

Transforming  
Strategic  
Decision-making  
through Finance  
Business Partnering

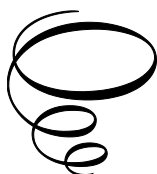


# Transforming Strategic Decision-making through Finance Business Partnering

By

Jimoh K. Ololade, Xihui Haviour Chen  
and Victor Chang

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Partnering

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## ABOUT THE BOOK

This book aims to fill a gap in the research on the Finance Business Partnering (FBP) model in the not-for-profit sector of the Gulf countries, with a particular focus on the Qatar Foundation (QF). While there is a significant amount of literature on the FBP model in developed countries, there is much less so with regards to the Middle East and developing countries. The book presents practical examples from the Qatar Foundation that highlight the benefits of adopting the FBP model, including in-depth data analyses that support decision-making processes. Each chapter addresses the skills and competencies required to become a competent FBP, the process of transitioning management accountants to FBPs, and the positioning of FBPs as strategic partners in the organization. The book will cover the impact of change management, contingency theory, and organizational culture on the adoption and implementation of the FBP model. The book falls under the categories of management and financial accounting and is intended for accounting professionals and organizations seeking to improve their management accounting provision.

The book presents a comprehensive overview of the Finance Business Partnering (FBP) model and highlights the value-added services that FBPs can offer to organizations. Included are insightful interviews with senior management team members who actively participate in the decision-making processes. The book also highlights the importance of positioning FBPs as strategic partners in organizations.

The target audience for the book is accounting professionals and organizations seeking to improve their management accounting provision, particularly in the Middle East and third world countries.

## ABOUT THE AUTHORS

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# CHAPTER ONE

## INTRODUCTION

This book explores the impacts of adopting the business partnering model on strategic decision-making in not-for-profit organizations, adopting the Qatar Foundation (QF), a state-funded organization, as the case study. Increased competition for funding, frequent changes and disruptions in technology, market uncertainties and continually improving innovations are just some of the many factors that impact business operations today, thereby requiring proactive and dynamic accounting support.

In this book we seek to explore the effects of the phenomenon of the finance business partnering model that has changed the way accounting services are provided in developed and emerging countries. We also examine the skills and experience requirements needed to become a finance business partner. The book discusses the advantages that accrue from adopting the finance business partnering model as opposed to the traditional management accounting system. Additionally, we introduce the finance business partnering model as a training model to becoming a well-equipped Finance Business Partner (FBP).

We review the evolution of the finance business partnering model, and explain and define the finance business partner as one who provides strategic advice to support the senior management decision-making process. The book also highlights the key ‘value-added’ advantages that the finance business partnering model provides over the traditional management accounting system. The term ‘finance business partnering model’ has become a phenomenon that has been adopted in diverse organisations in developed countries, such as the UK (Burns, and Baldvinsdottir, 2005, 725-757), Italy (Busco and Scapens, 2011, 320-357), Germany (Windeck, Strauss and Weber, 2013, 1-76), Sweden (Måtensson and Tamm, 2017, 5-19; Karlsson, Hersinger and Kurkkio, 2019, 185-211) and Europe in general (Chotiyanon and Joannides de Lautour, 2018, 3-17). Nonetheless, the model is not yet prevalent in the Gulf Cooperation Council (GCC) countries, of which Qatar is one.

Chapter One provides background to the finance business partnering model, including an outline of important contextual information and how it relates to the study of the model in QF. The information provided in this book includes theoretical aspects of the finance business partnering model and background information on the key factors driving the change to the finance business partnering model in the Qatar Foundation. This is followed by an outline of the aims and the objectives set for the book, and then by the research questions that have been established to address the research aims. The final phase of the chapter discusses the significance and contribution of the research to the knowledge and practice and is followed by the rationale for the research and an outline of the structure of the book. In conclusion, each of the sections of this chapter is summarised.

## **State of Qatar – Economic Background**

Qatar, a small country in the Gulf, is a member of Gulf Cooperation Council (GCC), which consists of six countries (World Bank Countries Outlook, 2020). Qatar has the largest GDP per head within the block (World Bank Countries Outlook, 2020). Qatar derives its external revenue mainly from oil and gas, and it is the second largest gas producer in the world. It hosted the 2022 World Cup, which involved investment in infrastructure. The effect of the 2022 World Cup has been positive on Qatar's economy, which has expanded by 4.8%. The non-hydrocarbon sector grew by 6.8%, the fastest rate of expansion since 2015 according to Oxford Economics. Qatar's economy is mainly driven by exploitation of natural gas and petroleum resources; Qatar has about 12% of the world's proven reserves of natural gas, thereby giving it the third largest reserves in the world (Qatar Economic Outlook, 2020). Qatar has a sovereign wealth fund of US\$335B and increasing foreign exchange reserves and has got resources that make it a major player in energy markets and other international markets for the medium and long term. Qatar's GDP was about US\$166B in 2017, the latest figure available at the time of writing. A revised IMF economic forecast projects a post-COVID-19 increase of 3%, boosted by the ramping up of spending for the World Cup and projected future stable or increasing oil and gas prices in the international market, after they had taken a hit during the COVID-19 pandemic.

Qatar has foreign direct investment, which has increased since 2017, having liberalized its market after the GCC blockade. Prior to the blockade in 2017, the total foreign direct investment (FDI) was QR642B or \$176.14B, and this increased by QR66.6B in 2018, the latest figure

available from the Qatar Central Bank (Bank, 2019). At this time the real power lay with the monarch (Emir) in all GCC countries (His Excellency Sheik Al Thani, 2018). Historically, Qatar did not open its market to foreigners without local Qataris as partners, and for this reason, the FDI to the country was minimal. However, with the blockade by the GCC members impacting the country's access to the money markets, the ruling government was encouraged to liberalize the market and thereafter, FDI and manufacturing and service industries have increased in the country. The liberalisation of the economy prior to the 2022 World Cup accelerated improvements in business conditions. The effect of this includes an increased competition in the market environment both at local and international level. This increased competition requires adequate changes to how financial services are provided to stakeholders in the Qatar Foundation to enable them to provide efficient and effective services to their clients. For the reason this book provides the pathway to the implementation of the Finance Business Partnering model as against the traditional management accounting system that is outdated and does not sufficiently support the stakeholders in their decision-making.

## **Background**

Management accounting has faced unprecedented criticism since the late 1980s from accounting practitioners and scholars in relation to practices that are not aligned with the abrupt changes that are occurring in the market environment (Higson and Kassem, 2016, 59-76). Johnson and Kaplan (1991, 1-269) criticised management accounting provision, claiming that current practices had lost relevancy, particularly where businesses were operating in competitive markets. Continuing developments in IT, the economic crisis of 2008, and the impact of the COVID-19 pandemic necessitated the need for management accounting to change and adapt to the needs and requirements of organisations. Strategic management accounting should no longer operate in the traditional role of bean-counting. Instead, it must move along with the current developments and transform to finance business partnering within organisations. Organisations require more proactive management accountants, and they expect FBPs to become members of the management, ready to face the common and exciting challenges ahead (Zainuddin and Sulaiman, 2016, 466-470).

The impact of globalisation (Sulaiman, Ramli and Mitchell, 2008, 1-17), intense competition in the global business environment (Kariyawasam,

2009, 1-13), fast developments in information technology (Talha, Raja and Seetharaman, 2010, 83-95), changes in regulations (Loo, Verstegen and Swagerman, 2011, 287-313), big data analytics (Richins et al., 2017, 1-38), and the COVID-19 pandemic require management accountants to proactively support businesses (Bofinger et al., 2020, 259-265). These are the key drivers to which management accountants need to adapt. This book argues that access to information technology for managers with the ability to interrogate and manipulate the financial information and adapt data to their requirements, has reduced the time spent by management accountants on score-keeping and corporate policing. Finance Business Partners should spend less time in routine accounting duties as these can be done by each business unit, thereby allowing the Finance Business Partners to embrace more business-oriented activities (Granlund, 1998, 185-211). The Institute of Management Accountants (1999) and International Federation of Accountants (2010, 1-26) both reported that organisations striving to have a competitive advantage over their competitors whilst providing effective services and products had allowed accountants to spend more time on combined business roles. These roles involve strategy formulation, systems development, organisational (re-)design, management of change and other related services.

Research findings suggest that there has been a progressive transformation of the finance function into that of a strategic partner, and a move to higher value-added strategic functions away from the traditional lower value-added and more routine activities (Lawson, 2019, 1-13). The other key drivers that necessitate the changing role of management accountants are changing business market conditions, organisational restructuring, new laws and regulations, new management philosophies, the external environment, new opportunities, information technology, and changes imposed by governments (Järvenpää, 2001, 431-458). Therefore, there is a high level of expectation on FBPs to evolve and adapt, thereby requiring the need for FBPs to refresh and upskill to keep up with increased demands from organisations.

Johnson and Kaplan (1991, 1-296) asserted that, for accountants to be relevant in supporting organisations effectively, they must change and adapt. Therefore, it is important that finance professionals accept that for the organisation to survive, they must change from their traditional management accounting strategies to the new model, enabling efficient and effective operations to achieve the set objectives. Finance Business Partners should provide information that supports the organisations in making informed decisions, leading to a positive impact on organisational

performance (Kalkhouran et al., 2015, 45-54). An organisation that adopts strategic management accounting deliberately formulates its strategy towards market orientation (Cheng et al., 2020, 9-19). FBP's are expected to have forward-looking information; that is, the provision of current plans and forecasts for the future based on data and environmental scanning to enable the organisation and the relevant funding ministry to assess the organisation's current and future performance (Kalkhouran et al., 2015, 45-54). The forward-looking strategic management accounting involves the provision of both projected future financial and non-financial information to internal users, thereby creating an advantage and leading to better achievements.

The role of FBP's includes the provision of in-depth financial analysis, forecasting financial and non-financial information, and environmental scanning in support of service provision that improves the organisation's performance. Additionally, it enables the organisation to have a competitive advantage over competitors. Khan (2012, 1-55), the Qatar Foundation Director of Finance, changed the traditional management accounting system to the finance business partnering model. However, stakeholders did not respond positively, thereby impeding the full adoption of the model across the organisation. As a result, the senior management has disregarded the inadequacies in the current management accounting system, which has not supported the business effectively, leading to poor accountability and inefficient and ineffective service provision in the organisation.

The FBP model received attention after criticism was levelled against the traditional management accounting system, particularly in the wake of the 2008 economic crisis. In addition, market uncertainty and technological innovations are some of the factors that impact businesses globally. Following the criticisms, many innovations were developed to support businesses, including activity-based budgeting and costing (Yalcin, 2012, 95-110), benchmarking (Hutaibat and Alhatabat, 2019), and the finance business partnering model. The FBP model has gained worldwide recognition, especially in developed countries; for example, with Meditech in the UK (Ma and Tayles, 2009, 473-495), Aquarius, a German manufacturer (Windeck, Weber and Strauss, 2013, 1-76), and the Swedish Social Insurance Agency (Caicedo, Martensson and Hallstrom, 2018, 240-251). Given the positive impacts the FBP model has had on organisations, it is time for QF to adopt and fully implement the model across the organisation.

## **The Case Organisation – Qatar Foundation (QF)**

From its foundation, QF has operated a traditional management and financial accounting model where all the finance employees were based in the headquarters and occasionally met with the budget holders to review their financial performances. Contacts between the management accountants and their senior managers were few and far between and were limited to annual budget planning reviews and the monthly budget monitoring process. The management accounting in QF covered budgeting/monitoring, cost allocation, statutory accounting, and the performance measurements that are required to manage financial resources. Problems began to emerge after the financial devastation of 2008, caused in part by the subprime crisis that resulted from the deregulation of financial services. The financial crisis had a significant impact, and led to fluctuations in oil revenue and to the funding ministry re-prioritising certain activities, consequently affecting the funding stream to QF. Additionally, the emergence and spread of the coronavirus (COVID-19) pandemic that began in 2020 caused a global economic recession (Almerekhi, 2020, 1-88). Consequently, this affected the supply chains of all the developed, emerging, and developing countries, resulting in the reduction of consumer demand. The reduction in demand impacted oil and gas consumption, which affected the external revenues generated by Qatar and led to funding constraints on QF.

QF is a not-for-profit organisation (<https://www.qf.org.qa/about>, 2021) which is expected to operate on a break-even basis, generate and invest funds through its subsidiary (<https://relationshipscience.com/organization/qatar-foundationendowment-fund-1456445>, 2021) and sustain its operations on an independent basis. During QF's early operations as a quasi-monopoly, it enjoyed financial support from the state government until the worldwide economic and financial crisis set in. Prior to the financial crisis, resources were abundant and there was a culture of financial indiscipline in the organisation, and the level of accountability at the senior management level was almost non-existent. During this period, the assumption was that so long as the funding continued, there was no real reason to change behaviour, particularly with regard to containing the operating costs. Rather, it looks as though more operations were established, in some cases unrelated to the three core values that the organisation was set up to operate. However, it was the funding reduction that acted as a catalyst for change. To this end, with the reduction of financial support from the Ministry of Finance (MoF), QF reassessed and reprioritised its operations, leading to the organisation restructuring and

downsizing certain projects that were not strategically aligned to QF's mission and vision.

QF has been restructured and a new Director of Finance was appointed in 2011. In early 2012, a resolution was adopted in the budgeting and reporting section of the finance department to improve the management accounting service provision that supported the stakeholders in their operations and decision-making processes. The intention was to implement accounting routines that would be beneficial to operations managers and in turn become acceptable ways of working (Burns and Scapens, 2005, 3-25). The new way of working involved abandoning management accounting to adopt a value-adding-oriented FBP model. Management Accountants (MAs) were re-designated as S/FBPs in 2012; nonetheless, the new model was not fully implemented. The FBPs were centralised in the headquarters, remote from the operations they were supporting. Wadan et al. (2019, 5817-5826) recommended that MAs shift from their old ways of supporting the managers, and that the FBPs should provide information requirements, act as internal business consultants and become members of the senior management team.

During 2012, a new business plan was formulated which included some key strategy targets. Amongst the targets was implementing the FBP model, setting up a change management team, and presenting the case for the new model to all stakeholders through a variety of communication channels. A process was also put in place to convince senior management of the benefits of adopting the model and seek senior management approval for its implementation. The approval was granted. However, the Chief Finance Officer and the Director of Finance failed to sell the model to the business managers and undertake the appropriate change management; hence, barriers to the full implementation of the model soon emerged. First, there was a misunderstanding between the operations managers' and the FBPs' views of the model, and that became a major source of conflict. The operations managers believed they had full control of their budgets and its appropriation to deliver their services. However, the FBPs viewed the business in monetary terms and considered the FBP model as a means of introducing accounting-based routines that would improve the operations managers' financial and decision-making processes. Second, as the implementation of the FBP model progressed, the operations managers realised that the new model would challenge their operating model and routines; the perceived constraints were met with resistance, thereby delaying the full implementation of the FBP model. The resistance to the implementation of the model can be summarised in

three categories; first, formal and undisguised resistance due to conflicting interests; second, lack of capability, that is, knowledge and experience to deal with the change that was being implemented; and lastly, resistance due to perceived loyalty to prevailing ways of working embodied and institutionalised in the existing routines.

With conflicts emanating from the implementation of the FBP model, this book set out to explore the impact of its adoption in QF. The book establishes and discusses the main challenges and barriers that have impeded the full implementation of the model across QF. The book opines that for QF to provide an efficient and value-based service, it is important that the current FBP model is reviewed in its entirety, establishing a change management project, communicating the benefits of the model, and seeking stakeholders' support for the implementation of the model.

### **Rationale for Publishing the Book**

Management accountants have accepted changes and are participating in vital strategic management decision-making in various companies (Smith, 2017, 21-28). Many organisations around the world believe that the existing traditional management accounting and financial reporting systems no longer support the requirements of the marketplace (Endenich, 2014, 123-149). The volatility of the market where management accountants work has mandated change in the finance profession. There are innovations in management accounting, particularly in reporting regulations, IT, balance scorecards, and activity-based costing (ABC). These have generated challenges and opportunities for management accountants to establish means of becoming value-adding resources to the organisations they are supporting (Chahed, 2013, 195-221).

Management accountants (MAs) can transition to FBPs as value-adding resources in alignment with the strategic objectives and goals of their businesses. As a value-adding resource, they provide financial insights supporting management decision-making processes (Nazri, Tak, and Lim, 2017, 1-4). Chotiyanon and Joannides de Lautour (2018) suggested that the past number of decades have seen a re-positioning of the accounting profession with an increase in MAs undertaking further training to become FBPs. To become a business-oriented FBP, an MA is required to be well-versed in strategic, forward-looking and collaborative role orientation (Goretzki, Strauss and Weber, 2013, 41-63). MAs are required to change their profession to meet the changing business requirements. It is

recognised that FBP roles are paramount now, given that there has been full cooperation and easy access between managers and MAs (Goretzki, Strauss and Weber, 2013, 41-63).

This book proposes that MAs in QF are required to reform, update their soft and communication skills, gain experience, and become value-adding resources to the business units and the organisation as a whole. A study on MAs working in business units was carried out by Chotiyanon and Joannides de Lautour (2018), which covered small, medium, and large organisations, together with non-profit organisations. QF is a non-profit organisation and meets all the criteria. With this principle, this book supports and recommends a strategy that enables the transition of MAs into FBPs. With the author's work experience in the organisation, the book contends that if the model is adopted fully, it will improve the standing of budgeting and reporting in the organisation. In addition to improving the organisation it will also provide an efficient and effective service in achieving their three-core mission of education, science and research and community development (Qatar National Vision 2030, 1-40).

## Summary

Criticism has been levelled against an archaic management accounting system that is not proactive and provides insufficient support for the business units and the organisation. Furthermore, since organisations and businesses are internationalised in their business dealings, this calls for an accounting system that is proactive, forward-looking and which can provide an in-depth analysis that supports management decision-making in achieving their set objectives. The traditional management accounting system in QF is no longer appropriate for the business and operations of the organisation. QF, the case study organisation, needs a finance business partnering model that is proactive and effective. The book, therefore, investigates the adoption of the FBP model that improves the operations managers' decision-making processes and delivers efficient and effective services. This chapter has presented the introduction, the background information, the case study organisation, and the rationale for publishing the book.

## CHAPTER TWO

# DEFINITION OF FINANCE BUSINESS PARTNER AND FACTORS IMPACTING MANAGEMENT ACCOUNTING IN QF

This chapter provides the background to the development and adoption of the finance business partnering model in various organisations in developed, developing, and emerging economy countries. It covers the definition of and factors impacting management accounting in QF, the case organisation, management accounting roles including management accounting benefits as pertaining to QF, the FBP model adoption and its definition, including its key advantages, particularly during the COVID-19 pandemic, and the disadvantages emanating from the adoption of the FBP model. In addition, the book discusses the key skills and competency requirements to become an FBP. The chapter discusses how QF could switch from management accounting to an FBP model, including the effects of adopting the FBP model. Furthermore, it discusses theoretical aspects in relation to the FBP model and the application of contingency, change management and organisational culture and innovation theories in the context of the FBP model. It identifies gaps in the management accounting system, summarises the information and provides a conclusion.

Easterby-Smith, Thorpe, and Jackson (2012, 1-392) suggest the importance of researchers acquainting themselves with the current state of study before collecting data for their own research. This book explores the literature relevant to the phenomenon of the FBP model and its applicability to QF in the budgeting and reporting (B&R) section of the finance department. Traditional management accounting is deemed to have become obsolete, considering how organisations are now competing in the competitive market.

## **Management accounting definition**

There are a variety of definitions of management accounting. Nonetheless, it is important to state what exactly we mean by the term management accounting?

The Institute of Management Accountants (2008, 1-5) describes management accounting as a tool employed in the measurement and identification of financial information, in conducting data analysis, in budget preparation, in the interpretation of financial data, and as a medium of communicating financial information to financial users. Gerrone (2014, 1-5) describes management accounting as an instrument employed for planning, evaluating, and investment appraisal, thereby supporting management decision-making processes.

In QF, management accounting deals with the collection of data and with analysing, encapsulating, and reporting on the collected data for management, thereby highlighting any risks and opportunities in their financial performance. Currently, management accounting is deemed to be of paramount importance, because it covers a variety of services such as budget planning, cost attribution and the employment of activity-based costing and budgeting (Hutaibat and Alhatabat, 2019, 1-15). CIMA described management accounting as a combination of financial and management accounting involving the application of tools and techniques to drive successful businesses (CIMA, 2013a). Angelakis et al. (2015) summarised management accounting as providing three main purposes, which were focusing attention, problem-solving and scorecard-keeping. Focusing attention is about the processes and procedures that are in operation when there is an unfavourable result – for example, a budget overspend or unmet target – and the measures that are taken to enable a better future result. Problem-solving involves the management accountants proactively providing in-depth data analysis that enables the managers to solve problems. Scorecard-keeping is the process where the management accountant scrutinises and analyses the individual- and organisational-set objectives and goals.

For this book we have adopted Angelakis et al.'s (2015, 52-87) definition, which incorporates all the main management accounting functions and is currently operationalised in QF. The author has worked in a management accounting team currently labelled as FBP. From a practical point of view, the roles include attention-directing. Attention-directing is about highlighting the risks and opportunities to the budget holders and directing

their attention on a regular basis to their performance regarding the delivery of their approved plan. QF FBPs provide commentaries for the budget and performance monitoring reports and discuss measures that are necessary to ensure that the budget and actual costs are aligned (Angelakis et al., 2015, 52-87). Problem-solving involves the FBPs contributing to the senior management decision-making processes. Yet, the problem-solving element is lacking in QF because of the organisational structure and a culture of power-distancing. The role of FBPs is limited to highlighting the risks and opportunities, and suggesting corrective actions and appropriate measures to be taken by senior managers. The third element described by Angelakis, Theriou and Floropoulos (2010, 87-96), that of scorecard-keeping, is currently not applicable in QF.

**Factors impacting management accounting in QF**

Organisations are operating in a global and competitive market; therefore, managers cannot afford to ignore the important roles management accountants play in supporting them in their decision-making processes. Presented in Table 1 are some of the factors impacting management accounting in QF.

**Table 1:** Summary of factors impacting management accounting in QF

Factors	Description	Sources
Quality of information system	Managerial accounting systems are affected by the quality of MA input; therefore, a good management information system is required in supporting the management accounting activities.	Ameen et al. (2018, 1-9)
	Larger organisations, for example QF, are expected to have sophisticated management accounting systems that enable in-depth data, scenario planning and what-if analysis that support the decision-making process.	Ahmad (2014, 1-10)

<b>Factors</b>	<b>Description</b>	<b>Sources</b>
Financial and organisation improvement	Management accounting supports the decision-making process; therefore, it improves the QF's performance and meeting their set objectives.	Sunarni (2013, 13-23)
Organisation size	QF is a large organisation employing more than 5000 employees internationally; therefore, size has an impact on the management accounting practices which support management control.	Amara (2017, 46-58)
Intensity of competition	Even though QF is funded directly by the Ministry of Finance, there are competing investments requiring government funding. QF, therefore, needs to be able to compete with others to secure appropriate funding for its operations.	Nair and Nian (2017, 1-32)
Qualified accounting staff	To implement and operate a management accounting system requires qualified accounting personnel. The qualified accountants support the success, growth, and feasibility of the organisation.	Brown, Booth and Giacobbe (2004, 37-48)
Modern technology	QF employed ERP (enterprise resource planning) as larger organisations are dependent on technology in assisting them in their decision-making and production activities.	Haldma and Laats (2002, 1-38)

## **QF management accounting roles and responsibilities**

Management accounting roles in the era of globalisation have become important at the corporate, national, and international levels. MAs play an active role in providing information and data – albeit historical – to the decision-makers to help them make informed decisions (Cooper and Dart, 2013, 1-28). MAs provide financial advice to senior management, whereas previously, they were restricted to information provision to operations managers. Other roles for MAs include in strategic management, as a method of extending the activities in support of the decision-making processes and acting as a finance business partner in the organisation. MAs undertake performance management; this role involves the formation of the practice of business decision-making and managing the organisation's performance. The role covers the management of risks, where the accountant is expected to proactively contribute towards the development of a framework that identifies, measures, manages, and reports risks contributing to the success of the business.

MAs help decision-makers achieve their main priorities around planning. In this role, MAs have limited participation in goal- and objective-setting for the organisation. Nevertheless, MAs discuss and determine the method(s) of achieving those goals by selecting relevant actions to implement the set goals and objectives (Mohammad and Ayuba, 2012, 43-53).

First, the directing role entails the overseeing of the company's daily operations and monitoring the implementation of the plans, allowing the organisation to achieve its set objectives (Bamber, Broun and Harrison, 2008). The second and third roles are controlling and planning; these roles involve the evaluation of the results of the business operations against the plans by using historical data and making necessary adjustments to the plans, enabling the organisation to achieve its goals (Bamber, Broun and Harrison, 2008, 1-673). The fourth role is the decision-making role, and even though the MAs have limited roles in goal setting, directing, and controlling, nonetheless, they do provide data that are employed for making appropriate business decisions. Figure 1 contextualises the four main roles of MAs in the modern era.

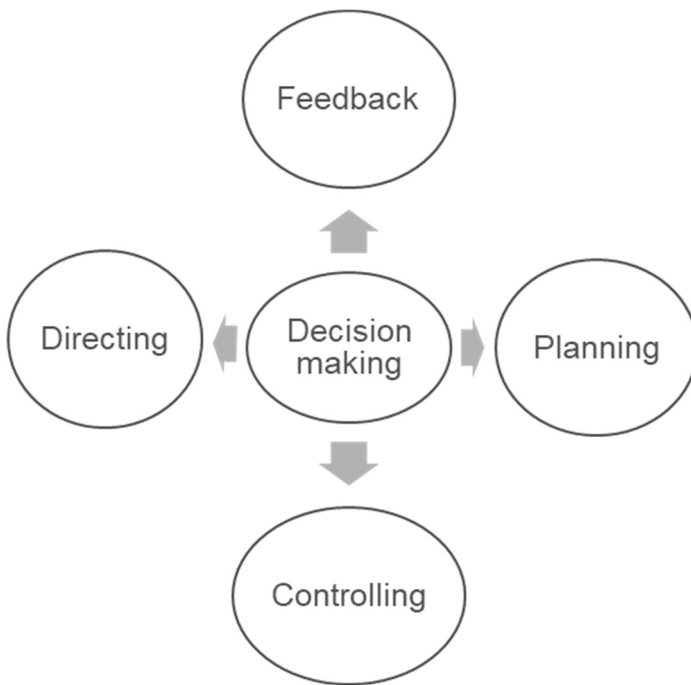


Figure 1: The main roles of the management accountant

### **The management accounting benefits - QF**

Evidence shows companies that have adopted the management accounting system reap many benefits. For example, Angelakis, Theriou and Floropoulos (2010, 87-96) conducted a survey of large Greek and Finnish manufacturing companies that adopted the management accounting system. They identified many benefits accruing to the organisations, including budgeting as a tool for cost control, financial planning, coordination of the activities of all the business centres, investment and cash-flow planning, performance measurement, and evaluation of the application of resources and the performances of managers. The application of benchmarks for the management process also ranked highly among the companies surveyed (Hutaibat and Alhatabat, 2019, 1-15). QF, the case company, used this tool to benchmark the operational performance against similar organisations in the same industry. The findings from Hyvonen (2005), Angelakis, Theriou and Floropoulos

(2010, 87-96), and Hutaibat and Alhatabat (2019, 21-39) indicated that planning and budgeting systems provide benefits to companies.

Additionally, QF adopts Activity-Based Costing (ABC) for budgeting and product costing for the annual budget planning, and these are the benefits that were identified in the study of manufacturing in Greece and Finland. ABC, according to Yalcin (2012, 95-110), is a popular accounting tool that has been widely adopted in helping QF to realise financial resources that are allocated across various directorates enabling the organisation to achieve strategic outcomes. Performance evaluation as a management accounting benefit is adopted in QF; this tool is used to measure the directorate's annual performance based on its set objectives. The tool is also used to measure the efficiency and effectiveness of personnel that are placed in positions of responsibility to deliver the organisation's objectives, and it is linked to the annual performance bonus allocated to employees. Budget variance analysis is used to measure the actual performance against the planned activities and to highlight any financial resources risk(s), so that preventative actions are taken to contain identified potential under-performance. Variance analysis is useful in budget analysis when used on a regular basis to inform the decision-makers about whether they are on course to achieve their set objectives.

QF benefits from the implementation of MA application tools, including investment appraisal, payback time, and the internal rate of return, which are regularly employed when establishing new projects or adding to the investment portfolio of the organisation (Al-Mawali, 2015, 219-226). Also, there is the benefit of the application of management accounting for long-term planning; for example, the QF five-year strategic plan and multiple-year forecasting are among the decision tools adopted by QF. Management accounting also supports forecasting and budgeting and is used to control wastage by undertaking variance analysis on a regular basis (Nassereddine, 2019, 99-110).

Table 2 summarises the benefits of management accounting in QF.

**Table 2:** Summary of management accounting benefits

<i>Summary of management accounting benefits</i>	<i>Source</i>	<i>Research aims</i>	<i>Country</i>	<i>Industry</i>	<i>Method</i>	<i>Summary of results</i>
Budgeting for cost control and decision support	(Angelakis, Theriou, and Floropoulos, 2010)	Identification of the management accounting practice adopted by the Greek firms and its future use.	Greece and Finland	Large-size Greek manufacturing firms.	Structured questionnaire to 415 organisations involving manufacturing, services, and commerce industries.	The implementation rates for management accounting and for currently developed practices were ranked highly closer to other countries.
Benchmarking	(Hutaibat and Alhatabat, 2019)	To investigate the extent of management accounting practices adoption in the UK.	UK	UK universities.	Structured questionnaire to 125 UK universities.	The study findings are UK universities adopt a specific MAP, relative to their perception of its positive attributes; however, cost and ease of use do not play an important role. Managers adopt MAPs if their benefits outweigh the costs.
Strategic planning	(Angelakis, Theriou and Floropoulos, 2010)	Identification of management accounting practice	Greece and Finland	Large-size Greek manufacturing firms.	Structured questionnaire to 157 Greek manufacturing companies	The findings indicate that implementation rates for management accounting and for newly developed practices were of a high level closer to other

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		implemented by Greek firms and its future use.			employing a minimum of 250 people.	countries. Conventional management accounting practices were marginally more highly adopted than the newly developed ones.
Activity-based budgeting	(Yalcin, 2012)	Identification of the management accounting practices employed by Turkey manufacturing firms.	Turkey	Manufacturing firms.	Questionnaire to 472 medium-sized manufacturing firms in Turkey.	The findings revealed that the rates of adoption of traditional management accounting practices are higher than those of newly developed techniques.
Performance evaluation	(Hyvonen, 2005)	To recognise the adoption of the management accounting practices, and its benefits and possible future use.	Finland and Australia	Manufacturing companies.	Survey of 132 Finnish firms.	The results suggest that financial measures like product profitability analysis and budgeting for controlling costs may be important in the future.

<i>Summary of management accounting benefits</i>	<i>Source</i>	<b>Research aims</b>	<b>Country</b>	<b>Industry</b>	<b>Method</b>	<b>Summary of results</b>
Investment appraisal - ROI, IRR, NPV and payback	(Angelakis, Theriou and Floropoulos, 2010)	Identification of the management accounting practice implemented by the Greek firms and its future use.	Greece and Finland	Large-size Greek manufacturing firms.	Structured questionnaire to 157 large-size Greek manufacturing companies that employ a minimum of 250 people.	The implementation rates for management accounting and for many newly developed practices were of a high level relative to those presented in other countries. Traditional management accounting practices were slightly more highly implemented than the newly developed ones.

Scholars, for example Johnson and Kaplan (1991, 1-269), experts, and accounting practitioners have warned that for management accounting to be relevant in the current competitive environment, it must reform and meet the changing requirements of organisations. Reacting to this warning, a variety of new accounting techniques have appeared, and among these innovations is the finance business partnering model which is discussed next.

### **The adoption of the finance business partnering model**

Is the adoption of the Finance Business Partnering model gaining traction amongst the large organisations as well as small- and medium-sized enterprises (SMEs)? Oboh and Ajibolade (2017, 119-137) reported that in the past few decades, a movement towards the FBP model had surfaced. Goretzki, Strauss and Weber (2013, 41-63) opined that management accounting has transitioned from mundane financial data analysis reporting to a more wide-ranging role of advising leadership and participating in decision-making. In this period, the FBP model has become an outstanding tool amidst other accounting revolutions aimed at repairing the damage caused by old management accounting practices. Juras (2014, 76-83) also indicated that there has been a movement away from the regular management accounting practices towards a more strategic positioning. The FBP model provides an alternative perspective. Nonetheless, in opposition to Juras's (2014, 76-83) viewpoint, research shows very few studies have been conducted that investigate the prospects for company-wide acceptance of the FBP model. Alnawaiseh (2013, 32-44), in his contribution to the discussion, indicated that the FBP model has not been fully adopted and has little or no recognition worldwide. However, Oboh and Ajibolade (2017, 119-137) believe that the acceptance of the FBP model will have a positive effect and will accelerate stability and growth. In addition, studies have shown that during the last few decades, the role of MAs in different organisations has changed from a fiduciary nature to management control, adding value to the planned direction of the organisation (Graham, Davey-Evans and Toon, 2012, 71-88). The International Management Accounting (IMA) research findings revealed that there was an ongoing transformation of the finance function that is becoming more strategically oriented. The finance function has also shifted to value-added, strategic activities and moved away from the role of bean-counting, lower value-added and routine activities (Lawson, 2019, 1-13). The current prediction is that MAs in the future will become business partners/advisers and internal consultants to business leaders.

## **Finance business partnering model – definitions**

What do we really mean by the term ‘finance business partnering model’? To date, there is no globally agreed definition of FBP, and different variations abound. Amongst the most useful FBP definitions is Zhang et al.’s (2020, 473-496), who described FBP as a close relationship between various departments of the organisation, including the finance department. Historically, it has referred to the role of internal consultants providing strategic support to the senior management in the organisation. The FBP supports the decision-making process pertaining to planning, controlling, coordination and evaluation using advanced technology; for example, the application of IT to share real-time data, the distribution of capital information flow and other data sources. However, the ICAEW described FBP as an instrument used for formulating strategy and implementation, communications, decision-making and negotiations. FBPs undertake business analysis and act as listeners for new initiatives, preferred advisers, and organisers of business-related matters (ICAEW, 2018, 1-62). FBPs play the role of value creation that supports improvement in the quality of decision-making in the areas of finance, price, and cost control (Flanagan and Grant, 2013, 47-49). An FBP is a business-minded person with excellent skills in technical accounting and with an in-depth knowledge of business. There is recognition that the true value of a finance professional has shifted away from providing a historical view of the business to becoming a proactive FBP and provides information on how the strategy can be executed.

Given the variety of definitions of FBP, the authors define FBP as a key partner who plays a key strategic role and acts as a link between the organisation's departments and finance, providing value-adding service to the departments they are supporting and contributing to the strategic decision-making process. Even though there has been a broad recognition of FBP as an innovation and model, a consistent definition of what constitutes the FBP is still lacking in the management accounting literature.

The current trend is that the Finance Business Partnering model is being adopted in organisations of varying sizes, industries, and complexity. The FBP title varies amongst organisations and industries. Also, the title varies between countries; for example, they can be titled as Internal Consultants/Advisors, Finance Managers or Specialists essentially providing strategic support to the senior management. They are strategically placed at different levels in the organisation. The FBP aligns

the finance function with business operations, thereby enabling them to understand and acquire business knowledge with the ability to influence the decision-making. Goretzki and Messner (2019, 1-20) opined that FBPs are a resource that provides value support to the leadership decision-making process of organisations. Importantly, FBPs are business-oriented, as against the transaction-oriented management accountants. FBPs provide and gather real-time information, assisting management in making business decisions. FBPs provide financial expertise and in-depth data analysis in support of the activities of the business. FBPs act as a value-adding resource challenging the decision-makers within the business units and thereby having a great influence on the strategic future of the business.

Table 3 summarises the main distinctions between traditional management accounting and the FBP model. Whilst aligning with Parker's (2018, 1-3) definition of FBPs, the author's preferred definition is that the FBP should be a professionally qualified person, with substantial commercial experience, flexibility, and ability to provide insight and scan the environment, along with analytical and communication skills, and strategically placed within the business units where s/he can provide first-hand advice and influence decision-making. Below is a summary of the distinctions between traditional management accounting and the FBP model.

**Table 3:** Distinction between traditional management accounting and the finance business partnering model

<b>Traditional management accounting</b>	<b>Finance business partnering model</b>
Historical – backward-looking, scorekeeping.	Prospective – strategic, forward-looking, and dynamic.
Watchdog and policeman-type function.	Member of senior management and cross-functional team and providing input to the decision-making process.
Transactional in nature.	In-depth analysis and provision of insight.
Inflexible and not dynamic.	Flexible.
Focus on existing activities.	Good, priorities aligned with counterparties.
Reactive to historical events.	Proactive.
Mundane activities.	Unprogrammed.