



Strategic management accounting and strategy practices within a public sector agency

Suresh Cuganesan^{a,*}, Richard Dunford^b, Ian Palmer^c

^a University of Sydney, Sydney, Australia

^b University of Newcastle, Newcastle, Australia

^c RMIT University, Melbourne, Australia

ARTICLE INFO

Keywords:

Strategic management accounting
Strategising
Strategy-as-practice
Public sector

ABSTRACT

Empirical strategic management accounting (SMA) research has paid insufficient attention to the practices through which strategising occurs. SMA research has also overlooked the importance of strategy in the public sector and the specificities of this context that problematise existing knowledge of techniques that might make up SMA. Consequently, this study examines the role of management accounting in organisational practices through which strategy is enacted, and does this by way of a longitudinal study of a public sector agency. It is informed by the strategy-as-practice perspective that increasingly features in strategy research. The study identifies roles for management accounting in strategising that extend beyond the typically ascribed functions of decision-facilitation and decision-influencing. Its main contribution is the detailing of specific ways in which management accounting is constitutive of strategising through specific organisational practices. The findings of particular management accounting techniques being used for strategising by entities in the public sector provide a useful counter-point to the private sector orientation that has dominated SMA research to date. The study also outlines particular directions that a rebalanced SMA research agenda might take.

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1. Introduction

An extensive management accounting research literature exists concerning the interface with strategy. Within this literature there are two main research traditions: research that uses the label ‘strategic management accounting’ (SMA) to investigate management accounting that is strategically oriented; and research that examines the inter-relationships between strategy and management control systems (MCS). This paper is situated in the first tradition. It examines the role of management accounting in selected organisational practices through which strategy

is enacted (Jarzabkowski, 2003, 2004). It does this through a longitudinal case study of a public sector agency.

There are two motivations for this study. First, empirical SMA research has focused predominantly on examining the use of SMA techniques in organisations and their antecedents (see, Guilding et al., 2000; Roslender and Hart, 2003; Cadez and Guilding, 2008; Ma and Tayles, 2009). Less attention is paid to the practices through which strategising occurs (Bhimani and Langfield-Smith, 2007). Indeed, the defining characteristics of SMA identified thus far – that it exhibits an environmental, outward-looking and/or a long-term, forward-looking orientation (Cadez and Guilding, 2008) – say little about how strategy is carried out through SMA. The few SMA studies that have examined how strategy occurs (see, Bhimani and Langfield-Smith, 2007; Cadez and Guilding, 2008) generally assume that

* Corresponding author. Tel.: +61 2 9351 6582; fax: +61 2 9475 4700.
E-mail address: suresh.cuganesan@sydney.edu.au (S. Cuganesan).

strategic processes are uni-dimensional, being either formal and structured or informal and unstructured.

Against this, the strategy literature is increasingly concerned with the multiple practices through which strategy is enacted, labelling this the 'strategy-as-practice' perspective (Jarzabkowski and Spee, 2009). In this literature, claims about the demise of formal strategic practices (Mintzberg, 1994) are far from settled. Indeed, evidence of the widespread use of formal strategic practices – even in uncertain and dynamic environments – has renewed scholarly interest in how strategisation is carried out through these organisational arrangements (Whittington and Cailluet, 2008). Consequently, an important element of the concern with strategy-as-practice involves attention to how formal practices distribute shared meanings or mediate between diverse interests and interpretations of strategic activity (Jarzabkowski, 2003). While these practices can take varied forms, particular attention is prescribed to examining the “key strategic practices [of] direction setting, resource allocation and monitoring and control” (Jarzabkowski, 2004, p. 28). To date, SMA studies that take this as a primary concern are limited (for an exception, refer to Jorgensen and Messner, 2010), and are yet to provide detail on the roles that particular management accounting techniques play in these strategic practices and their constitutive effects for strategising.¹ Given this, and informed by the strategy-as-practice perspective, the primary objective of our study is to investigate the role of management accounting in strategising through organisational practices of: (i) planning and direction setting; (ii) resource allocation; and (iii) monitoring and control.

Second, there is a need to examine the management accounting techniques that are connected to strategising in the public sector. Pressures and reforms variously described as new public management (Hood, 1995; Olson et al., 1998) have increased the importance of strategy in the public sector (Llewellyn and Tappin, 2003). Also, specificities of the public sector context indicate that techniques and processes developed for private sector organisations cannot be simply transplanted into a public sector agency (PSA).² Indeed, the monopoly situation of many PSAs and the absence of a profit-imperative would imply that SMA techniques, such as competitor accounting and customer accounting as popularly defined (see, Cadez and Guilding, 2008), are peripheral if not irrelevant. These aspects of the public sector problematise existing knowledge about the management accounting techniques that are used in organisational strategising. Yet, there has been little examination of the role of accounting in strategic decision making

within the public sector.³ Supporting this point, recent studies call for greater engagement of accounting research with the strategising and organising concerns found in contemporary PSAs (Modell et al., 2007; Kurunmaki and Miller, 2011). Hence our secondary objective in this study is to examine the particular forms that management accounting takes as part of strategising in the public sector context.

Our longitudinal case study involves 'Alpha', a national law enforcement organisation tasked with combating serious and organised crime. During the period of study, Alpha adopted a new strategy in response to particular organisational challenges. As part of this, it also reshaped organisational practices to ensure the new strategy was enacted. Alpha, therefore, represents an appropriate setting for the pursuit of both objectives of our study.

The remainder of our paper is structured as follows. Section 2 of the paper reviews previous empirical SMA research and Section 3 presents the strategy-as-practice perspective that we adopt. This is followed by a discussion of the research methods utilised in our study in Section 4, and the results of our case study in Section 5. A discussion of the research findings and conclusion appear in Section 6 of the paper.

2. SMA research and complexities of the public sector

'SMA', as a label, is often traced back to Simmonds (1981), who defined it as “the provision and analysis of management accounting data about a business and its competitors, for use in developing and monitoring business strategy” (p. 26).⁴ It is distinguished by its focus on providing information relevant to evaluating a firm's competitive position in an industry, with an emphasis on customers and competitors as externally located objects of management accounting analyses (Bromwich, 1990). However, some SMA researchers emphasise the interface between accounting and marketing (Roslender and Hart, 2003), while others focus on the linkages to strategy (Ma and Tayles, 2009). As such, there is no accepted consensus on a definition of SMA.

Empirical research on SMA – as opposed to individual techniques that might make up the SMA construct – remains limited despite significant interest in the topic (Cadez and Guilding, 2008). Most empirical work has focused on investigating the level of use of a collection of SMA techniques. One of the earlier studies was by Guilding et al. (2000), who found that competitor accounting practices and strategic pricing were the most commonly used

¹ There is a growing literature that seeks to examine accounting as practice (see, Ahrens and Chapman, 2007). However, in keeping with this special issue this paper focuses on strategy-as-practice, and seeks to situate strategic management accounting techniques within specific organisational practices through which strategy is enacted.

² We use the label 'PSA' specifically to distinguish the type of entity in which we are interested from government owned corporations or government business enterprises that operate in deregulated and privatised markets.

³ We acknowledge the extensive studies of performance measurement in the public sector. However, we wish to demarcate these from the focus of our study, which is on the role that management accounting plays in strategising practices specifically.

⁴ The literature on SMA and its constituent techniques is wide-ranging. Indeed, “the number of publications, in both the professional and academic literatures, that address SMA runs into the thousands” (Langfield-Smith, 2008, p. 213). To focus the ensuing discussion, only those studies that address SMA as a set of accounting techniques (Cadez and Guilding, 2008) are reviewed. Studies examining the strategy–MCS relationship are not included in keeping with the paper's focus (for reviews of this literature see, Chenhall (2003), Langfield-Smith (2006)).

SMA techniques, with strategic costing techniques and brand value accounting less frequently used. In contrast, Roslender and Hart (2003) observed the use of customer profitability, benchmarking, strategic and target cost techniques and brand valuation practices. Over time, the notion of SMA as a multi-dimensional construct – rather than a collection of techniques – has been suggested. Cadez and Guilding (2008) is an important contribution in this regard. These authors propose, and find empirical support for, SMA as comprising five categories: (1) costing techniques of attribute, life-cycle, quality, target and value-chain costing; (2) planning, control and performance measurement techniques of benchmarking and integrated performance measurement; (3) strategic decision-making techniques of strategic costing, strategic pricing and brand valuation; (4) competitor accounting techniques of competitor-focused cost, position and performance appraisal; and (5) customer accounting techniques of customer profitability analysis, lifetime customer profitability analysis and valuation of customers as assets.

Recent work has also begun to investigate the factors that influence SMA use. Bhimani and Langfield-Smith (2007) found that strategy development and implementation activities tended to be structured and formal with no difference in the type of information used in strategy development phases, but greater emphasis on financial information in implementation phases. Cadez and Guilding (2008) found that company size, the adoption of a prospector strategy and accountants' participation in strategic decision-making processes positively affect SMA usage, with the presence of a deliberate (as opposed to emergent) strategy formulation process having a weak association with SMA usage. SMA usage in turn had positive performance effects. Ma and Tayles (2009) linked SMA adoption in their case study organisation to market pressures, actions to mimic rivals and the interests of internal organisational participants.

While important in many aspects, the SMA literature as it stands currently is deficient in two main ways. The first limitation is that research to date has largely focused on investigating usage levels and factors that influence usage. As such, researchers have noted that the extant literature sheds “little light on how SMA practices are implemented and used in practice” (Tillman and Goddard, 2008, p. 81). One aspect of this is that investigations of SMA have largely been disconnected from a focus on the organisational practices that are constitutive of strategising. Indeed, it is only recently that SMA researchers have begun to question how strategic processes manifest and the implications for SMA (see, Bhimani and Langfield-Smith, 2007; Cadez and Guilding, 2008). As Cadez and Guilding (2008, p. 845) posit, “organisations practising a deliberate strategic management philosophy suggests a greater call for strategically oriented information such as that provided by an SMA system”. However, both of these studies describe strategic practices uni-dimensionally, seeking to locate these on a spectrum ranging from formal and structured to informal and unstructured. In contrast, the strategy literature prescribes attention to understanding the different organisational practices that are constitutive of how strategising occurs (Whittington, 2003; Jarzabkowski

and Fenton, 2006; Jarzabkowski and Spee, 2009). Section 3 reviews this strategy-as-practice perspective and the few empirical accounting studies that explicitly adopt a perspective on strategising (in particular, Jorgensen and Messner, 2010).

The second limitation of SMA research is that it has overlooked the important characteristics of the public sector, which is increasingly concerned with issues of strategy and accounting.⁵ Initiatives and efforts aimed at the managerialisation of processes of government – often labelled ‘new public management’ (Hood, 1995; Broadbent and Guthrie, 1998) – have placed strategic planning and accounting practices at the forefront of reforms (Bryson et al., 2010). However, the context of the PSA is quite different to that of the private sector. The scope of PSAs is often determined by government and described in statute or policy, and the introduction of wide-ranging competition has not extended much beyond the development of quasi-markets (Pablo et al., 2007). As such, issues of competitive strategy and attracting customers away from similar providers have not been central for PSAs. Indeed, many PSAs operate in a monopoly position and, in relation to customers, “the problem in the public sector has been one of excess demand rather than a demand deficit” (Llewellyn and Tappin, 2003, p. 960). Given this, many SMA techniques that have been focused upon in prior literature – for example, customer accounting, competitor accounting, possibly also benchmarking – do not necessarily translate across to the public sector context.

While some SMA techniques may not apply in the PSA context, other features of the public sector appear to create particular strategising imperatives for management accounting information. In particular, the public sector is increasingly networked with the joint-delivery of services becoming common-place (Agranoff and McGuire, 2001). Solving intractable or so-called ‘wicked’ problems increasingly calls for integrated approaches involving multiple PSAs, often across different government portfolios (Dawes et al., 2009). Hence, PSA are likely to be involved in networks over which they may have little discretion, needing to collaborate and interact for the purposes of producing joint policy outcomes. Recognising this, recent accounting research has proposed the label ‘regulatory hybrids’ to describe this phenomenon and calls for greater investigation of how inter-organisational cooperation is pursued within the public administration domain (see, Kurunmaki and Miller, 2011).

Issues that potentially arise for strategising and management accounting in such joint-delivery and collaborative situations include how the roles of network participants are to be understood, how particular elements of the network are to be mobilised in action at particular points in time, and how the network is to be stabilised (Agranoff and McGuire, 2001; Berry et al., 2004; McGuire,

⁵ There is related research that examines within a PSA the relationships between strategy and MCS (for example, Kober et al., 2007) and the effects of accounting devices for strategy (for example, Skaerbek and Tryggstad, 2010). However, the studies in question do not incorporate the particular characteristics of this setting into the conceptual or theoretical frameworks that they employ.

2006; Thomson and Perry, 2006). Against this background, the techniques identified as SMA – see earlier in this section – appear to be insufficient in terms of enabling a strategising about networks. Examining the forms that management accounting takes as part of strategising in the public sector provides one means of addressing this gap. The next section reviews the strategy-as-practice perspective that we adopt for the purposes of our study.

3. The strategy-as-practice perspective

The last decade of strategy research has seen the emergence of a much greater focus on the ‘doing of strategy’, that is, what is done, how it is done and by whom (for example, Johnson et al., 2007; Whittington, 2003). This development has been attributed to a growing dissatisfaction with “a curious absence of human actors and their actions in most strategy theories, even those that purport to examine the internal dynamics of the firm” (Jarzabkowski and Spee, 2009, p. 69). This focus on the doing of strategy – or, as it is increasingly labelled, ‘strategy-as-practice’ – variously studies: (i) those doing the strategising (‘practitioners’); (ii) the social, symbolic and material tools that are used (‘practices’); and (iii) the overall pattern of activities that comprise the doing of strategy (‘praxis’) (Jarzabkowski and Spee, 2009).

Within this framework for conceptualising the components of strategising, there is a close relationship between the application of various practices and the overall strategy praxis, because the application of practices is constitutive of the latter. That is, practices function as the ‘infrastructure’ through which strategising occurs (Jarzabkowski, 2003). Particular attention is prescribed to examining the formal practices of direction setting, resource allocation, and monitoring and control practices (Jarzabkowski, 2003, 2004) although the practices that impact on strategising can be as diverse as conceptual frameworks (e.g., Five Forces Analysis [Porter, 1979] or VRIO Analysis [Barney, 1995] and strategy retreats/workshops [Hodgkinson et al., 2006]).

While practices have “a technical, analytic component that is oriented towards the arrangement and coordination of material resources [they] are also conceptual schemata that assist strategists to generate meaning from and impose meaning upon their surroundings” (Jarzabkowski, 2004, p. 546). A key element of the constituting of praxis is the capacity of practices either to embody understandings that are shared by key stakeholders or to have a mediating effect where stakeholders hold divergent interpretations. The practice is intended to provide a shared framework, a ‘common language’ for framing certain information of ‘strategic importance’, that is, germane to decision making on matters deemed ‘strategic’ (Jarzabkowski, 2003). Thus, “if we identify strategic practices as formal operating procedures, it is possible to capture not only the formal but also the habitual and social modes of acting through which strategic activity is constructed” (Jarzabkowski, 2003, p. 26).

Within accounting, studies that explicitly examine strategising are rare. Drawing on practice theory (see, Ahrens and Chapman, 2007), Jorgensen and Messner

(2010) examine the intersections between accounting as practice and strategising in the context of new product development. In their case study, Jorgensen and Messner (2010) detail how management accounting information shaped continuous strategising efforts through providing a general understanding of the importance of profitability as well as through specific rules that were enacted at critical points in time (in their case, the stage gates punctuating the product development process). They also observe how accounting was complemented by strategy talk during the innovation process. Thus accounting and the continuous process of strategising proceeded in a mutually constitutive fashion.

Our study seeks to build on the work by Jorgensen and Messner (2010). The strategy-as-practice perspective we adopt is broadly consistent with Jorgensen and Messner (2010) in seeing formal practices – including accounting – as engendering shared understandings or mediating where strategic interpretations and interests are diverse. However, our study is differentiated in that it seeks to draw out the detail of how such shared understandings are developed and the specific ways in which diverse interests are mediated across the formal strategic practices of direction setting, resource allocation, and monitoring and control in particular. For example, how does management accounting act upon the concerns of strategy practitioners in planning practices? How does this shift when the strategic activity involves resource allocation? How does management accounting through monitoring and control practice promote shared understandings and reconcile interests about what are desirable strategic activities? These questions illustrate the specific detail we wish to uncover. Thus the study adopts the perspective that management accounting is made ‘strategic’ by its mobilisation and use in organisational practices, through which strategy is enacted. As Chua (2007, p. 490) observes, taking such a perspective is important because:

... a concern with the organisational practices of strategy – that is, the crafting of ‘strategic initiatives’, ‘progress reports’ and performance assessments might provide new insights into how ‘strategic management accounting’ is realised in specific locales.

The next section details the research context within which the objectives of the study are realised.

4. Case study organisation and research method

This paper presents findings from a longitudinal study of management accounting and strategy practices in a law enforcement agency labelled Alpha. A longitudinal research design is commensurate with the processual nature of strategising and hence is commonly used in strategy process research (see, Chen et al., 2010; Mahmood et al., 2011). Longitudinal case studies have also been called for within the SMA domain as a means of uncovering the specific roles that management accounting plays in organisations (Bhimani and Langfield-Smith, 2007; Chua, 2007).

The choice of Alpha exemplifies theoretical sampling, that is, the selection of a case on the grounds that it has some characteristics that make it of special interest. For

Eisenhardt and Graebner (2007, p. 27), theoretical sampling is the selection of a case because it is “particularly suitable for illuminating and extending relationships” while for Yin (2003) a case may be a good choice as a research site because it provides rare access to study the phenomenon.

Alpha was formed less than a decade ago from the merger of government agencies with investigative and intelligence gathering capabilities. It was created and given authority to combat national threats posed by serious and organised crime through the collection, analysis and dissemination of criminal information and intelligence. To achieve this, Alpha undertakes intelligence-gathering operations and investigations into serious and organised crime activity. Alpha also faces a complex environment, which provides a series of challenges (more detail on these are provided in Section 5.1). As such it decided upon a new strategy and embarked on changes to its strategic practices. Collectively, these factors make Alpha an appropriate fit for our study and the specific objectives that we pursue.

The research on Alpha drew on multiple sources over a period of two and a half years. The first source involved interviews that occurred in two phases. The first phase was conducted between December 2008 and August 2010. This was the time period during which the new strategy was being chosen and formal strategic practices were being recast. In the first phase 29 semi-structured interviews were conducted with Alpha staff. Interviewees were selected to access views across different levels of the organisational hierarchy. Hence, interviewees were selected from executive management, comprising executive directors that reported directly to the CEO, senior managers in charge of major investigative, intelligence and corporate functions, middle managers and ‘front-line’ personnel. Interviewees were also selected to access different functions, comprising investigative, intelligence, corporate services (comprising human resources, legal and IT) and strategy, planning, and governance personnel. Interview themes comprised a discussion of the environmental challenges faced by Alpha, the ability of Alpha to respond to these environmental challenges and the role and effects of organisational arrangements, including strategic practices and SMA. Interviews ranged from 45 to 90 min and were taped and transcribed. Additional details are provided in [Appendix A](#).

A second phase of interviews was conducted approximately 12 months after the full set of changes to strategic practices had been implemented. These interviews focused on eliciting interviewee experiences in the strategic practices of interest for our study. Interviewees comprised senior managers in charge of areas that housed specific intelligence and investigative capabilities, as well as other portfolios such as strategy, planning and governance. Interviewees also included middle managers who were in charge of ‘Strategic Work Programs’ that were formulated to combat serious and organised crime. In this phase nine interviews were conducted, five with senior managers and four with middle managers. Interviews ranged from 35 to 90 min and were taped and transcribed. Additional details are provided in [Appendix B](#).

The second data source comprised observations that occurred in between the two interview phases. Data were

gained from observations of key management forums, including major change management workshops and strategic planning days held at Alpha. Forums and meetings attended are listed in [Appendix C](#). These were complemented by meetings and informal discussions held with members from Alpha, centring on the strategy and business planning team where progress of implementation, challenges and modifications to strategic practices were discussed. Detailed notes were taken at these meetings.

The third data source was archival material comprising annual reports, internal planning documents and external communication and reporting documents of Alpha. During the space between the two interview phases, access was also negotiated and granted to actual planning documents, as well as ongoing review reports pertaining to Strategic Work Programs and individual operations that were established to combat serious and organised crime. These were security classified documents and, as such, could not be taken away for full coding and analysis. However, the organisation allowed the researchers to examine and note particular extracts that were relevant to issues of planning, resource allocation and monitoring and control. The full list of documents analysed is listed in [Appendix C](#). Overall, the use of multiple data sources in the manner discussed provided triangulation benefits, enabling both comparison and validation of data (Yin, 2003).

The analysis of the data occurred in two stages. An initial coding framework was developed to guide categorisation of data into environmental challenges and organisational responses, including strategically relevant processes and practices and management accounting components. Three researchers on the project independently coded two interview transcripts to assess the ‘fit’ of the coding framework. Following this the researchers met to discuss similarities and differences in coding. The framework was reviewed and refined with definitions clarified and discrepancies resolved. This framework was then used to code all interview transcripts using NVivo 8 software. The resulting data was organised into either ‘background material’ or data pertaining to processes of planning and setting strategic direction, allocating resources and monitoring and control. The results of this analytical process are presented in the next section.

5. Results

5.1. Background: pressures to strategise

Alpha was formed early in the 2000s to combat serious and organised crime at a national level. As part of a government portfolio of activities that involved notions of a safer, just and more secure society, Alpha was required to operate alongside, and collaborate with, a combination of: (i) other law enforcement organisations with either local or national perspectives, (ii) other agencies with a specific investigatory function and interest (for example, in regard to border protection, tax or money-laundering) and (iii) agencies with a policy interest (for example, in regard to the movement of people, chemicals or money). Thus, Alpha was part of a broader network of entities (hereafter labelled “network partners”) that spanned national and local levels

with varied interests in the problem of serious and organised crime.

The number and diversity of network partners with which Alpha had to coordinate and collaborate created complexity for the organisation. Alpha had to share information, intelligence and resources with many and varied organisations as part of the fight against serious and organised crime. Senior Manager 11 explained the networked nature of Alpha and the challenges that this posed:

We have to be assured that our partner agencies are happy that we're targeting particular groups and particular people. And we spend a lot of time working with our partner agencies in local jurisdictions to enable us to achieve the objective. . . . We also spend a lot of time working with other agencies in relation to policy matters, regulatory matters. So, generally the environment is very complex.

Within the network, clarity around the role and value that Alpha provided to the entities either directly combating serious and organised crime, or with a related policy interest, was evolving and yet to stabilise. As a relatively new organisation, Alpha had sought to clarify its position across the complex network it operated within by emphasising the notion of partnership. However, many of its network partners were pre-occupied with criminal threats encountered within their narrower local boundaries. Consequently, there were varying levels of acceptance about the 'value' that Alpha provided. The sentiments of Senior Manager 7 – using the label 'stakeholders' – captured the views of a number of employees in early 2009 of the imperative to shift network partners' perceptions:

I think our ability to deliver is absolutely reliant on all of our stakeholders supporting us and seeing us an important part of their delivery. So, I think the things that then make it difficult and act as a barrier, is the fact that I think stakeholders probably don't really see us as that unique.

The lack of clarity around Alpha's role within the network also posed additional challenges. Particular network partners had strategic decision-making rights over Alpha, vested in them by virtue of an institutional environment that required them to sit on Alpha's Board. An important Board function was the approval of Strategic Work Programs that Alpha would conduct against major elements of the criminal environment. Examples comprised drugs trafficking, money laundering and fraud (for further examples of serious and organised crime threats see [United Nations Secretary General, 2004](#)). The Board comprised government representatives from other law enforcement and regulatory agencies with an interest in criminal justice and serious and organised crime. Hence, many of the Board members had knowledge of Alpha's activities because they led agencies that were partners in, and/or recipients of, outputs from Alpha's Strategic Work Programs.

These institutional arrangements complicated Alpha's ability to adopt particular strategies and prioritise how it would combat serious and organised crime. The diverse entities that were represented on its Board, many of whom

had local rather than national experiences of the way serious and organised crime was manifesting, meant that a multitude of criminal priorities were identified for Alpha to investigate, either through intelligence collection and/or investigations. As a result of this diversity, setting and carrying out strategic directions was challenging. Senior Manager 1 explained a sentiment that was evident amongst senior management in late 2008:

We're funded by the national government, but we work closely with local law enforcement agencies and other government departments as we do also with national agencies. We have a Board made up of a number of other national government agencies but also local law enforcement agencies. And they have got different priorities. So they're all pulling us in different ways.

The lack of clarity about its role in a complex network environment and the crowded work menu driven by diverse interests and strategic directions were made especially problematic in 2008 with a significantly reduced budgetary allocation. For Alpha, a number of its activities and operations targeting serious and organised crime had to be revisited with a view to reduction if not elimination. This created new challenges in terms of its network interactions, some of which involved agencies that were represented on its Board. Senior Manager 4 explained this difficulty:

We need to be able to manage our resources really effectively because we've got so few. And sometimes that means saying no to important stakeholders and that goes back to that conflicting environment we're in, and sometimes that's a hard thing to do.

Limited resources also meant a greater level of alignment over how people interpreted strategies and priorities within the organisation. Manager 1 expanded on the questions that needed to be asked given limited resources:

So part of our approach is the ability to change [respond] quite quickly. So we just pull people from different teams to make something happen, without then following up with 'What should we drop? What do we need to reduce?'

Hence, by late 2008 Alpha faced an array of pressures. Alpha faced diverse stakeholder interests that directly influenced its strategising process through its institutional arrangements. The role and value that Alpha represented to its network of collaborators and partners interested in combating serious and organised crime were also yet to stabilise. Reduced financial resources added further pressures for Alpha to align and focus its organisational efforts. For Alpha, new approaches to envisioning, planning and managing its business were required. Executive Director 1 summarised the mood of many at senior and middle management level:

[Previously] we're very, very reactive and I don't think it's that the capacity isn't there to be able to manage those different and sometimes conflicting tensions. It's that . . . we don't strategise for that.

5.2. A strategy of differentiated capabilities and focus

In response to these challenges, Alpha's senior management in early 2009 explicitly articulated a new strategy. One element of this involved Alpha focusing on its relatively differentiated capabilities – vis-à-vis other law enforcement agencies – in intelligence collection and analysis. Another comprised a focus on the most important elements of serious and organised crime and activities. Alpha would concentrate its efforts on “*the highest threat targets and networks operating in or impacting on [the country]*” (Internal Strategy Document). A third element emphasised Alpha's role as essentially collaborative, creating value for its network partners. A series of workshops were held internally across all levels of Alpha as part of providing detail to Alpha's strategy. This culminated in an identity statement for Alpha that comprised the following elements:

Purpose: Identification and sustained pursuit of serious organised crime of national significance. Niche: National coordination and cooperation across key law enforcement stakeholders.

Principles: Alpha works for and with partners. Alpha should not compete with others. Outcome: Reduced serious and organised crime threats of most harm to the community. (Alpha Strategic Plan)

In many senses the new strategy provided formal recognition of, and a response to, the challenges confronting the organisation described earlier. It emphasised the unique capabilities of Alpha and reinforced its role within a broader network. Key benefits proclaimed for the strategy encapsulated clarity for Alpha's role and closer integration within its network, as well as a more focused and aligned organisation:

Benefits for Alpha: A sustainable future; Clarity in our role and purpose; Improved capability; Improved understanding of partners needs; Improved reputation and relevance.

Benefits for our partners: An understanding of the threats and vulnerabilities of serious and organised crime that is aligned to their needs; Clearer direction about where to focus their resources and activity; A more responsive service from Alpha. (*Alpha Internal Strategy Presentation*)

While the broad strategy had been articulated, there was concurrent focus on directing how people should work. As part of the changes, Alpha moved to what it labelled a ‘new operating model’ whereby the organisation was structured around the value chain or sequence of activities that it would conduct. Previously, Alpha had been structured around the Board-approved Strategic Work Programs, which determined the elements of serious and organised crime that Alpha would target. In contrast, the new operating model structured Alpha according to the stages of the intelligence gathering cycle, namely (i) collection and analysis of information yielding intelligence, (ii) target identification and development based on this intelligence, and (iii) subsequent interventions against the target, crime group or crime type where Alpha considered these to

be appropriate. Senior managers for each of these capability areas in the value chain were appointed and entrusted to work with the Strategic Work Program Managers in carrying out Board-approved strategic priorities.

However, enacting Alpha's strategy and achieving the envisioned benefits posed challenges that extended beyond these new organising structures. Executive Director 3 explained the implications of the new strategy for Alpha's efforts in combating serious and organised crime, and the remaining work the agency had to do to ensure that people practised the strategy:

There is a sort of threshold of threats below which we shouldn't really be engaged unless there's a particular imperative for us to be there. So I think that those are the three sorts of issues. A threshold, the impact that we can have as an agency by being part of [the] piece of work, and that it requires those unique skills [of Alpha] in order to actually get a result. . . .and I don't think at the moment what we've got is a way of insisting that those three elements are part of any piece of work that we do.

As part of ensuring people ‘did’ the new strategy, Alpha proceeded to introduce further changes in its planning processes, in how it allocated resources to Strategic Work Programs and in its monitoring and control of its activities. Each of the ensuing sections deals with these practices that were progressively introduced over the 2009–2010 financial year and the roles that management accounting played.

5.3. Strategising through planning (with the board) practices

Strategic planning processes at Alpha commenced each year with its Board. Intelligence to support a prioritisation of serious and organised crime threats, along with proposals for Strategic Work Programs, were submitted to the Board to initiate this planning practice. Based on this information and their local experiences, Board members would approve or amend these priorities as well as suggest new ones. They would then authorise the associated Strategic Work Programs. As noted earlier, these Strategic Work Programs shaped how Alpha would carry out its purpose of identifying and pursuing “serious organised crime of national significance”, and would often extend across multiple years.

Strategising at the Board level thus focused on questions of ‘threat’ and the value of doing particular work programmes. In this, Alpha was considered to be quite advanced in its intelligence collection and threat assessment processes. However, Alpha's executive management felt that the Board also needed to strategise about the resource implications of their decision making. Specifically, they were not fully aware of the resource capacity of Alpha and the consequences of the work programmes that they approved. In light of reduced organisational resources, Executive Director 2 explained the emerging requirement to inform the Board about Alpha's capacity through the provision of cost information:

We have to make sure we give the Board really clear information and costings so that they can't get us to engage in some work that would take us beyond our appropriations [funding]

However, this concern with organisational capacity and costs extended beyond passive information provision to the Board. Executive management sought to be more proactive in how they strategised with Board representatives in this planning practice. Executive Director 3 explained how new conversations with the Board were being envisaged:

Hither too, we have not said, "Sorry Board, [it's] not going to happen ... We've done eighteen months of this twenty four month work program but the consequence of this new priority is that we won't finish this [existing work program]. We've never done that. And we've always, in sense, pushed our people too hard and extracted too much from them to try and get the same outcome within the same timeframe.

As a result, Alpha's Planning and Finance functions commenced working with managers of existing Strategic Work Programs and the senior managers of each of Alpha's capability areas. The output of this work was a spreadsheet that was labelled the Agency's Output Resource Estimate "AORE". The AORE represented, in quantitative form, the 'human resources' of the organisation (measured as full-time equivalent employees) that were tasked with combating serious and organised crime. It also indicated where these resources were situated in terms of the individual capability areas that made up the value chain of activities that Alpha performed. In addition, the AORE provided the total financial costs of each of these human resource 'components' along with an organisational total.

The AORE also calculated the outcomes of discussions between the Strategic Work Program managers and the capability managers. Specifically, the AORE contained suggested 'allocations' of human resources from each stage of the value chain to the individual work programmes that were being proposed. In this way, the AORE represented the capacity of Alpha to do work and articulated how this would occur during the forthcoming year at the Strategic Work Program level.

Once developed, the AORE was used by executive management to discuss the capacity consequences of the proposed work menu with the Board. Strategising accordingly expanded to encompass not just concerns about crime threat but also cost and capacity. The spreadsheet format made it clear when proposed work programmes and suggested resource allocations exceeded the finite capacity to do work. In these situations, any new priorities suggested by Board members would either have to be left outside the approved work menu or replace incumbent work programmes. Indeed, an important benefit of the AORE was that it:

Flags additional outputs ('below the line') that cannot be achieved within the existing resource base to provide the Board with a clear view of the alignment between

the strategic priorities of the Board and the Alpha's planned work program. (Alpha Strategy Document)

Having represented the finite capacity of the organisation to the Board, the AORE also forced the Board to prioritise within these capacity limits, based on the cost information of the AORE and the intelligence information available to it. An Executive Manager later reflected on the benefits of introducing the AORE into Board planning practices: "*I think we achieved what we wanted to [with the AORE], which was to get the Board thinking more about what we could do given our limited resources*".

Greater Board visibility over the 'effort' that would occur against Strategic Work Programs and the strategy of focusing on "highest threat targets" using "unique capabilities" also translated into new governance processes. In early 2010 Executive Management decided that a new committee was required to oversee the conduct of Strategic Work Programs. This comprised the senior managers in charge of each capability that made up Alpha's value chain along with other senior managers in the organisation. One of the committee's roles involved making resource allocation decisions that funded individual operations within each of the Strategic Work Programs. These resource allocation practices are described in the next section.

5.4. Resource allocation practices as strategising

Board approved Strategic Work Programs contained detail about the elements of the serious and organised crime environment that Alpha would tackle and 'what' was expected as a result. The 'how' was left to managers of Strategic Work Programs to devise through individual operations. While individual operations varied in scale, the more significant of these amounted to millions of dollars and could tie up Alpha's resources across multiple years. For Alpha, it was the individual operation plans that contained the specifics of how Strategic Work Programs would be carried out. As such, the Strategic Work Program managers were required to present their individual operation plans to the new Governance Committee along with a resource 'bid' before any work would commence. Indeed, while the AORE contained an overall resource allocation to each Strategic Work Program, as approved by the Board, it was the Governance Committee that would determine how resources from each stage of Alpha's value chain would actually be allocated to individual operations that the Work Program comprised.

This more detailed planning practice commenced with managers of Strategic Work Programs and the senior managers of the capability areas (along with their direct reports) discussing the specific objectives of the operation and how these would be pursued within the capability area. Through this interaction an agreement would be reached on the quantum of human resources that would work on the operation. From this, the Manager of the Strategic Work Program was to develop and present an operation plan that included not only the objectives to be achieved but the monetary costs associated with the resources that were required. Each operation plan thus proposed a 'value chain

cost' relating to the capability areas that were involved in doing the work. Over time, calculations of actual value chain costs could be aggregated across all operations and organised by a Strategic Work Program. This cost information and the general progress of Strategic Work Programs were required to be reported to the new Governance Committee on a quarterly basis.

Understanding how resources were to be consumed by a Strategic Work Program was seen as important by committee members in rationing out capability areas that were highly sought after. Indeed, knowing when and how much resources would be consumed in a particular aspect of Alpha's value chain was important for the new committee in order to make sure that all operations would progress satisfactorily. Senior Manager 16 explained that the organisation had achieved a view of resource consumption within and across all Strategic Work Programs:

We've gotten to the point now where we can see, well, I can see that, okay, that operation is obviously a priority for this Strategic Work Program, but it's going to take all this investment and resources in this capability area. . . then how does that fit with how we're tracking across the other operations? Which is what we're starting to see now, that makes it easier. That's through the AORE reporting.

Specifying the resources available in a capability area to work on an individual operation also facilitated strategising by managers of Strategic Work Programs about how they would mobilise network partners. Manager 12, in charge of a Strategic Work Program, explained:

Our way forward in relation to this [highly sought after capability] is to go to our partners and say "We've got X resources that we apply to this and we really need X plus Y, can you – can you provide us with the Y?" and "There's an outcome for you and you – and we want you to drive the outcome, we're happy to support you in this way." So we try and shape or target our involvement to fit our resource model . . . and so that's where you'll do that negotiation with them [network partners] and ask them to do some of the heavy lifting for you.

Despite being perceived as significantly improved, the practice of allocating resources was soon rendered problematic. An uncertain and dynamic criminal environment meant that particular operations that were meant to conclude in the latter half of 2010 need to be extended. Extending operations due to the vagaries of criminal activity meant that resource consumption of potentially scarce and highly sought after resources would also be extended. Manager 12, in charge of a Strategic Work Program, explained the management challenges faced in combating serious and organised crime:

Whilst the intelligence might suggest there's a good opportunity to work on a particular group at that time . . . they'll be active for a couple of weeks and then they might stop, you know, and they're not doing anything for three months other than going [on holidays] and having fun and so you've got to have that flexibility to, sort of, pull out of that or know whether to stick with it.

Correspondingly, other operations approved by the new Governance Committee that also required the same set of Alpha's capabilities struggled to progress due to the limited resources available. Quarterly Strategic Work Program reports produced at the time brought this into sharp focus. These aggregated the actual value chain costs incurred across all related operations that made up a Strategic Work Program and reconciled this to Board approved AORE allocation. These calculations indicated that certain Strategic Work Programs were receiving lower resourcing levels than had been approved by Alpha's Board.

In response, the new Governance Committee sought to sharpen their prioritisation of operations towards being more in line with AORE allocations and generating greater impact. Discussions coalesced around questions of value. Reflecting on previous resource allocations, Senior Manager 19, who sat on the new Governance Committee, remarked:

We should be saying to ourselves, "What does this relate to? How important is it? What will we get out of it?" You know and "How will we know that that's – you know, is value?" sort of thing. You know, "Who do we think will receive value from it?"

Manager 13, in charge of a Strategic Work Program, concurred in explaining the questions that would increasingly be asked at resource allocation time:

The key questions that came up again and again were, "What results are you going to get out of this?" And, "How are you going to achieve it?" "Who is the client?" "Who have you consulted with and who wants us to do this?" "Who are we doing this work for and what are the risks?" And we were always made accountable for having discussed it with everybody.

Thus greater strategising about 'value' and specifically value for network partners emerged. However, strategising discussions that occurred at the new Governance Committee were also variable according to Manager 11, who observed and sat on many Governance Committee meetings:

The other problem you have at the committee is essentially a lot of people who send proxies along who aren't fully briefed or empowered to make any decisions or comment. And you get some meetings where the Capability Managers have sent direct reports who are only prepared to give a yes or a no and not actually have a discussion.

To support and provide structure to Alpha's prioritisation practices, the Business Planning section of Alpha was tasked with a redesign of Operation Plan templates. An important aspect of this involved accounting for the future impact of operations. Specifically, a detailed prioritisation matrix was added that required the Strategic Work Program Manager to assess each operation's value on multiple dimensions, including the significance of the criminal risk to be examined, the alignment of the operation to the use of niche/specialist capabilities, the ability of the agency to achieve impact and value from a stakeholder perspective.

Managers of Strategic Work Programs would be required to provide a rating for each dimension (using a scale from 1 to 10) with detailed definitions for what each score meant. Manager 11 explained:

We now have a prioritisation matrix that we use. Before we had, like, five questions we asked and it was really subjective. Now, we actually have an objective matrix where we say, “Okay, criminal risk, it must meet this definition to have this score, if it’s a benefit to stakeholder it means this for your score.” So the managers of Strategic Work Programs – they’re required to check that they’ve applied that criteria.

The new prioritisation matrix was seen as a significant improvement by both Governance Committee members as well as managers of Strategic Work Programs. Manager 14, in charge of a Strategic Work Program, explained his experiences with the matrix:

I take it very seriously when I sit down and prioritise it [individual operation]. You can’t be subjective. It [the matrix] is very specific and there is no wriggle room.

In summary, resource allocation in uncertain and dynamic environments was an ongoing challenge for Alpha. The new Governance Committee was important in this regard. Prioritisation of operations initially emphasised issues of resource consumption but shifted to encompass greater strategising about the value that would be generated to the agency and its network partners. However, the Governance Committee and senior executives were also interested in ensuring that this value was realised. Monitoring and controlling practices represented other challenges for Alpha’s strategy practitioners to confront.

5.5. *Monitoring and controlling practices and stabilising networks*

Monitoring and controlling practices at Alpha revolved around measuring and monitoring its impact on network partners and, through the network, on serious and organised crime. Performance measurement was a central part of this. Prior to 2009, the performance measurement framework used by Alpha was characterised by many within the agency as reflecting the “outputs produced rather than outcomes or impact”. While attempts had been made to recast the performance measurement framework these had not progressed extensively. The new strategy and operating model imparted momentum to the task of performance measurement. The revised Strategic Plan that Alpha released as part of the new strategy proclaimed the following:

We do not measure our own success principally by the number of arrests, convictions and confiscations recorded, but rather, by the way our quality intelligence helps law enforcement agencies to target their resources and capabilities in the most effective way to dismantle high end organised crime. This is the essence of intelligence-led policing.

Talk about strategy also emphasised monitoring and controlling. Manager 9 of the performance measurement branch of Alpha explained the new prominence of his function:

I have been in a lot of forums where the CEO has spoken, and he always talks about performance and the need to measure it, which is a good thing. . . . My objective is to establish a framework that was going to assist us to support the performance requirements of the organisation and its external stakeholders against how the organisation was actually operating in its new operating model. It’s inextricably linked to the way the operating strategy has been set up.

At Alpha, externally focused performance measurement sought to measure Alpha’s value to its network partners. Episodes or instances where a network partner commented favourably about Alpha’s work or questioned it were intensively talked about and discussed. A senior manager with stakeholder engagement responsibilities explained her role in bringing network issues to the attention of executive and senior management at regular meetings:

In my normal role I’m at the 9 o’clock [Monday executive and senior management meeting]. . . So that gives me the opportunity when I become aware of significant stakeholder issues whether they be good or bad to feed them through that, and to give the CEO and the others visibility of it. We also do an Executive Weekly Roundup communication, and I try to do it on a Friday.

However, over time, a preference for a more quantitative accounting of network partner impact emerged. In mid 2009 the way in which Alpha engaged with its network partners (or ‘stakeholders’ in the language used within Alpha) was reconceived. Senior Manager 16 recalled:

We also had no idea what our stakeholders – except anecdotal feedback – no idea what our stakeholders really thought about the work that we were doing and whether that really added any value. So we went to the CEO and said, “We’d like to do a National Stakeholders Survey and then once we do that, we want that to be the basis of an engagement strategy that we develop for the organisation.

Alpha commissioned external research with its network partners in late 2009 to gain a clearer understanding of how they utilised criminal intelligence and the value they placed on its intelligence services. Labelled a ‘stakeholder engagement survey’, network partners were asked to indicate their (i) needs in relation to serious and organised criminal intelligence, (ii) understanding of what Alpha delivers in terms of its various information and intelligence collection and analysis services, and (iii) perceptions of Alpha. In relation to the latter, specific questions assessed: overall satisfaction levels with Alpha; evaluations of Alpha’s process of engaging with its network partners; how well Alpha delivered its products and services; and, perceptions of the value that Alpha provided in helping network partners achieve their own objectives.

The stakeholder engagement survey that was conducted annually functioned to provide an accounting of Alpha's impact on its network partners. In particular, the satisfaction related questions calculated and represented how network partners perceived Alpha's value as a collective vis-à-vis as individual agencies. After a briefing on the most recent stakeholder survey results, Senior Manager 16 explained:

The one thing that has come through . . . strongly in this survey, is at senior levels [of network partners], there's huge understanding of where the agency [Alpha] is going, a huge satisfaction, they're really behind us as an agency and get where we're driving, but then there's a bit of a disconnect as you go down through agencies. . . So that, sort of, difference of view is something we're going to have a think about, about how we can try and address it.

The quantitative satisfaction measures of Alpha's network partners were also considered useful in representing Alpha's value outside of network partners and to government in particular. Parliamentary budgeting processes required Alpha to stipulate a set of performance indicators as part of receiving budget appropriations. Commencing in 2009, Alpha had chosen as part of its new strategy to include new performance indicators that measured and reported partner agency perceptions on the value that Alpha provided. These measures drew upon the annual accounting of impact and value to network partners.

However, challenges remained in terms of accounting for Alpha's impact on serious and organised crime through its network. Changes to policy and legislation were longer-term outcomes and often had multiple inputs. As such, Alpha faced challenges in being able to represent these impacts in a quantitative manner. Measuring the more direct impacts on its network partners could also be complicated. Senior Manager 15, who was also a member of the new Governance Committee, explained:

The other difficult thing that people need to get their head around is that on a commitment side of things is that there will be lots and lots of times when our partner agencies just go, "So what?" or, "Yeah, recognise it's a really good job, but I just don't have the resources to do it, to deal with it." . . . and we've got to let it go.

Accounting for impact was seen as necessitating a new process of performance measurement. In the short-term, those parties that knew of how Alpha's intelligence had been used by external partners and recipients were required to record these in a database. A new measurement language around 'reportable events' began to emerge in mid-2010, with project officers asked to capture and record these. These narratives about how Alpha had provided value to its clients and partners were then to be collated and reported internally and externally by the performance measurement team. Over time, the relationship managers were envisaged as playing a role of validating the measurement of 'reportable events'. As part of programmed visits, these managers would carry a list of 'reportable events' identified internally, and seek the partner's approval that

this be counted as an instance of Alpha's impact on serious and organised crime through its network. However, quantitative measures of 'reportable events' were yet to be used for decision making or reporting at Alpha. Accounting for the impact of Alpha on serious and organised crime through its network remained a challenge with which executive and senior managers continued to be concerned.

6. Discussion

This study examined the role of management accounting within particular practices through which strategising occurs. It was also concerned with the forms that SMA might take in a public sector setting and the particular strategising imperatives to which these techniques are connected. Each of the sub-sections below discusses the research findings on each of these themes and how they extend previous research.

6.1. Management accounting and strategising

The literature on SMA has largely presumed strategy formulation to be a formal and structured process and prominent researchers have called for investigating SMA as part of the strategic processes and approaches of which it is part (Bhimani and Langfield-Smith, 2007). As the main exception, Jorgensen and Messner (2010) found that accounting in the form of a general understanding about the importance of profitability as well as specific rules were used to frame a strategising process. In this way, accounting mediated diverse strategic interests as others have also noted (see, Miller and O'Leary, 2007).

The findings of this study build upon this literature and extend existing knowledge about the specific roles that management accounting plays in strategising. Management accounting as a form of representation and calculation (Miller, 1992; Robson, 1992) distributed shared understanding and mediated diverse interests both within and across strategic practices, with the specific effects for strategising contingent on which of these was occurring. Furthermore, while it is often suggested in the SMA literature that strategic processes determine what management accounting information is required, we wish to add to this literature and Jorgensen and Messner (2010), by highlighting the multiple ways that management accounting is constitutive of strategising. The following paragraphs expand on these points.

In planning practices between Alpha executive management and the Board, cost information provided shared understandings of what was possible in terms of activity. Through the AORE, the human resources of the organisation and its capacity were rendered intelligible to the Board in both full-time equivalent employee and cost terms. This observation is consistent with Jorgensen and Messner (2010), albeit we find cost creates a shared understanding of capacity and possibility while they find profitability creates a shared understanding of eventual desirable outcome. Unlike Jorgensen and Messner (2010), where understandings about the importance of profitability permeated throughout a 'continuous' process of strategising, we observe the active mobilisation of strategic

concerns through accounting into a discrete new strategy practice and towards different strategy practitioners. At Alpha, executive management mobilised management accounting to represent and transport their concerns about resources and organisational capacity *into* planning practices with external strategising practitioners comprising the Board. Thus it was both management accounting and particular practitioners that had constitutive effects for strategising, with these effects best understood from the perspective of an individual strategy practice – in this case Board planning, where the associated strategising expanded to incorporate notions of serious and organised crime threat as well as cost.

While management accounting may mediate diverse interests and facilitate goal congruence (Miller and O’Leary, 2007), we also argue that management accounting creates interests as diverse, and strategising situations as requiring mediation. At Alpha, the AORE made trade-offs necessary. Previously, the Board had prioritised serious and organised crime threats in terms of their potential impact on the community, and determined Strategic Work Programs against these priorities. Alpha’s history provided evidence of these priorities adding to each other (resulting in the crowded work menu), rather than substituting for one another. With the introduction of AORE, however, the Board had to fit their priorities within the limits of Alpha’s resources. New priorities could only be added at the expense of existing ones. With the AORE, relationships between pre-existing strategic concerns about threats were recast and trade-offs in cost and value were required as part of strategising about what was important for Alpha to tackle. Accounting not only aligns diverse interests but is also capable of recasting these as being in opposition – in this case shaping Board priorities as possibly substitutive (depending on capacity utilisation) rather than necessarily additive.

Planning practices also occurred at lower levels of Alpha and, in particular, at the new Governance Committee, which was also charged with the task of allocating resources to individual operations based on their plans. Here the AORE and value-chain costing functioned to create shared understandings *across* different strategic practices, connecting strategic concerns about priorities across different levels of the organisation and different strategy practitioners. This involved linking the resource allocation decisions by the committee concerning *how* Alpha should investigate particular serious and organised crime groups or behaviours using its value chain capabilities to previous decisions by the Board about *what* directions Alpha should take in fighting serious and organised crime. The AORE provided a means by which the Governance Committee could access the extent to which the Board considered individual Strategic Work Programs to be important. Furthermore, at the outset of every year the AORE would provide parameters for the new Governance Committee’s value-chain resource allocations.

In addition, comparisons of actual value chain costs with Board-approved allocations, as represented in the AORE, were important in causing changes to strategising through resource allocation practices. Strategising became increasingly concerned with how value was generated through operations. Templates for operation proposals were

modified to embody new forms of accounting for future impact and value through a revamped prioritisation matrix. Thus management accounting not only responds to strategic processes that require strategy-based accounting information (Bhimani and Langfield-Smith, 2007; Cadez and Guilding, 2008) but is active in reshaping strategy practices and giving rise to new forms of management accounting.

While the AORE and value chain costings combined to initiate shifts in strategising, the new prioritisation matrix acted to hold this value-focused ‘talk’ in place. The prioritisation matrix required managers of the Strategic Work Program to account not only for a proposed operation’s future value and impact but also how it enacted the strategic position of the organisation. The matrix incorporated more detailed definitions of what ‘value’ meant so that the accounting could become ‘less subjective’. Indeed the enactment of these strategic concerns would not only be through talk and perhaps contingent on the presence or absence of particular actors on the day. All new operation proposals would have to answer these questions and account for its value if it was to attract resources from Alpha’s value chain. In these ways, accounting information was used to stabilise particular strategic concerns that had been voiced by the various actors on the new Governance Committee. Thus we also show the multiple constitutive effects of accounting on strategising, here in the specific practice of resource allocation. Forms of accounting not only reshaped and changed discussions about value but also acted to create continuity and stability in how these discussions would occur in the future (see, also, Jarzabkowski, 2003).

Finally we turn to monitoring and controlling practices. Here, we observed management accounting in flux during the period of the case study. Concerns about Alpha’s role and value within the network of which it was part were monitored through anecdote and story in the early parts of the case study. Over time, a quantitative representation of perceptions of network partners through the stakeholder engagement survey manifested, interspersed with talk about what network partners (‘stakeholders’ as referred to in Alpha) were doing and the implications of this for Alpha. Here accounting played a role of ‘objectifying’ strategic concerns where “the idea of performance measurement implies the possibility of administrative replication, i.e., that different agents with the same data and the same technology would come up with the same measure of performance” (Power, 2004, p. 770).

Hence, strategic concerns about partner perceptions of the value of Alpha would manifest not only in relation to individual entities but across the entirety of its network and at various levels of partner organisations. Such an accounting imbued concerns about value with a rationality through ‘trust in numbers’ (Porter, 1995; Power, 2004), in turn allowing new visibilities and strategising to take place. At Alpha, strategising about network partners had begun to shift and become more focused on how Alpha was to shape its interactions and engagements with lower levels of partner organisations.

However ‘trust in numbers’ that would allow an objectification of Alpha’s impact on serious and organised crime

through its network was yet to materialise. Too many contingencies existed between what Alpha did and a reduction in the threat of serious and organised crime; partners had to consider Alpha's outputs as valuable, as well as share the same priorities, as well as be free of resource constraints themselves. Impacts in terms of changes to policy and regulation that reduced socio-economic vulnerabilities would take a long time to emerge, thereby resisting Alpha's interests in being able to account for impact on a periodic basis. There was a 'problem of metrology' (Power, 2004). As such, representations of Alpha's impact on serious and organised crime through its network remained in narrative form, and Alpha sought to develop instruments that would standardise, measure and objectify with precision.

In summary, the results of Alpha allow us to identify the specific ways that management accounting acts within particular organisational practices through which strategising occurs. In particular, management accounting created shared understanding by objectifying, mobilising and connecting strategic concerns across strategic practices and practitioners. Management accounting also mediated diverse strategic interests but, equally as importantly, recast strategic practices as requiring mediation through shaping relations between strategic priorities as potentially substitutive rather than additive. More broadly, management accounting was shown to actively reconstitute strategic practices and engender new forms of management accounting, creating both change and continuity for strategising.

6.2. *Strategic management accounting manifestations in the public sector*

The public sector has experienced significant and renewed interest in issues of strategy (Llewellyn and Tappin, 2003). The public sector also has important specificities that influence processes of strategising (Jazarkowski and Fenton, 2006). Yet prior SMA research has not considered how management accounting techniques are being used in PSAs as part of strategising. It is not suggested that there is some inherent property that makes these techniques always 'strategic'. Instead the point here is that there are likely to be some strategising imperatives that are particular to the public sector context, which in turn create conditions of possibility for certain forms of management accounting.

In the case study of Alpha, competitor accounting and customer accounting techniques were not relevant, a finding that is consistent with arguments made elsewhere about the absence of wide-ranging competition in the public sector (Pablo et al., 2007), and interactions between PSAs and customers occurring for purposes other than economic value (Llewellyn and Tappin, 2003). In contrast, techniques predicated on cost information were prevalent at Alpha. Specifically, strategic costing techniques – through the AORE – and value chain costing were used to represent Alpha's capacity to do work in Board planning and Alpha resource allocation practices respectively.

Together, the prevalence of these techniques is indicative of the ongoing pressure on PSAs somehow to generate greater value and outcomes for their constituents while

also finding 'efficiencies' and cost savings. While this may entail making processes operationally efficient, it also comprises a strategising element in deciding what strategic programmes of work to conduct and which components of these programmes to prioritise and when. Evidence elsewhere of similar patterns of PSA strategising to improve performance within reduced resource environments (see, Pablo et al., 2007) suggests that future SMA research should focus on costing practices in the public sector and the strategising effects of these, especially given the possibility that efficiency considerations may marginalise other PSA goals. Value-chain cost information also had implications for strategising about how Alpha would interact with its network partners. PSAs find themselves increasingly networked with the task of delivering joint policy outcomes. Cost information that indicated resource capacity constraints meant that Alpha had to find ways to shift tasks to partners. How cost techniques and information translates the strategising of policy-makers and executive management on how PSAs should network together is an important area for further SMA research to explore.

Correspondingly, imperatives to account for the value generated for network partners also existed at Alpha, taking quantitative form through annual stakeholder engagement surveys and measures of network partner perceptions and satisfaction. More challenging for Alpha was accounting for its impact on serious and organised crime through the network to which it belonged. There was significant talk that accounted for episodes where instances suggesting impact had occurred, and Alpha was considering how to capture these episodes in qualitative form within its information systems. However, a more quantitative form of demonstrating impact, while seen as desirable was yet to be achieved, consistent with observations made elsewhere in public sector accounting research that measuring impact and outcomes is particularly difficult (Cuganesan and Lacey, 2011). There is increasing scholarly interest in the topic of measuring collaborative or network outcomes in the public sector (Rogers and Weber, 2010), and a public sector oriented SMA research programme might usefully examine how PSAs are attempting to measure immediate and longer-term outcomes and impact from collaborations of which they are part.

Our observations of how accounting is implicated in strategising about networks also contribute to the literature on accounting's role in the management of lateral relations across organisations. Recent studies call for research on governance packages for lateral relationships that might combine hierarchical, relationship and market practices (van der Meer-Kooistra and Scapens, 2008). While we do not observe a functioning package as such, we do provide empirical illustrations of how internal management accounting practices were used to help Alpha relate laterally. In particular, we show how hierarchical elements (the AORE and value chain costing allocations by the Governance Committee) were used in negotiations comprising operational personnel and counterparts from partner organisations. We also observe the use of relationship practices as a lateral governance mechanism, specifically the measurement of how Alpha performed in its relationships with network partners (stakeholder engagement survey) and a

search for a means of measuring the performance of the entire network (quantifying an impact on serious and organised crime).

Recent accounting research also observes the presence of professional boundaries and ‘enclosures’ that limit inter-organisational networks and associated management control practices in government (Kurunmaki and Miller, 2011). In Alpha’s case, however, accounting in the form of value chain costing was used in negotiations that cut across not just organisational boundaries (between Alpha and its partners), but brought together different law enforcement professional groups (intelligence and investigatory practitioners). Specifically, resource allocations in terms of the value chain of activities that made up an operation would initiate and shape strategising on how major objectives of Alpha and its network would be carried out within the confines of agreed capacity allocations. Accounting was used to bring together professional groups across organisational boundaries rather than these boundaries and enclosures limiting accounting’s possibilities.

In addition, observations of Alpha’s attempts to measure the performance of the network of which it was part illustrates how accounting is turned to in crafting new inter-organisational boundaries within public administration. While these efforts were not realised fully at the conclusion of the case, such an accounting of impact redraws boundaries from individual agencies to networks in reporting to external constituents. It potentially provides greater binding of network partners to each other (Llewellyn, 1993). Thus we add to Kurunmaki and Miller’s (2011, p. 22) argument that “a focus on the varying strength of professional enclosures and boundaries . . . can help us analyse the conditions under which interorganisational cooperation and associated management control practices can emerge”. In particular, we wish to highlight the possibilities for accounting in redrawing professional boundaries and enclosures through providing a common, albeit potentially contentious, language of both capacity and value.

7. Conclusion

The main contribution of this paper is the detailing of specific roles that management accounting plays within particular strategic practices through which strategising

occurs. These findings extend beyond the well-established decision influencing and decision facilitation functions of SMA and the somewhat passive depiction of SMA within strategic activity. It builds on recent interest (Jorgensen and Messner, 2010) on how accounting is constitutive of strategising and shows the multiple ways this can occur. The findings of particular management accounting techniques being used for strategising by entities in the public sector is also useful in countering the exclusive private sector orientation that has dominated SMA research thus far. Consequently, we suggest particular directions that a rebalanced SMA research agenda might take.

In closing, the limitations of this study need to be acknowledged. Although Alpha provides rich data and insights into the operation of management accounting that is strategic, these need to be appreciated in parallel with acknowledgement of the limitations of a case study in regard to generalisability. Comparative case studies across multiple organisations would be needed in order to determine whether this pattern of practices is found more broadly. Also, the law enforcement nature of the organisation and the need to protect information security meant that some strategising discussions were not directly observed. A particular case in point was the inability to access Board discussions where Strategic Work Programs for the year were approved. This was mitigated in part by routinely obtaining updates from representatives of the organisation that were responsible for bringing about the new operating model and implementing new strategising practices. Finally, certain management accounting techniques were in flux at Alpha. As such, it is always possible that new forms of SMA might emerge as strategy practitioners continue to grapple with the problems of ensuring that Alpha ‘did the strategy’.

Acknowledgements

The authors would like to acknowledge Rosie Beaumont and Cara Steele of Swinburne University for their research assistance and support. The valuable comments of John Burns, Bill Nixon and the two anonymous reviewers are also gratefully acknowledged, as is the assistance and collaboration of the case study organisation for the purposes of this research. The research was supported under the Australian Research Council’s *Linkage Projects* funding scheme.

Appendix A. Phase 1 interview details

Interview number	Date	Interview duration	Role
1	December 2008	1:02:21	Senior Manager 1 – Intelligence
2	December 2008	1:04:47	Manager 1 – Strategy, Planning and Governance
3	December 2008	1:01:42	Senior Manager 2 – Corporate Services
4	December 2008	0:53:33	Executive Director 1
5	December 2008	1:03:05	Senior Manager 3 – Corporate Services
6	December 2008	1:01:18	Senior Manager 4 – Strategy, Planning and Governance
7	December 2008	0:54:59	Senior Manager 5 – Corporate Services
8	January 2009	1:03:58	Senior Manager 6 – Corporate Services
9	January 2009	0:59:47	Senior Manager 7 – Intelligence
10	February 2009	0:54:06	Executive Director 2
11	February 2009	0:57:07	Executive Director 3
12	April 2009	0:46:52	Senior Manager 8 – Corporate Services

Appendix A (Continued).

13	April 2009	1:00:28	Senior Manager 9 – Intelligence
14	April 2009	1:00:45	Manager 2 – Intelligence
15	April 2009	0:56:43	Intelligence Analyst 1
16	April 2009	0:53:35	Senior Manager 10 – Intelligence
17	April 2009	1:07:44	Senior Manager 11 – Investigations
18	April 2009	0:55:24	Intelligence Analyst 2
19	September 2009	1:05:32	Manager 3 – Investigations
20	September 2009	1:03:31	Manager 4 – Intelligence
21	September 2009	0:57:54	Senior Manager 12 – Investigations
22	September 2009	0:45:21	Manager 5 – Intelligence
23	September 2009	1:04:08	Senior Manager 13 – Investigations
24	September 2009	0:55:08	Manager 6 – Intelligence
25	October 2009	1:01:15	Manager 7 – Intelligence
26	October 2009	0:46:47	Senior Manager 14 – Investigations
27	October 2009	1:01:52	Manager 8 – Intelligence
28	August 2010	2:12:24	Manager 9 – Strategy, Planning and Governance
29	August 2010	1:09:30	Manager 10 – Strategy, Planning and Governance
<i>Total interview duration</i>		29:41:36	

Appendix B. Phase 2 interview details

Interview number	Date	Interview duration	Role
1	July 2011	0:44:36	Senior Manager 15 – Strategy, Planning and Governance
2	July 2011	0:37:32	Senior Manager 16 – Corporate Services
3	July 2011	0:46:46	Manager 11 – Strategy, Planning and Governance
4	July 2011	0:47:39	Manager 12 – Strategic Work Program
5	July 2011	0:35:30	Senior Manager 17 – Capability Area
6	July 2011	1:30:10	Senior Manager 18 – Capability Area
7	July 2011	0:43:37	Senior Manager 29 – Corporate Services
8	July 2011	0:48:15	Manager 13 – Strategic Work Program
9	July 2011	0:59:32	Manager 14 – Strategic Work Program
<i>Total interview duration</i>		7:33:37	

Appendix C. Documents analysed and meetings attended

Documents analysed.

Document name	Year	No. of pages
Annual Report 2002–2003	2003	214
Annual Report 2003–2004	2004	168
Annual Report 2004–2005	2005	176
Annual Report 2005–2006	2006	156
Annual Report 2006–2007	2007	180
Annual Report 2007–2008	2008	188
Annual Report 2008–2009	2009	196
Parliamentary/Government Documents	2009	34
Parliamentary/Government Report	2009	268
Internal Fact Sheet	2008	1
Internal Framework	2010	11
Internal Meeting Documentation	2010	9
Internal Organisational Structure Document	2009	1
Internal Organisational Structure Document	2008	1
Internal Organisational Structure Document	2008	2
Internal Organisational Structure Document	2008	5
Internal Performance Measurement Framework	2010	3
Internal Research Document	2008	58
Internal Research Document	2006	53
Internal Review	2010	24
Internal Review	2010	12

Appendix C (Continued).

Internal Strategy Document	2009	9
Internal Strategy Document 2008–2011	2008	12
Internal Strategy Presentation	2010	35
Internal Strategy Presentation	2009	17
Internal Training Document	2010	1
Plans and Review Reports pertaining to Strategic Work Programs and Individual Operations	2010–2011	Viewed and extracts recorded

Forums/meetings attended.

Forum	Date
Senior Management Performance Measurement Workshop	21/05/2010
Senior Management Reporting Workshop	3/06/2010
Senior Management Stakeholder Engagement Meeting	3/06/2010
Governance and Planning Business Plan Development Workshop	22/06/2010

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