the interviews covered all of the most significant Finnish business sectors.

The semi-structured questionnaire we used during the interviews was a loose basis for the discussions. Interviews took two hours each, on average. They were tape-recorded and the tapes were later transcribed into literary form in order to facilitate the analysis of the data.

The fundamental problems linked with the analysis and interpretation of our data are caused by the fact that the notion of culture is so many-sided. Culture is typically defined as common learned meanings or meaning structures of certain group of people, having both space and time dimensions and being realised in common beliefs, norms and values (Geertz, 1973, 1983; Nurmi, 1984; see also Giddens, 1979, 1984).⁶ Cultures are sustained through interaction of people that are under its field of influence. People tend to adapt to their cultural environments

⁶ Hofstede (1980, 1991) parallels (national) culture with a kind of brain-washing, with a collective programming of consciousness. People start their growing up within certain culture, and their commitment to that is taught and reinforced throughout their whole life at home, at school and at working places.

so that their behaviour would not differ "too much" from that of others around them.⁷ This adaptation can be either conscious or unconscious, leading to mutually accepted ways of conduct, the meaning of which can sometimes be purely ritualistic. From a research point of view, the notion of culture can be regarded as a "condenser", as an "economic" way of telling as much as possible of the inherent features of the behaviour of groups of people.⁸

It may be argued that human life is often, if not usually, in the sphere of influence of several cultures of different levels or nature. Recently the notion of corporate culture has raised much attention among the scholars in business administration (e.g. Meyer & Rowan, 1977; Martin et al., 1983; Dent, 1990, 1991). For this study the significant level of analysis is to examine the culture of management accounting function within firms. The extent to which the cultures that emerge in various functions or departments of firms are able to successfully cooperate may significantly affect the overall functioning of firms. Several common beliefs of organisational life tell about clashes of these subcultures, for instance that "production people and marketing people do not understand each other" (cf. Morgan, 1986; Mouritsen, 1989).

Culture can be viewed as forming hierarchic structures, such as follows (cf. Lewis, 1996):

A Global, international, multinational cultures

B National and regional cultures

C Corporate, departmental, functional cultures

D Group cultures

At level A the notion of culture refers to beliefs and values common to all people, such as the aim to survive, to procreate or to love children. The cultures at levels from B to D are more of the learned type, representing beliefs and values linked with certain local or professional contexts (Lewis, 1996). The implication of this hierarchic nature of cultures and their subcultures is the problem that when perceiving certain behaviour, or discussing it, we can obviously never be able to locate it on any single level of culture with certainty. In addition, we should consider the possibility of individual differences, which makes the interpretation of human behaviour even more problematic.

The key question of this study is to examine how a national culture – here Finnishness – is reflected in the functional culture of management accounting – what happens in their crossing? This situation is illustrated in Fig. 1. We aim to provide results with regard to the

⁷ This view is in line with institutional theory, according to which people, organisations etc. tend to continuously adapt their behaviour to the institutionalised values and norms of their environment (e.g. Powell & DiMaggio, 1991) so that their actions get approval and become legitimated.

⁸ Culture is a homogenising concept only up to a certain limit. Under any culture there typically exist subcultures.

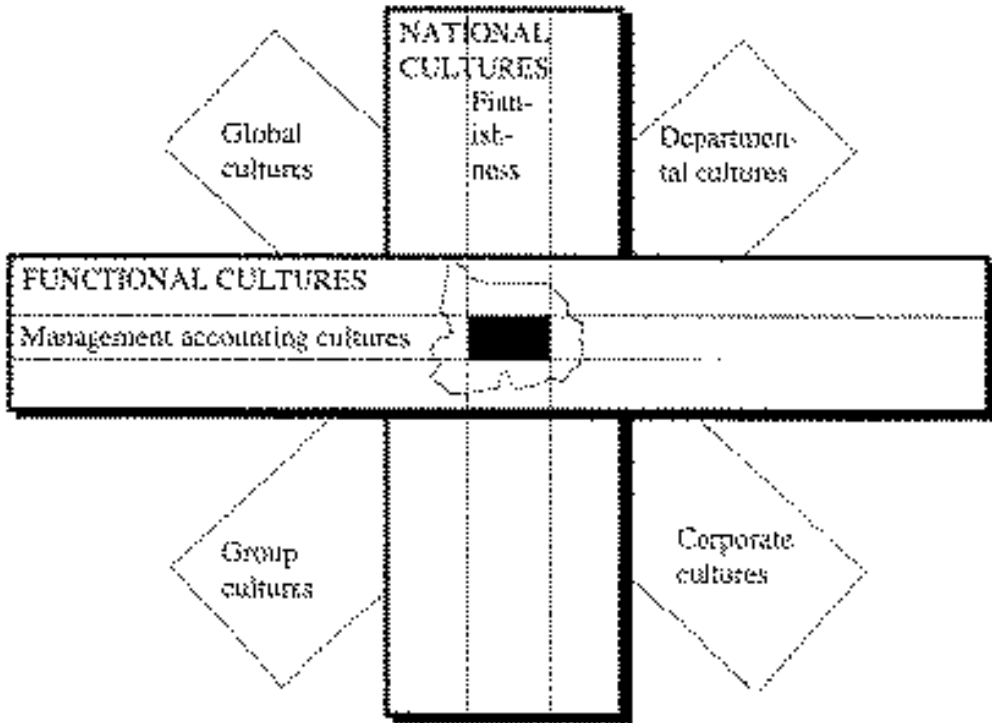


FIG.1. The research setting: the cross-roads of national and management accounting culture.

darkened cut area of Finnish national culture and the culture of management accounting. Our data inevitably includes material outside that cut area as depicted with the vague area around the darkened cut area. Thus, our task is to screen the characteristic features of Finnish management accounting culture from the richness of our data.

The idea of national management accounting cultures is largely omitted so far, as indicated in accounting teaching for instance, where the use of the same text books globally is common (such as Horngren et al., 1994). However, in particular if we understand management accounting as an integral part of company management (cf. Nishimura, 1995), an attempt to identify national management accounting cultures may turn out to be fruitful.⁹ There are only few management accounting studies in which national cultural factors have been considered (e.g. Harrison, 1992; Merchant et al., 1995; Ahrens, 1996a, 1996b). Special attention has been

⁹ Japan is regarded as a particularly impressive example of a country, in which management and managerial tools strongly reflect the characteristics of the national culture (e.g. Monden & Sakurai, 1989; Kato, 1993; Tanaka et al., 1994). One might of course wonder whether this idea is nothing but a Western "optical illusion"; similar linkages may exist in the Western world as well – when a distant foreign culture is analysed this type of connections may just look especially strong.

paid to the interrelationship between accounting and culture in Japan (e.g. Takatera & Yamamoto, 1989; Nishimura, 1995). Comparative studies against Japanese culture have started to emerge, too, in particular in the USA (e.g. Birnberg & Snodgrass, 1988; Chow et al., 1994). However, the national communication patterns, being in the focus of attention in this study, have been left almost unexamined. In this regard, the studies by Ahrens (1996a, 1996b) and Löning (1996) can be mentioned as significant exceptions.¹⁰

THE COMMUNICATION CULTURE IN FINNISH FIRMS

We will report our findings in two major parts. In this Section our starting point is formed by Finnish communication patterns at a general level. The intention is to keep the context of management accounting function still in the background. In next Section – titled “The characteristic features of Finnish management accounting” – we will turn our focus to management accounting as an organisational function, with the aim to identify common values and beliefs, and behaviour and thinking patterns based on them, typical of Finnish management accountants. It is important to notice that, being researchers of culture, we do not pay much attention to the distinction between truly existing current practices and emerging change tendencies or hopes among the Finnish management accountants: both of them represent Finnish culture and reflect common Finnish values and beliefs. In Section “Conclusions” we will make an attempt to combine these two discussions and formulate our main results.

Some principles of our cultural analysis

Perhaps the most prominent manifestation of culture is communication: oral, written¹¹, and physical (body language). The way how people communicate brings out their cultural background (e.g. Rusanen, 1993). Communication reflects everyday operation, the core of culture in a certain sense. Communication may be observed through various dimensions, like the used communication channels or through its temporal and procedural dimensions. The purpose of this Section is to examine the Finnish management accounting culture explicitly from the perspective of Finnishness; through Finnish forms of communication.

We applied Hall’s (1977) high-low-context continuum as one analytical device. The continuum is a tool for cross-cultural analysis, and it principally illustrates the use and significance of verbal and non-verbal (supplementary) communication in different cultures. It essentially tries to reveal where the message “lies” in different cultures. In low-context cultures

¹⁰ We come back to these three studies in Section “Conclusions” below.

¹¹ Written communication includes here also visual communication.

straight communication is important, i.e. you are supposed to use facts, figures, and abundant details to communicate. Creation of a confidential human relationship does not play a major role in low-context cultures. In high-context cultures communication is more implicit, and places a heavier burden on the listener to interpret the message adequately (see also Gouttefarde, 1996). In a high-context culture it is not appropriate to go straight to business. The issue at stake is carefully approached by creating a confidential human relationship, even though the result of the process would be a formal agreement. Examples of low-context cultures include usually Germany and the USA, whereas the Far East countries are typically seen as representing high-context cultures. Ideas presented in connection with Hall's high-low-context thinking directed our attention especially to the following issues: the significance of social intercourse, significance of obeying certain behavioural forms, the significance of personal confidence, straightforwardness, attitudes towards silence, and the separation of work and personal life.¹²

The significance of social intercourse and obedience of certain behavioural forms

Finland has traditionally been an extremely work-oriented culture (e.g. Kortteinen, 1992; also Hofstede, 1980), which resembles the German-speaking cultures to a large extent. Social intercourse does not play a major role in Finland. A Finn in his or her nature-loving style is often withdrawing and feels comfortable also on his or her own. Finns keep typically work and personal lives quite strictly separable.

In Finland the obedience of certain behavioural forms, "rituals", does not play a major role nowadays. Even the use of formal addressing is experienced too formal at present age. On the other hand, overwhelming informality is not felt appropriate either. Because Finns do not have very distinct cultural forms any more, it is apparently reflected also in their inadequate knowledge of the behavioural patterns of other cultures: "homework is too often neglected".

...with regard to Yankees [i.e. US Americans] you should of course always remember the names of all the secretaries...that is difficult, you have to concentrate on that. I have many times admired the Yankees as people, since they remember so well all the names immediately, they remember your forenames. [...] In Japan they have always done their homework, so that when we went to a bank, no matter how large bank it was, they always had an issue which they told us we have made together...which they had

¹² However, we are not attempting to fit Finland on the continuum comprehensively. Finnishness implies conflicting cultural properties to such an extent that locating Finland on the continuum unambiguously is simply impossible. Finnishness includes both (strong) low-context features (like straightforwardness) and high-context features (like positive attitude towards silence).

examined from the records of their organisation. And they do it, even if you made a sudden appointment for the next day, their network will examine it globally, what we have done with this company...it's admirable. The Finns are in fact, at least partly, lazy in this respect. Small talk and social contacts, they need quite an effort. (CFO, Machine construction industry)

Verbal forms are distinguished in organisations especially in the communication between different functions. Specialised languages are naturally maintained already for practical reasons. According to the interviewees, a common language is still found quite easily. Especially accounting provides a commensurable language, offering a vocabulary, which at least in principle is understandable for everybody. The mysteriousness of accounting (language) is thus apparently vanishing. This development seems to have been boosted by a tendency to move away from the segregated functional thinking towards business oriented process and co-operation thinking, also among the accountants. Therefore, accounting has gained more appreciation in the eyes of representatives from other functions as well. Functional borders seem to be quite low nowadays in Finland, but still quite easily distinguished. These borders cannot, however, be considered as obstacles for continuous communication.

Slogans do not appear to appeal to Finns as well as to US Americans, for instance. The form and language of communication has to appeal to every worker also without loftiness:

...the banderol pattern is more obvious in the US, from Super Bowl to McDonalds...it's accepted. But in France you cannot see it like that...no, those French I know stick more to the issue. They talk a lot, but it's more concrete as well. The levels of education are so different...our workers are, it's naïve to say, a resource, but they God damn know to do their job, it's no use going there to tell about Total Quality Management, they will say fuck off, let's go and put these things right. (Divisional Chief Executive, Machine construction industry)

Communication forms in the Finnish corporate life are quite informal. However, Finns shun strongly small talk, which is a natural way to lighten the atmosphere in international contexts. Finns find small talk mainly as unpleasant idle talk (cf. Salo-Lee, 1993).¹³

Finns go straight to the business, we are in a hurry...small talk and things like that...the issue itself is important, and the way how you present it. In Germany you don't go so straightforwardly to business, i.e. immediately...the issue at stake is important, but in Finland...if Finns try to use small talk, it's so transparent, so you just wait...nice

13 This characteristic is closely related to typical Finnish straightforwardness (see later).

weather...but in Germany you can, related to the issue, talk a bit more elegantly before the core of the issue is touched. But in Finland it's so transparent, so that you say immediately "ok, yeah, yeah". (Profit-centre Controller, Paper industry)

Trustworthiness as a core value

The basis of human conduct in Finland is characterised by a certain supposition of trustworthiness. The foundation of Finnish communication is that you can rely on the other party. Disappointments in this respect are taken very seriously, and the restoring of confidence after loosing it once is difficult, sometimes perhaps even impossible. All our interviewees strongly emphasised the paramount significance of personal relations and confidence in order to make every-day operation run smoothly. Personal promises are always absolutely kept. For Finns trustworthiness is thus such an inherent value that any offence against it is an unpleasant surprise, which will lead to problems, in a way or another:

Here in our organisation it [trustworthiness] has tremendous importance. [...] The starting point is that you have to be able to trust on those people you are working with. Or otherwise working will become significantly more difficult. It's not a threat, but only a statement, you don't have to talk about it. It's rooted...to a very large extent in Finnishness. (CFO, Construction materials industry)

The pervasiveness of the principle of trust for Finns is not easily explicable; the implications are many. As regards management control, one implication tends to be that matured personal contacts represent a set of "control tools". These tools are used to manage organisations perhaps especially when long geographic distances exist between organisational units:

Q: What about the meaning of personal trust?

A: It's tremendously important. Perhaps this is transparent in all this story, but I do believe that this is always basically a game between people, and if you don't find it...achieve such a situation that the important people...you have to be able to trust in them. And no matter where they are, no matter what nationality they represent, a spirit of confidence has to be found. And if you cannot find that, I don't believe it will last long until you have to do something. I have so many examples on this...and furthermore, it's part of the control, I mean when you talk about watchdogs and historians, the implementation of control can take place in so many ways. And one way is that you have personal trust in some people. It's one way of controlling those operations, which are far away. (CFO, Machine construction industry)

Factual straightforwardness

The Finnish culture can be characterised as a Lutheran, a matter-of-fact, culture.¹⁴ As was mentioned above, shunning of small talk and the transparency of even its good attempt, create a kind of "jerky" image. The natural result of this is the tendency to proceed fast to the point, even if such style caused a loutish impression. On the other hand, such style may be considered as efficient.

We had yesterday an important negotiation. I don't know whether the Swedes liked the fact that after discussing nice things for five minutes, I cut short the conversation and said that there are four items now, which will dictate the result of these negotiations. You must have calculated them yourself. So tell me what they are. I will tell you mine. A favourable result was achieved on a big issue in short time...they were just surprised...they approved this kind of proceeding, but they had to take breath, that can we not approach the issue and argument and else. I said that we don't need any arguments here, this is mathematics. Another similar situation took place a few years ago, when we had internal business negotiations, where my style of approaching was that everybody know what is at stake, so let's tell what are the views of the different parties. And they, the Swedes, suggested that what if they return to the issue next week. I said that we don't need to return to the issue next week. Tell me what you will do for this issue this week. They would just like to write it carefully. I said you don't have to write it carefully. This is Marks per square meter, so let's do some multiplying, so we can get out of here. (CFO, Construction materials industry)

A common belief is that one reason for the "jerky" image of Finns could be a weak ego. One of the interviewees emphasised this issue particularly, as he was comparing Finnish and Swedish communication cultures.^{15,16}

14 The Finnish Lutheran range of thoughts includes an unquestionable respect for hard work, even for workaholics. Kortteinen (1992) describes this spirit as the ethos of survival, which can be summarised as follows: life is hard; through working you have to give as good as you get, even if you lost your life and health; and if you survive in this game, you have been worthy of your place in the society. Paid labour is according to Kortteinen (1992) an important, if not the most important Finnish cultural pattern: survival at work, even if it meant risking your health, is a matter of honour. This form of honour does not base on issues of sexuality, as in many Mediterranean cultures (Kortteinen, 1992). In the core of the Finnish concept of honour lies simply the idea of surviving in the hard world *on one's own*: "Survival is a matter of honour. If you do not survive, you will lose your face." (p.50). According to some still unpublished research results (that have been recently introduced in the Finnish media), the ethos of survival is, however, not a (primary) driving force for most of the younger Finns any more. Cultural dynamism is thus something to be considered, since even core values seem to be exposed for change, even within a relatively short period of time.

15 There is recent evidence that the Finnish ego has considerably improved during the last decade (Helkama & Pirttilä-Backman, 1996). This evidence actually suggests that the image of weak ego among Finns represents only a myth nowadays. The study suggests also that individualism has, in general, emerged as a new "competing value", which seems to be gradually gaining more and more foothold amidst Finns, especially the younger ones (cf. Hofstede, 1980).

...an American has been raised so that he could become the President of the USA, almost everybody. They have strong ego, whereas we have too weak an ego, even though we have excellent education and we come along well together, but when we go abroad...then the Swedes do better, because they can communicate differently. [...] So it's not only what you can, but it's also how you communicate. They use hands and toes and body language and facial expressions...we can run business negotiations very well in technical terms. But you should be able to do more. So in relation to the Swedes, I suggest that the difference is rather significant.

Could the background for this be that it's Sibelius and Nykänen and Kankkunen and someone else who are known from Finland [...] Litmanen now and Nokia. But when you come from Sweden and talk about Volvo and Scania and SKF...you name them. They have plenty of international visiting cards. And we have to start by stating that we are neighbour to Sweden and close to Russia and we have some big enterprises in our country and so on! (Company vice-president, Construction materials industry)

The above reference describes also the trait, which is associated with Finns as business negotiators (Lewis, 1996). Finns do seem to be fascinated by technical aspects. Quality, technical details and design are issues, which a Finn will definitely emphasise (in an impersonal style), and which also appeal to a Finn, respectively.

The many faces of silence

Attitudes towards silence vary significantly in different cultures. For Americans, Germans or French, keeping silent is impolite, annoying, and even a sign of stupidity. On the other hand, in the Far East "listening" cultures, and in Europe especially in Finland, nothing wrong has traditionally been seen in keeping silent.¹⁷ The last mentioned cultures appreciate proverbs like "silence is golden" and "those who know do not talk; those who talk do not know" (Chinese proverb). Keeping silent means that a person is listening, thinking, and learning. Correspondingly, abundant talking is attached to egocentricity, even to impudence.

...it [a corporate take-over negotiation] was close to totally fail just due to the fact that in the French culture it is supposed that you start talking immediately as the other part is close to finishing. But you express yourself clearly that now you want to start talking

16 It is perhaps noteworthy to mention here that there exists a kind of love-hate relationship between Finland and Sweden.

17 However, attitudes towards keeping silent seem to be changing in Finland towards the Western tradition, at least in urban environments. There have also traditionally existed regional differences within Finland in this respect.

overlappingly. And we [Finns] have been taught to listen politely the sentence to its very end, and then after a break start talking. And the situation drifted into a point where the Finns didn't start even though the French were expecting it, and they started to repeat. And again the Finns didn't start as supposed and the French repeated for the third time. And then BANG the whole situation exploded that this is not going to work out and let's go home and then he, the lawyer, realised that...he took the Finns and the French separately to an other room. He told to the French that Finns have been taught to listen you as long as you will speak. The French said that these people are dead stupid, that they have never seen so stupid people. And the Finns said that those Frenchmen are totally stupid, they repeat and repeat and repeat. (CFO, Machine construction industry)

The Finnish culture of silence consists of many characteristics, which have been also separately described in this paper. The culture of silence condenses, for instance, shunning of small talk, prudence, and appreciation for synthesis.

A typical example...one old appreciated [Finnish] Executive [at the interviewees' earlier working place] was chairing a meeting where many nationalities were represented, Englishmen and Frenchmen and Italians. He was responsible for the whole business area. Everybody was fighting hard and talking, and they could not agree on the issue. This lasted for hours and they started to get totally hopeless, when he for the first time opened his mouth and said what if we do like this and this and this. And everybody said, hey that's a good idea. So, in a way he listened carefully and condensed everything, presented a reasonable suggestion, and the issue was settled. [...] ...perhaps Finns do compensate liveliness with, in my opinion, quite good concentration on the situation, and then by drawing more sparsely, but all the more sharp, conclusions... (Consultant)

The Finnish culture of silence implies also the principle of staying behind ones words: you mean exactly what you say, and the sense of responsibility for that is great. This issue becomes problematic to interpret in practice, since silence is interpreted differently in different cultures also in terms of its content. Whereas in some cultures silence means "yes", in some other cultures it may mean "no".

If the superior in Finland says that the issue should be handled like this, silence of the subordinate means that he agrees. In other countries it principally means that you disagreed, that you separated in disagreement. [...] In Holland I have to say, hey Arndt, yes or no? If I just let him to keep silent, he will return to the issue next time and say that he didn't say anything to that. In the Finnish culture this won't do.

There is perhaps something else to this issue as well, and it relates to the fact that for a foreigner responsibility for results is a wider concept than for Finns. I mean that if we had an opposite situation, so that the Finn remains silent, which in the authority thinking means no [...] If you ask your superior if it's okay that you do like this, and if he doesn't reply, the very Finnish interpretation is that this was no. If he wanted to say yes, he would have said it. But foreigners start from the fact that they have informed, and since they have not seen any reaction, and because this is part of their normal responsibility area, you are allowed to do it. And this causes quite often complications. We get a fax, which states that they have thought of making the report not until tomorrow...when we talk about the issue later, they say that "we told you". And my view is that you have to get an explicit permission for that, which though is never given, which presumably originates from the fact that we didn't even bother to answer, since the question was so stupid. (CFO, Construction materials industry)

The whole discussion above seems also to reflect the fact that Finns cannot necessarily handle international relationships conveniently, especially when we talk about group discussions etc. Finns are presumably too straightforward, and they lack to too large extent knowledge about the behavioural patterns of other cultures. It is self-evident that variance in this respect is considerable. Already the origin of a Finn, regarding the different regional areas of Finland, may have implications for this issue.

With regard to non-verbal communication, Finns are according to earlier studies unassuming and plain by their style (e.g. Rusanen, 1993; cf. Trompenaars, 1993). According to some foreign respondents in Rusanen's (1993) study, Finns do not have facial gestures at all. On the other hand, Lehtonen (1994) states that no earlier study has proved that Finns would be more plain than people from other Nordic countries. On the contrary, Laine-Sveiby (1987) suggests that in Swedes' view Finns express by their non-verbal behaviour even too openly their feelings and moods. Observations about Finns without facial expressions seem after all to relate to situations, where they are using foreign languages. Speaking in foreign language is presumably even nowadays so demanding mentally that it lops off even those few expressions a Finn uses when he completes his message while talking Finnish.

The applied communication channels

The Finnish corporate communication includes – contrary to what one might perhaps assume based on the above – rich verbal and written communication. The significance of oral communication should be emphasised, because it got without exception a primary status among various communication forms in the interviews. Oral communication is commonly used in

informal *ad hoc* style, almost without any thresholds. For example, the interviewed Controller from the paper industry noted that if a matter is important, he always wants to have face-to-face discussion. In this way he can see the immediate reaction of the other party. One cultural explanation seems to regard how written form is understood in different cultures; how binding it is felt to be.

In this company, in Finland...we aren't so strictly tied to the basic systems, but instead we are more free to give statements, when we in our own opinion know what to do. As you go to the Middle Europe, it's much more important that the monthly [reporting] run has been performed, that the auditor has looked at the documents, that the Executive Committee has had its negotiations...and before that there's no information...and the issue is that they don't want to bind themselves in a written form, since it is not so exact then. In Finland the style is the opposite, that it doesn't have to be so exact, meaning "who cares"...this applies to all foreign countries, even to Sweden. The more difficult the situation becomes the further you go...that you get a written comment [...] It's a cultural question, as far as I know, that you have got used to the procedure that if you give written statements to your superior, they have to be extremely well examined and correct. This just leads to the fact that they are formally correct, i.e. they don't have formal errors. It just verifies where it has come from. But it doesn't improve the opinion, the decision-making. (CFO, Construction materials industry)

It is important to note that the above does by no means imply that Finns would not see written agreements as binding. In fact, issues in black and white are "holy" in Finland.¹⁸ Nevertheless, the dynamics of oral and written communication proceeds in Finland typically so that at least the most important issues are prepared – and often also informally decided upon – *first* by face-to-face communication. By written documentation this preparation or agreement is explicated and confirmed.

The use of electric communication channels, including electronic mail, is today an inseparable part of all communication in Finnish business environment. The improvement of communication tools has according to the interviewees allowed more time for oral communication. Paper prints are, however, still the primary form of spreading and handling reports. The studied companies thus still seem to be living in a "folder culture" in general (see also Granlund, 1994). On the other hand, Finnish companies do not seem to be living in such

18 For instance, for the Japanese written agreement may represent only an intention, if its signing took place under an atmosphere of even partial disagreement. Likewise, the Japanese may – while emphasising more the "real" nature of issues and situations, than their exterior – withhold themselves from absolutely unambiguously binding written agreements (from the Western point of view), if they see that the situation has changed to a significant degree compared to the original moment of signing under (Lewis, 1996).

a "manual culture" – even though manuals are commonly used – which is typical for many German or US companies, for instance (see e.g. Lewis, 1996). When Finns familiarise new employees with "the manners of the house", it takes place through being involved in working rather than through reading a dozen of heavy manuals, for the learning and obedience of which you are responsible for after signing as received.

Management styles and organisational hierarchy

Earlier studies have described the Finnish management style as authoritarian (e.g. Nurmi & Üksvärav, 1994); the base of comparison is usually suggested to be found in Germany. This tends to hold in principle, but the issue is perhaps not so simple. The factual management style of Finnish managers seems to be authoritarian, even aggressive in certain sense. However, the giving of orders takes typically place in formally polite terms.¹⁹ This may have connections to the often peaceful temperament of Finns, especially if compared with the Latin cultures. Finns are keen on delegating work, which may be considered to imply a significant difference if compared with Germany. According to those of our interviewees, who have worked a lot in Germany or with the Germans, German managers are much more eager in keeping all their tasks in their own hands.

Compared to an other Nordic country, Sweden, Finnish management, negotiation and communication style tends to be clearly more authoritarian, in general. In Sweden the operation style is very democratic and conflict avoiding. With this style the Swedish managers tend to seek for special commitment, which in the Finnish way of operation may thus remain weaker. Finns are however not necessarily especially conflict-prone, but they certainly do not try to avoid conflicts either:²⁰ if you disagree, you are also ready for a minor-scale "arm wrestling".

In the Nordic countries there exists a tremendous difference between Finland and Sweden, a unbelievably great difference in many respects. We are straightforward... I don't know whether we love conflict, but at least we drive situations into conflicts and have arm wrestling and talk aloud and talk about the issue...the Swedish culture is very democratic, they seek for consensus at many levels. The decision-making process is long in Sweden [...] ...when the decision is finally made, commitment to it is much greater than here, since we have an authoritarian way of making decisions... (Company vice-president, Construction materials industry)

¹⁹ Lewis (1996, p.199) describes Finnish leadership practices generally as sound. About authoritarianism he suggests the following: "Finnish managers, like Finnish army officers, usually lead from the front and they generally strike the right balance between authoritarianism and consultative style."

²⁰ On the other hand, after the Second World War Finns have been known as arbitrators in many international contexts. This characteristic may though more conveniently be linked with the historically based clarification of Finnish foreign policy (neutrality), than straightforwardly with Finnish mentality.

Hierarchical boundaries seem to be lower in Finland than what one might assume based on the earlier literature (e.g. Nurmi & Üksvärav, 1994). It seems that Finns talk past the hierarchy to such an extent that it would not be considered as convenient in many other cultures, like in Germany.

The Finnish management styles seem to follow "modern ideas" nowadays. Total Quality Management, Activity-based Management, etc. are relatively widely spread (cf. Lukka & Granlund, 1996). In addition, a distinct characteristic to Finnish companies seems to be the large number of development projects, related to management philosophies and systems.²¹ The results of these projects have, however, not always proved to be very good: more projects are launched than what are fruitfully finished.

This organisation...we have carried out projects concerning the whole group rather too often than too seldom. [...] You have the basic organisation, and then you carry out very much in these projects, you gather together different kind of knowledge over organisational borders. We are poor in project discipline. We launch much more projects than we are able to finish. (Company vice-president, Construction materials industry)

If we consider what Finns think about being managed, we seem to come up with the idea of "independence in a structure".²² Finns are satisfied in their work, as their superior relations and responsibilities are exactly defined, but, on the other hand, they have been given freedom to work independently. Finns seem to have good self-discipline, and they do not like to be closely supervised (cf. Nurmi, 1990; also Lewis, 1996). The typical Finnish general management style seems to be characterised by certain managerial freedom – for instance as comes to Divisional Managers – as long as you operate as agreed upon (see also Granlund, 1994). If you however do not stick to the agreed rules, freedom of operation is immediately reduced in almost all respects.

Related to this is perhaps also the very Finnish trait to pursue relevant doing through careful seeking. This principle is naturally tightly related to the very Finnish traits of accurateness and punctuality. The image of Finnish uncompromising temporal exactness seems to hold also in the light of this study, though Germans were – as assumed – said to have taken this even further. Exact and scrupulous way of dealing with issues seems to be reflected also directly to the studied management accounting procedures. Reporting schedules are strictly attained, and even minor

21 Convenient examples of such projects are working capital projects, which have been common in many Finnish companies since the 1980s. The idea of these projects has been purposeful and scheduled release of capital from the inventories.

22 In some earlier studies, "independence in a structure" has been suggested to represent one of the core values of Finnishness. This principle combines individualism and collectivity (Nurmi & Üksvärav, 1994; cf. Hofstede, 1980).

departures from this rule need justification. To summarise, we suggest that in Finland agreed issues should in principle always be carried out as promised and also as scheduled. The attitude towards keeping the promised is, however, characterised by certain prudence: when you do important things smartly, you can otherwise be quite carefree.^{23,24}

THE CHARACTERISTIC FEATURES OF FINNISH MANAGEMENT ACCOUNTING

The organisation of (management) accounting in Finland

In Finland accounting has been traditionally organised as a centralised staff function. This model may be adequate in a situation where the central elements of accounting function are financial accounting, budgeting and reporting.²⁵ Recent tendency has yet been towards an increasing decentralisation, in particular with regard to management accounting. By this means management accountants are believed to function nearer the business operations. The borderlines between various organisational functions are believed to become hereby less restricting, too. This decentralisation tendency fits well with the notion and role of (accounting) controller, appearing to be rapidly spreading in Finnish firms. It is also believed that decentralisation leads to an increased appreciation of management accountants, in particular if the people sent from the centralised staff function to the "battle field" are active persons by nature. It seems that more and more people in Finland believe in the idea that financial considerations should worry the entire personnel of firms – not just accountants – which is one of the core ideas of Cost Management thinking.

Lets put it generally so that ... in listed firms like [the name of the firm] managers are nowadays always involved with financial matters. In that regard a tremendous change has taken place during the years I have been in practice. (Company vice-president, Construction materials industry)

23 One characteristic example of this kind of Finnish mentality can be found in one of the Finnish national epics, in Väinö Linna's "The Unknown Soldier" (1954), where Lieutenant Koskela says to his men: "Relevant works are done, otherwise we'll be free for care".

24 A brief reflection on one recent comparative study reveals that our findings do not imply surprises. Simon *et al.* (1996) studied recently by a vast survey the European executives. Characteristic to Finnish corporate leaders was suggested to be appreciation of clear-cut decision-making and delegation. At a more general level, characteristic to Finnish companies was mentioned to be the following features: open flow of information, equal conversation and exchange of thoughts, low and interactive organisations, fast decision-making processes (faster than in Europe on average, but slower reaction time as regards market changes), and justice and sense of responsibility in doing business (i.e. "what is promised, will also be delivered").

25 Finnish financial management has traditionally covered both accounting and treasury functions. Nowadays however these two functions are often separated from each other in the largest firms.

On the other hand, an implication of this decentralisation development is that different roles within (management) accounting have sharpened. The centralised part of accounting function is focused on the consolidating corporate reporting, in which the distinction between financial and management accounting does not play a major role. The decentralised part of management accounting – today more and more often under the heading of controller function – takes care of, on the one hand, the production of standardised and timely financial information for the use of corporate reporting and, on the other hand, the financial control and decision support in the local units as members of their managerial teams. Probably because of this typical structuring, the (management) accounting function of the large Finnish firms is often factually organised into a matrix form.

Finnish management accounting functions have traditionally been directed to the inner processes of firms: accountants have co-operated more with production people than with marketing and selling personnel. Currently there are clear signals of a new direction of management accountants, from the inner processes to the outside environment of firms, being realised in an intensified co-operation between accountants and marketing people. This tendency may reflect the more general and "fashionable" trend to try to be customer oriented: management accounting is part of organisational management and therefore the general management change patterns emerge in accounting, too:

I would like to widen that argument, in certain way it is a question about a cultural change of the organisation as a whole, that organisations have to function in a more customer oriented manner overall. It is no more a problem of accounting than it is that of production, but the markets, the customers, largely determine what will be done. One must have much more knowledge about the competitors, this type of things, and one must realise that production is a service function, too. Therefore neither production nor accounting should be regarded as having a value by itself... (Consultant)

A kind of opposite trend to decentralisation seems to be the aim to utilise the possibilities of modern ADP-technology in full and to go for large data warehouse type of integrated information systems (such as SAP's R/3).²⁶ Such systems lead inevitably to the standardisation of data formats and accounting behaviour patterns in the production of accounting information. On the other hand, they open new opportunities to tailor the supplied accounting information in accordance with the information need that emerge in the decision situation at hand. Among Finnish accountants there seems to exist an emerging belief that, at their best, such integrated

²⁶ However, in spite of the seeming general interest in R/3, the absolute number of implemented systems is obviously still very low. According to the Finnish business magazine *Talouselämä* (No.46, 1996) there are currently five R/3-systems in use and around ten other firms are currently in the process of implementing it.

accounting systems might relieve their pressures caused by current reporting routines and give room for more profound analysis and genuine decision support.

Basic features of accounting reporting

The core of Finnish management accounting is budgeting, obviously conducted by all firms of medium and large size at least. All management accounting routines seem to be realised through the budgetary processes in one way or another, not least the most central function of financial reporting. Reporting occurs usually on a monthly basis in Finland. The comprehensive monthly report, which is ready for circulation typically in about two weeks after the end of month and sometimes includes complete financial statements of the whole company, is often supplemented by some kind of "flash reports". The point in the latter type of reports is that they are circulated only a very short time after the end of month, usually in a couple of days. Flash reports focus on the most critical financial (and sometimes non-financial) figures to support organisational control, being less detailed and accurate than the comprehensive monthly reports. According to several Finnish managers, the flash reports are however the most important decision-supporting information they get. This reflects the fact that Finnish managers overall put a lot emphasis on getting correct reports and quickly.

In Finland today, accounting function is commonly regarded as having too scarce resources with regard to its heavy load in organisations, which is feared to cause an increased risk of producing and circulating incorrect information. Routine activities are considered to consume too large a proportion of accountants' time. A lot of routine information (monthly reports etc.) is nowadays produced, in fact too much according to several interview comments, for example. Also, the number of performance measures included in the routine reports is considered often to be too high. Traditionally those who act outside accounting function have had difficulties in reading and understanding accounting reports. However, these problems seem to be to some extent relieved recently, since a lot of attention has been paid to the reformation of those reports in many firms, being realised by the increased use of graphics, in particular.

In Finland numerical planning is commonly esteemed lightly. For instance, there are a number of jokes about the most typical Finnish sales budgeting practices according to which those budgets, especially the sales volumes, are prepared in a most random manner, based on only very short and superficial considerations. These jokes may reflect the reality of budgeting practices, at least to some extent. A similar tendency seems to apply with regard to Finnish capital budgeting practices, too: a very commonly held idea is that the role played by profitability calculations, for example, is of the window-dressing type, i.e. they offer formal legitimations for the decisions made on other grounds (cf. Lumijärvi, 1991a, 1991b).

...a lot depends on what is not reported, too...since it is not a question of mathematics, but that a lot of facts are collected, we have experiences and visions, and on that basis we must make the decision. And the problem usually is that we step on the gas too late or on the brake pedal too late irrespective of how good that information was. Since it is so difficult to take the chance. [...] Here my point is that even though we have to collect data and make estimates, it is clear we cannot live on the basis of estimates very long. And therefore the process has to be such that we can get along with it, we can make decisions quickly. And flexibility is so important. [...] What all this comes down to is that yes, we surely need more information as to future. But so far our experience tells us that you cannot count on that information too much. (Company vice-president, Construction materials industry)

The increased direction towards the future can be seen in the common determination of the so-called estimates within the budgetary control process during the year. This estimate typically means the best rating of the values of critical performance measures (such as sales, contribution margin, gross margin, profit and ROI) at the end of the year made by the person responsible for the unit. After monthly accounting reports have been circulated – the width of circulation varies a lot from one firm to another – there are usually control meetings, in which the past results and especially the plans for the future are discussed.

In corporate reporting the key idea is to collect standardised base data from all parts of the firm, which can be consolidated and processed to form summary reports at the corporate level. This type of activities run usually smoothly in the Finnish context, where the keeping of promised things (here such as dead-lines, agreed formats etc.) is a highly valued issue, almost a question of personal honour for many people. In Finland it seems to be common that financial and management accounting form a single integrated entity and follow the same accounting principles. It emerged in our study that some firms had earlier made a more profound distinction between these two areas of accounting (e.g. they had valued their fixed assets at historical cost in financial accounting, but at replacement cost in management reporting), but had recently moved towards integration (e.g. being realised in the use of similar valuation principles in both areas). The argument used for this change goes that, even though the firm might lose in the sense of theoretical orthodoxy, it benefits in the increased simplicity of the accounting system and with having to invest less in making the reports and figures of financial and management accounting to correspond – the traditional habit of Finnish accountants.²⁷

²⁷ This is a significant difference from the discussion that has been going on in the USA recently, in which the "lost relevance" of management accounting blame was put to a large extent on the too close integration of financial and management accounting systems (e.g. Johnson & Kaplan, 1987).

There seems to be an emerging and easily understandable tendency in the corporate reporting of the internationally operating Finnish firms to apply more and more closely the internationally accepted accounting principles (such as IASC's standards), not only in financial accounting, but – due to the closer and closer integration mentioned above – in management accounting, too. One of the most important implications of this tendency is the ongoing move from variable costing to absorption costing as the central product valuation principle. However, it seems characteristic of the large corporations that – in spite of the overall tendency to standardise – there still exist locally different accounting solutions (e.g. product cost calculation patterns or performance measures). Variable costing has dominated Finnish accounting for a long time, and getting rid of that can be at times difficult. The following interview discussion illustrates this situation:²⁸

A: All our reporting is of absorption costing type, based on IAS. All reporting is based on the fact that indirect costs are...

Q: *You mean the costs of production, manufacturing...*

A: Indirect manufacturing costs are in the product cost calculation.

Q: Yes. And it is in all reporting?

A: In reporting, yes.

Q: *But there can be variable costing type of accounting somewhere?*

A: Listen, there are guys who still calculate contribution margin out there. What they do is that they turn their papers upside down when I enter the room... (CFO, Construction materials industry)

Performance measures

The typical Western financial performance measures, such as turnover, contribution, gross and profit margin (both in monetary and percentage terms) and ROI, are used in Finland. Even though financial performance measures focus on the measurement of profitability, measures of liquidity and capital structure are widely used. In addition, the measurement of order back log is common, too. With regard to internationally operating firms, the tendency to follow IAS-standards can be seen in performance measures as well: the earlier often used contribution margin seems to be slowly disappearing and the significance of gross margin tends to increase.

Today there is a lively discussion going on in Finland concerning the widening of the use of performance measures towards non-financial ones.²⁹ This type of measures may be linked to issues such as customer satisfaction, the quality of operations overall, product quality, quality

²⁸ Q = question of the researcher; A = answer of the interviewed person.

²⁹ About the reasons why the interest in non-financial performance measures is increasing today, see e.g. Vaivio (1995).

of processes, and the performance of the firm with regard to time and productivity. There seem to be two basic issues linked with this theme: what would be the most appropriate measures to be used, and who should "own" this type of measurement

Traditionally non-financial measures have been collected in the operative functions of the firm (in manufacturing such measures as productivity and various cycle times; in marketing such measures as market share and customer complaints) and more recently by the quality function people (different type of quality measures). During the last few years this discussion has moved more and more towards the question as to what would be the adequate role of management accountants in this respect. At least partly this new tendency seems to be linked with the idea of Balanced Scorecard, the origin of which is precisely in management accounting (Kaplan & Norton, 1992, 1993, 1996).

This global tendency is evident in Finland, too: management accountants have become active with regard to non-financial measurements, which seems to lead to a widened scope of accounting. Several Finnish firms have developed their own systems for non-financial measurement routines (see Lukka & Granlund, 1996), and management accountants appear to often act as change agents in these developments. In fact many Finnish management accountants seem to believe that in case they do take the initiative with regard to developing the non-financial measures, then no party will develop them. However, they tend to regard it as an ideal situation when non-financial measures will be developed in co-operation with the personnel of the operative functions with the intention to measure the true critical success factors.

It is considered to be of special importance to be able to select meaningful measures since the number of performance measures in use should not be (too) high – a lot of emphasis is put on the KISS principle ("keep it stupid simple") in Finland, even though this may not succeed in all cases. As the collection of data for non-financial reporting – depending of course on the organisation of this collection – often consumes a great deal of human effort and resources, the bottleneck of the projects of developing non-financial measures appears to be how to get people committed enough so that they reliably and systematically do the basic registrations. In some cases these projects have died because of an unsuccessful tackling with this problem in about a year after their start. According to Finnish experience, with regard to this problem, it is most important that the non-financial measures developed become to be felt as meaningful and useful in the work of the people who should register the basic data for the system.

Some management accountants are also worried about these rapidly emerging non-financial measures as they often look problematic from the viewpoint of accounting measurement tradition: they are considered to be difficult to standardise and less credible than traditional financial measures. Therefore they are felt not to form a solid basis for the

consolidated reporting at the corporate level, here differing from financial information. In consequence, in many Finnish firms not even an attempt is made to consolidate non-financial measurement into corporate level reports. Instead it is accepted that this type of information is meaningful at the divisional and profit centre levels only. Overall, the message of the Finnish firms' experiences in this area seems to be that a careful selection of measurement principles as well as their documentation and communication within the firm are the key issues to be considered in order to make success.

The roles of management accountants

A characteristic tendency in Finnish management accounting practice of the last decade or so is the felt need to be increasingly business oriented, as was briefly already noted above. Probably this tendency is a response to the continuous debates of customer orientation and of the need to replace the functional or departmental approaches of management by the process-oriented one.³⁰ Overall, the working and flexible communication over the functional and departmental borders is nowadays regarded as one of the key success factors. Even though these borders have obviously become on average lower in Finland recently – and according to several interviewees lower than e.g. in the USA or Germany – they are still considered too high.

This tendency to be more business oriented can be seen in the titles of accounting posts, too: more and more often one encounters the title of controller in Finnish firms.³¹ Even though the replacement of the old titles (such as "laskentapäällikkö" = accounting manager or "talouspäällikkö" = financial manager) by the title of controller has perhaps sometimes been nothing but a cosmetic following of a fashion, it has probably most often also meant a true reorientation of the contents of accountants' work. It is of great importance to notice that in the Finnish usage the term controller has a rather special meaning, differing for instance from the corresponding concept in the USA, where controllers are usually rather senior people responsible for financial and management accounting, in contrast to treasurers, who deal with finance issues (see e.g. Horngren et al., 1994; Raiborn et al., 1993). In Finland instead controllers should ideally – even though there are larger variances from one firm to another – act as adviser of the company, divisional or profit centre management, at best being members

30 A lot has recently been written about the (changing) role of the management accountant in today's business environment (e.g. Turney & Anderson, 1989; McNair *et al.*, 1990; Fisher, 1992; Argyris & Kaplan, 1994; Bromwich & Bhimani, 1994; Kaplan, 1995; Sillince & Sykes, 1995; Cooper, 1996a, 1996b, 1996c; see also Mattsson, 1987). The basic argument underlying this discussion relates to the fear for the collapse (or even vanishment) of appreciation of the whole profession. This collapse has been introduced as a natural consequence, if principles of modern customer-orientation are not adopted amidst the accountants soon; and adopted so that they would also be reflected in management accounting systems.

31 The English word is then used either directly or with a small modification towards Finnish, in the form "kontrolleri".

of the managerial team. In Finland one encounters controllers most often in profit centres, and only seldom in the centralised accounting departments of the corporate level. Controllers' most important task is to bring the financial perspective into managerial decision-making situations and to take care that this information will truly be received by the participants of the organisation.³² The controller's role according to this Finnish ideal depicted above is most demanding. This becomes illustrated by the following citations:

In my view a good controller should be the number two guy of the organisation. Thus he³³ has to be able to know almost the same things as does the chief of the business. The marketing or production managers do not have to worry about everything but in my view the controller as well as the chief of the business must do so. (Divisional Chief Executive, Machine construction industry)

That accounting is one part of management, an organic part of the managerial team. That the controller is so professional and his personal seniority, I do not refer to age here, but the psychological seniority is of the level that he can participate in the discussion on an equal basis. And he has gained such an image that the other members of that group believe he talks sense. (CFO, Construction materials industry)

I consider it significant how well Ö the person responsible for accounting function is able to get his message through to the destination in the organisation. He should know the business rather well and take the responsibility to make sure that the people who make decisions daily will get the tools needed in order to make those decisions. In my view this is the most important task, to take care of this. (Consultant)

Several interviewees referred to the two-folded nature of controller's task: even though they used to emphasise that he or she has to participate in business decision-making, and that precisely this is something that has to be developed further, they seemed however not ready to abandon the role of financial monitoring either. The traditional management accountant's role of being the "watchdog" of the organisation is still there, too. Therefore the scope of the ideal controller's task in Finland is considerably wider than the traditional one. And it certainly is highly demanding:

A: This may sound a little negative but it means that... the role of accounting managers covers, and we ourselves may have gone a little too far into this direction as we have

³² The need for this kind of management accountants' orientation is raised already by Peters (1987) and later e.g. by Lebas (1994), Lyne & Friedman (1996) and – in a text-book context – Burch (1994).

³³ Finnish language only knows one gender as to pronouns. We use routinely the masculine form in our translations when the interviewee (such as here) has not specified his or her reference to one of the genders.

decentralised the accounting function, that the role as a watchdog has received almost too little attention. [...]

Q: Is this not a conflicting situation as the simultaneous business orientation seems to require something else?

A: It requires something else but... it may be – if one feels it in such a way – that it becomes a conflicting situation. But as to myself for instance it means that I should in one way or another control the actions of my boss, too, and there take the viewpoint of the shareholders. In this way the CEO is in certain way under control, too, in true practical terms. And this kind of role should be there through the whole line [of the accounting organisation] [...] in order to this be well organised. But we should also be able to participate in the development of business in spite of this. They are not contradictory. If one develops the business on honest principles and truly. (CFO, Machine construction industry).

A little bit different role... as to the factory [of whose controller the interviewee is] I am perhaps an adviser and a member of the managerial team, but as to [the name of the chief of the interviewee] and otherwise there comes the role of the watchdog of course. And it is rather natural that the role may change, that the issues dealt with differ from one person to another (Profit-centre Controller, Paper industry)

[in the firm the interviewee had worked earlier] the controller organisation was understood as an independent organisation where the controller reported upwards in the hierarchy. [...] and precisely there emerged the watchdog phenomenon, in certain way perhaps also in a negative manner. It was sometimes difficult to make a difference between two things: am I now telling forward all kinds of secrets, or am I a member of this managerial team and the advisor of this chief. (Consultant)

The last two citations illustrate the differences in the controller's role when he or she communicates in different directions of the matrix: in the local part of the line organisation a controller is the business oriented member of the managerial team and a financial adviser; in the accounting organisation a controller is more like the local guardian, ensuring that the corporate interests are not forgotten. Obviously the need to run the periodic calculation and reporting routines with as little effort and use of resources as possible is of vital importance in this new situation, in order that the controller would be able to truly invest in the new business oriented side of his or her enlarged task portfolio. Therefore much depends on the fact how well the firm has managed in selecting and developing its information processing systems.

The increased business orientation and the aim to become a serious member of managerial teams places new requirements for the management accounting abilities, too. In several

interviews the business oriented controller was opposed by the traditional "bean-counter" type of persons, who aim to write accurate and correct financial history and thereby attempt to respond to the formal information needs, whose personal communication is typically directed into the accounting function only and whose communication to the outside of the accounting function concentrates on written reports.³⁴ This traditional role of accountants is obviously well suited for people whose task is to operate in the centralised part of accounting at the corporate level, where the preparation of consolidated periodic reports is the key concern. One of our interviewees represented quite clearly the "bean-counter" type, which becomes illustrated by the following citation:

Q: How would you shortly describe your work, what do you do in your view?

A: If we divide accounting into two parts – I call one of them corporate accounting and the other management accounting – I am responsible for corporate accounting, which covers budgeting, financial statements, monthly reporting [...]

Q: And what else, the daily communication, how is that directed

A: Well, the daily communication is more within the accounting people [...]

Q: In addition to circulating the reports, do you do something else with them? Will there be some comments on them, or is it so that they will be circulated through you for the line people, and there will be some kind of commenting out there...

A: [...] typically the comments are given by the CEO and within the members of the operative managerial team. We have sometimes attempted to take another approach as to commenting, but I don't know, somehow it has not really worked...

Q: Could we then even say that in your view that would not suit to your idea of the role of accountants?

A: Yes, that would be too bureaucratic.

Q: So your point is that it [commenting] concerns more the line people.

A: Yes, it is more their business [...] (CFO, Machine construction industry).

Modern business oriented (management) accountants, called controller for instance, are required to have – in addition to the knowledge of the principles of financial analysis – a good understanding of the business the firm is in, fluent communication skills and an ability to run change projects, too. The orientation of their actions in terms of time is more towards the future than to the past, and the role played by the detailed accuracy of the figures they deal with is far from the significance this issue has for the traditional "bean-counter" type of accountants – "it is better to be approximately right than precisely wrong" (e.g. Burch, 1994).

³⁴ This typology corresponds to some extent to that, suggested by Pihlanto (1995), in which a "participative manager" is opposed by an "instrumental manager",

There seems to be a rather clear division of labour between the "bean-counter" type and the controller type of accountants in Finland. Obviously these two accountants' archetypes are fundamentally different, in fact to such an extent that it is somewhat difficult to imagine that somebody would manage to act in both roles, at least not simultaneously.³⁵ The following citation illustrates well both this contradiction and the differing preferences:

The people who, let's put it in this way, start to make debit and credit entries, they come into the system in a different way. But it is obviously so that when I think back of my fellow students in the university, or if you think of those of yours, it varies. All people do not wish to act in a role of a business oriented accountant, such as this of mine. What I mean is that an accountant... or let's say a controller, a good controller is a person who is a little bit weak in debit/credit issues. If one is too interested in balancing debit and credit entries, then he is not a good business controller. (CFO, Machine construction industry)

In addition, it looks as if the controller type of accountants would be able to gain a considerably higher informal status in their organisations than what is possible for a "bean-counter", in particular by means of their communication activities breaking the function line borders:

Q: [...] or would I propose a hypothesis like this: is the status of the function in the organisation one of the critical aspects? One could assume that an accounting manager of the "bean-counter" type could never gain a considerably high status.

A: It is pretty much like that, yes. I know a number of guys who are extrovert personalities, and when you look at the organisation, they are also quite highly respected. Since the accounting function, and financial information, sometimes is such a field that people may be a little bit scared of it. Because it is so specific field, the people representing other functions feel themselves, how would I put it, that they do not necessarily know the basic principles, and they consider it partly as a mysterious science or something. It is precisely the good guys who are able to break this kind of prejudices and can explain that it is all about rather simple basic issues. (Consultant)

In terms of time, the orientation of accountants is moving away from the traditional staring at the "rear mirror" approach, which takes place through the control reports making visible the realised past. In Finland today, people tend to emphasise the importance of acting on the basis

³⁵ In an executive seminar by IIR Finland in spring 1996, in which about 40 practising accountants were gathered together, this tension was crystallised in the form of the question "can a bean-counter be a change agent?", from which we got the idea for the title of this paper.

of real-time information, since it gives an opportunity for managerial actions, which are tuned in accordance with the current situation. The orientation towards the future is thus significantly based on the knowledge about the present. In addition, the leaps towards the future do not seem to be especially long ones – the era of long-range planning orientation seems to be over in Finland, at least for the time being. The firm's ability to react fast and flexibly on the basis of both real-time information and estimates for the future is typically felt to be the critical factor with regard to its success:

In Germany they were more interested in the past, history and statistics, a little bit more. The same applies to Finland...but it is changing also in Finland, so that we live more the current situation and manage on the basis of the situation and aim to look forward. But on the other hand, we are also in a situation where, if one meets a five-year plan, it is not considered as making too much sense. All right, one may prepare the required plan in technical terms, but it is not used as a true target. For everybody knows that so large changes of conditions will occur that, let's put it so, that one year ahead, it is a very long time scale in this business. If there are three to five years, then the first year is accurate, and thereafter the extent it holds...one does not consider it to make much sense in this business... it has lost its significance. (Profit centre controller, Paper industry)

A: Well, our basic rule is that you have to change your estimate always when there is a need to change the estimate. And what it means is that there is not any specified month in which a new estimate has to be prepared, or... Our aim is that we should take a look forward all the time. We have placed more emphasis on such issues as order back log, received orders, orders in process, sales prognoses. This is one side of it, and the other side is that, in my view, it is a little question of the division of labour, that I do not appreciate such accounting which concentrates on future estimates without knowing where we are at present. It is a hell of a difficult to say where we are heading to if we do not know where we are now. There is a basic rule in physics that an item continues its progress with the same speed to the given direction if there is no power that affects it. And this applies generally to all of these economic trends, too. What is well off today will be well off tomorrow, too, despite all the talking, and what goes badly today will go badly also tomorrow, if there is no special reason to make it better tomorrow.

Q: In other words you consider the good measurement of the past as rather important.

A: The good measurement of the present. So that the measuring time scale is as short as possible, preferably so that we know today what takes place today. We have to know exactly where we are now. (CFO, Construction materials industry)

Also the credibility of the firm in the eyes of its stakeholders requires, instead of the ability to make prognoses, that the company management continuously can show that it is aware of the current situation, in particular in financial terms, and its potential inherent problems. This issue is highlighted if the existence of the firm is questioned because of some kind of a crisis:

[...] we had a lot of trouble a couple of years ago. In my view the key reason behind the fact that we were left in peace – that we were given an opportunity to bring this back home – was the fact that we could all the time inform just on time where we are. Our results showed indeed that we could not make correct estimates, but we also reported that quite openly. [...] But it is essential that there never was a situation in which we would not have known what was the balance of the day. If you take a look at others shaken by the depression and crisis, at those which lost the game, then one can notice the key rule: the game was lost at the very moment when they did not know anymore where they were. Nobody asked for estimates for the future, whether they knew where they were heading to. The end came instead at the moment when things suddenly emerged that showed that they did not know where they were at the moment. (CFO, Construction materials industry)

Even though the increased business orientation and communication over the function boundaries is the current aim in many Finnish firms, there also seem to be limits as to in what issues accountants are allowed to interfere. However, concerning this question, there probably are large differences from one firm, or person, to another. For instance marketing can turn out to be an area in which accountants should be careful in order not to face a conflict situation:

[...] I was in a way worried about certain product, a good one, for which there appeared to be too little selling capacity. I noticed that its margins were rather good, and that we would cash well with the help of additional sales capacity, that there was customer potential, which was not yet utilised, additional resources were needed. Then I went to suggest that why don't we hire one or two more people for exports. They then said laughingly that well, that's the way an accountant can easily calculate, that when you now sell 20 millions, then you take one more, and you get another 20 millions. Well, I didn't exactly mean to say that but they just smiled at me and said that why don't you just make your calculations, we boys do the selling... (Consultant)³⁶

36 This was a recollection of the consultant from the time he worked as an accountant in various firms.

CONCLUSIONS

Stereotypes of Finnishness and the dynamics of culture

In the light of our findings many characteristics attached to Finnishness seem to emerge also in the management accounting practices. The characteristics attached to Finns in this paper seem to be consistent pieces of the wider puzzle of Finnishness. Even though it has been suggested elsewhere that there is hardly any real life evidence to support the myths of Finnishness (e.g. Lehtonen, 1994), we consider for instance the following characteristics as well-illustrating as comes to the core of Finnish mentality: hard-working, reliable, responsible, prudent, honest, purposeful, systematic, accurate, persistent, taciturn, straightforward, modest, serious, formal, and withdrawn.

With regard to "the seamy side" of Finnishness, like taciturnity and uncommunicativeness, we think we have been able to observe a considerable change. The more "international" (and in many cases younger) Finnish managers, controllers, or so we are talking about, the more communicative and open they seem to be. Cultural values and even deep-structures thus tend to be changeable. The dynamics of culture produces concrete changes over time, as new values arise, for example, through education, international contacts, and gradual retiring of people, who maintain the old structures, from influential posts in companies. By the gradual production and reproduction process of the new structural properties, new values, norms and beliefs become in due time the core of the new way of thinking and acting (Giddens, 1979).³⁷

Finnishness is perhaps not a homogeneous phenomenon in the same sense as it used to be, though there have always existed regional differences. In urban environments Western values seem to have made a considerable break through, even though the realisation of these values (like small talk) does not seem to have worked out extremely well yet. The intense internationalisation of Finnish companies has in any case given a strong boost to the gradual transformation of traditional Finnish communication culture. In order to survive in international competition, Finnish companies have presumably been forced to change their operating styles, from salesmen to CEOs. They have realised that internationalisation and different cultures have to be studied in order to make success (see Lehtonen, 1993; Rusanen, 1993; Virtanen, 1994).

Exploration of cultural issues is a relativist arena of scientific examination. Therefore, there exist also remarkable reservations in creating cultural stereotypes. It is obvious that differences

³⁷ We have also introduced some, though still rather vague, indications of a more general cultural transition taking place in the Finnish society, boosted by intense internationalisation and other winds of change. Recent studies suggest that, especially among younger Finns, these trends seem to be widely transforming the image of Finns towards a more Western image in their communicative delivery and overall behaviour. The dynamism of cultures tends thus to be concretely reflected in this rather general transition, which concerns even the whole concept of Finnishness.

and similarities as compared to other countries vary by their nature and even by direction depending on the context. For instance, a number of similarities between Finland, Sweden, and Germany seem to be easily found, but if we go beyond the surface, we can also find a plethora of significant differences. Seemingly very similar cultures of Finland, Sweden, and Germany have their own distinct cultural features: accurateness and systematicalness are of their own class in Germany, as is the pervasive ideology of democracy correspondingly in Sweden. The Finnish straightforward approaching towards the decision and appreciation of silence are on the other hand strange both to the Germans and the Swedes.

Finnish management accounting culture in transition

The Finnish management accounting culture seems to have been (and in many companies still prevails to be) characterised by "bean-counting"-type accounting. It has been labelled by careful tallying of figures, and composing of reports without any better idea of the purpose they are used for in the end.³⁸ However, we observed a general shift away from this model to a controller-type operation and organisation of management accounting (and management control in general). This change of orientation – which has already for some years been propagated by for instance consultants also in Finland – seems to be finding its real life counterpart in Finnish management accounting practice. Of course, it is self-evident that the change in the Finnish management accounting culture is not separable from the more general trends in its cultural environment: in leadership cultures, corporate cultures, or national culture. Changes in the management cultures in Finnish companies seem to be characterised by strong orientation towards unlimited communication, which is taking place also over functional borders. Similarly, the new waves of management accounting (like Cost Management thinking) emphasising cross-functional relations have in more and more cases been understood as an important part of corporate management, especially in the sense that they are also applied through a true controller organisation.

The transition in the role of management accountants over time has been outlined in Figure 2. In the light of this study, the most significant part of the arrow – describing the direction of the change – goes upwards from the watchdog role. This is because certain kind of

38 The "bean-counter" stereotype, or the accountant stereotype in general, has also been a subject of some earlier studies (e.g. Bougen, 1994). As the creation of stereotypes of whatever kind always implies ambiguities, so does the configuration of the accountant stereotype: stereotypification constitutes much more complexities, than what might be assumed. Stereotypes may though be useful for illustrative purposes. We use the stereotypes (or archetypes), only for illustrative purposes; to describe the different ways of operation, the different job descriptions, to be attached to the different types of accountants and accounting organisations. Our intention is thus not to suggest, for instance, that accountants operating in the "bean-counting" manner as suggested here would be useless for organisations. The message is rather to argue for a necessary expansion of the role of (some) accountants in organisations, which are struggling for survival, for example, in an international environment.

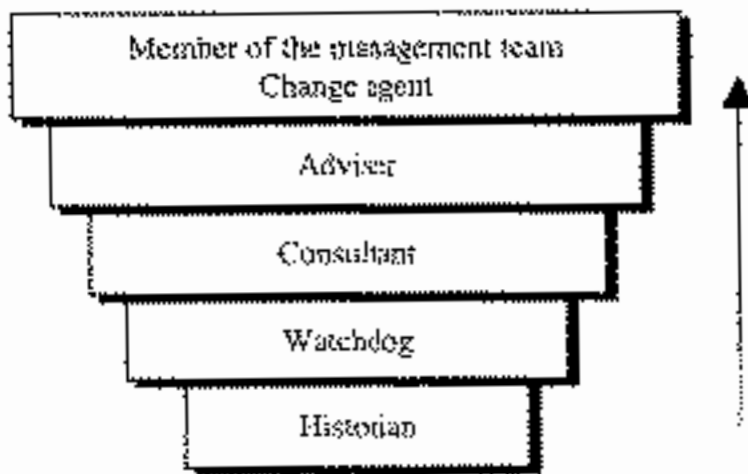


FIG. 2. The expansion of the management accountant's job description.

historiography, or at least watching over, prevails as the basis of all accounting, regardless of what other roles may in practice be built on these. It is thus crucial to understand the Figure so that it is concerned with the *expansion* of the management accountants role, the upper roles *including* new and wider dimensions in the job description.

Table 1 below outlines, on its behalf, values, beliefs, operating forms, etc., especially in the light of Finnishness, which may be attached to the "bean-counting" and on the other hand to the controller-type of management accounting. The Table describes first such general Finnish characteristics, which may be attached to both of these accountant archetypes. These features relate to the general roles of management accountants up to the watchdog role. After that we have listed characteristics in relation to which clear differences may be observed.

It seems that the Finnish management accountant profession – with the contribution of top management – is trying to actively answer to current managerial challenges and information needs. The most special Finnish concept of controller – the origin of which we are for the moment still unable to explicate – represents already in itself a reply to the discussions around the needs for change. The Finnish controller is not necessarily a senior person, but a person, who is responsible for management accounting, and for the wide communication of management accounting information around the organisation. Crucial to his or her work is also a wide sense of responsibility and a true worry for organisational decision-making in a range of functions and operations. The Finnish controller is concerned as well with marketing and production issues, as with cost accounting, budgeting, performance measurement, competitor analysis, and so on. He or she is especially concerned with bringing his or her

TABLE 1. Values, operational forms, and facilities attached to the two types of management accountants and management accounting organisations.

CHARACTER	"BEAN-COUNTER"	CONTROLLER
RELIABILITY	YES	YES
HONESTY	YES	YES
PURPOSEFULNESS	YES	YES
PRUDENCE	YES	YES
ACCURATENESS/TIME	YES	YES
ACCURATENESS/MAGNITUDE	YES	NO
SILENCE (KEEPING SILENT)	YES	NO
WITHDRAWAL	YES	NO
FORMALITY	YES	TO SOME EXTENT, UNDER CERTAIN CIRCUMSTANCES
MODESTY	YES	COMPROMISES SHOULD BE MADE WHENEVER NEEDED
TEMPORAL ORIENTATION	EMPHASIS ON THE PAST	EMPHASIS ON THE PRESENT AND THE FUTURE
COMMUNICATION SKILLS	SATISFACTORY	EXCELLENT
LINGUISTIC SKILLS	SATISFACTORY	EXCELLENT
WORKING METHOD	MOSTLY ON HIS/HER OWN	TEAM WORK
COMMUNICATION (CHANNEL)S USED	MAINLY WRITTEN REPORTING	USES ALSO A LOT OF PERSONAL (FACE-TO-FACE) COMMUNICATION
THE PRIMARY AIM OF COMMUNICATION	FULFILLING OF FORMAL INFORMATION REQUIREMENTS	ACTIVE ATTENTION ATTRACTION, SO THAT GETS THE MESSAGE THROUGH; WIDE RESPONSIBILITY TAKING ³⁹
GENERAL OPERATING STYLE	INFORMATION COLLECTOR AND PROCESSOR	A MEMBER OF THE MANAGEMENT TEAM AND A CHANGE AGENT

³⁹ Cf. Jönsson (1996) for the management accountants aim for creating personal contacts, and for the interpretational aspects of the attention calling objective.

special knowledge to real decision-making situations, and feels responsibility for getting through the message based on this knowledge. Ideally the Finnish controller is thus also a *change agent*, who is not satisfied with only a verifying and stating role. He or she wants to affect decision-making also directly, whenever seen necessary.

There are certainly many factors underlying the development described here: some of them are definitely based on practical functional matters. It may also be that at least in certain cases the change might, in addition to functional aspects, be explained by institutional factors (e.g. Powell & DiMaggio, 1991). The relevant question here is how truly those companies, which argue in the name of controller operations, actually apply them in practice? Our findings though suggest that the absolute majority of these companies also truly apply principles to be related to controller-type management accounting. In some exception(s), controller operations tend to emerge only in the organisation chart. This finding may be explained, for instance, by models of institutionalisation, especially by institutional isomorphism (DiMaggio & Powell, 1983). The explanation could especially be searched for in the model of mimetic processes, which compresses the following idea: companies copy generally accepted models of operation from each other in order to gain as much legitimation for their operation as possible from their operating environment, from their stakeholders. Since controller-type rehearsal of management accounting has gained the image of up-to-date operation – in some cases even an image of being a strategic resource – practically all executives would like to say that they apply it.

Even though functional and institutional explanations are not mutually exclusive (see e.g. Granlund *et al.*, forthcoming), it may however be more convenient to look for the most crucial explanation for the change in the Finnish management accounting culture among operational practical reasons. Companies operating in an international – even global – competitive environment have in many instances been said to need, in order to survive, such a management accounting system, in which the role of management accountants would explicitly be to introduce financial knowledge, and for instance cost management thinking, to real decision-making situations. When the communication between all organisational functions works smoothly, and also production and marketing people experience that they get real benefits from management accounting, it is possible to create a competitive organisational entity; an entity, which in this respect has at least preconditions for successful fighting for market shares.⁴⁰

40 At the moment, this is what might be said about the companies studied here; i.e. about large Finnish international enterprises. The situation of firms operating almost purely nationally, or the situation of small and middle-sized companies in general, is still unclear. There is, however, some case-evidence suggesting that the operation almost exclusively in national markets does not make an exception in the development pattern described in this paper (e.g. Granlund, 1994, 1996). Furthermore, we may also ask a more general question about the overall possibilities of generalisation of our results. Our intention has explicitly been to tell something general about the Finnish management accounting culture. We have compensated our relatively small number of interviews by rather abundant and versatile empirical secondary evidence, and by systematic integration of the findings with

Some reflections on earlier studies

Making international and cultural comparisons is always difficult and ambiguous. Furthermore, management accounting seems to belong to the perhaps especially difficult areas of doing these comparisons, since management accounting cultures have not been studied earlier almost anywhere (at least not explicitly).⁴¹ In addition, the results of cultural studies may be difficult to compare, because the subjects of analyses and the ways of doing analysis and interpretation may vary to a significant degree. International comparisons between different studies should thus be considered only as indicative by their interpretations.

Some attempts are made in the following to compare the results of this study with some of the findings presented in earlier studies. Löning (1996) studied the values and operating forms of French and British executives by case and survey method. Her findings seem to confirm those assumptions (stereotypes), which are also generally attached to French and British cultures. The excessive emphasising of intellectuality and consensus by the French is considered as strange by the British, as what may be assumed to be the case with Finns. The most urgent issue emerging from this comparison seems to be that the Finnish values and forms of operation resemble rather the British than the French values and operating procedures. Conclusions going beyond this very general suggestion are obviously too dangerous to do, yet.

Ahrens (1996a, 1996b) applied in his ethnographic case-study in German and British breweries principally the method of participative observing. He explicitly aimed at observing negotiations, especially meetings, where representatives from different functions of the organisation were present. Communication was thus, similarly as in our study, one of the main subjects under examination. One of Ahrens' (1996a) main findings was that representatives from the accounting function participate much more actively in decision-making in the UK than in Germany. The examples of the British practice resemble thus at least partly our findings from the Finnish companies. Also, as regards communication between the different functions

literature on national cultures, for instance. The applied rhetoric could be called as the *rhetoric of contextual generalisation*, which differs especially from the rhetoric of statistical generalisation (Lukka & Kasanen, 1995). As Lukka & Kasanen (1995) suggest, through careful and well-argued case-research – which combines different elements of generalisation (theoretical knowledge; results of earlier empirical studies; new findings and results) – the validity area of the results may be widened also beyond the primary findings. The efficiency of the contextual generalisation rhetoric relates especially to the principle followed in this study; the researcher should primarily try to understand (and communicate) a real business context, and try to reveal and explain also more general structural interrelationships. Having this in mind, the results presented in this paper on the Finnish management accounting practice represent in our view – at least in large international companies – also a general picture of Finnish management accounting culture.

⁴¹ It is perhaps a good idea to clarify here what we exactly mean by this, since as we have mentioned, a lot has recently been written especially in the UK and the USA about the change in the accountants role; i.e. about the issue we keep on emphasising in this study. The point is, however, that the earlier writing has mainly taken place in terms of consultancy style, from a *normative point of view*, which argues for the *need for this change*. Empirical evidence on the realisation of these pleas, or on their emergence or change tendencies in practice, does not however seem to exist.

of organisations, the counterpart to our findings seems to be more easily found in the UK than in Germany (at least nowadays). Whereas according to Ahrens (1996a) – as well as according to some of our interviewees – the Germans typically emphasise functional borders, they were given little significance in the UK. The British companies thus tend to emphasise the significance of communication between organisational functions, just like did our Finnish interviewees.

As regards Ahrens' (1996b) study concentrating on accountability relationships, we may bring out a few more interesting issues with regard to cultural aspects. In Britain, the accounting system had a primary role in the creation and discharging of accountability relationships. Accounting had a privileged status in the appreciation of different alternatives for operation. On the contrary, in Germany it was often seen that accounting cannot describe the reality related to the different operating alternatives. The role of accounting was thus not considered so crucial in Germany, where the role of accountants was also more like an information collector and processor. Also this study emphasised the significance of functional borders in German management accounting, as well as in the operation more generally. A straightforward conclusion of a comparison between Ahrens' (1996a, 1996b) studies and that of ours seems to be that the Finnish management accounting culture is in a certain sense shifting from the German model towards the British model. Still, it is not convenient to speak generally about a British model. In our view, the Finnish controller model is definitely Finnish, but may of course have overlappings with other management accounting cultures.

How can a Finn become a controller?

One of the core questions of this study remains still explicitly unaddressed: how do Finnishness and controller-type management accounting fit together? In other words, is it possible, and how, for withdrawn and uncommunicative Finns to become controllers? The traditional bean-counter model – which still has a firm foothold in Finland – does actually fit very well to the archetype of Finnishness (cf. Table 1). However, at least in large international Finnish companies there seems to exist great needs for "exceptional" individuals, i.e. controllers (cf. the functional model of explanation above).⁴² A true controller does indeed differ by his/her personality and job description from both the Finnishness archetype and the bean-counter stereotype. It seems thus also evident that it is different kind of persons who apply for controller-type work than for work typical for the bean-counting model.

⁴² Beyond these needs we may find, in addition to internationalisation, also ideological or operating philosophical triggers, like customer-orientation, general business-orientation, orientation towards future, and process-orientation breaking functional barriers.

This setting implies also questions and challenges going deeper than one might perhaps assume, especially if the controller-model became – as it seems at the moment – a prevailing practice. Then exceptions would not be enough anymore. In that case, one of the most pervasive challenges would concern university teaching: universities should be able to educate more controllers than bean-counters. It should be though noted that also controllers are always expected to be experts as regards management accounting techniques. In this respect the pressure for change is not necessarily so huge. The greatest pressures for change can be found in the development of communicative skills (including good knowledge of languages), and in the development of observing, analysing, and finding solutions for managerial problems. But maybe the most crucial issue here is the *realisation* – as well among the teachers as the students – of the new job description of management accountants. This role transition means a great image change for management accounting and its teaching. It also causes a need to get more dynamic and extrovert students to study accounting. ■

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