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Keywords : *Management Accounting Change, Organizational Changes, Manufacturing Firms, Iran*

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THE IMPORTANCE OF IMPACT IN ORGANIZATIONAL CHANGES ON MANAGEMENT ACCOUNTING CHANGE CASE STUDY OF IRANIAN MANUFACTURING FIRMS

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The Importance Of Impact In Organizational Changes On Management Accounting Change (Case Study Of Iranian Manufacturing Firms)

Akbar Allahyri^a, Hassan Heidari Bali^Ω, Morteza Ramazani^β

Abstract - Organizations involve technical changes, human sources development, and competitive markets. The purpose of this research is studying the amount importance of impact of Manufacturing firms changes on management accounting change. Present research has 4 independent variables that include 1- new accountants 2- new packaging 3- new products 4- weak financial performance which the method of this research is descriptive- survey and in applied kind that researcher uses to reach the research objectives 4 independent variables by use of testing effect on each one of the research variable on management accounting change and friedmon test for studying equal effect of variables and for studing effect of the case study firms size has used ANOVA variance analyze test. Result of the research indirect the effect of variables of research and firms size on the new packaging and weak performance.

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I. INTRODUCTION

Managers of firms product are under pressure to find the equilibrium ways for decreasing costs and improving quality, along with preserving profitability. In developed countries, firms couldn't beat these challenges, have stopped their operations of have been bought by other firms. Example of this situation occurred for one firm of 100 big Manufacturing firms in Australia between 1988 to 1993 (Adler and et, 2000).

Since 1985 discussion in academic and executive circles is about this object that in many Manufacturing firms, costing system isn't responsible for information requirements and analyzing for decision-making, and some times is argued that the costing systems are big obstacle in persormance of the new technology and perception of firms competitive advantage.

Procedures and new management philosophies, especially total quality management and system production just in time in many developed countries and some developeing countries, as well chnge

in information technology, economic, business arena, has been significant impact in style of produce of products and style of function in costing systems. And the new techniques like activating based costing, objective costing, life cycle costing, quality costing report, and strategic management account has invented and used.

There fore, despite the fact that firms for improvement their competitive advantage have performed new management methods that require change in the Manufacturing method and also in Manufacturing tool. But costing systems, thus face sever criticisms. In this article, along with brief review on management accounting literature evaluated studying the amount of importance of firms organizational changes that we evaluated 4 independent variables to reach research:

1. New accountants
2. New packaging
3. New products
4. Weak financial performance

II. MANAGEMENT ACCOUNTING CHANGE

Management accounting seeks to meet the decision needs of an entity's managers. In recent years, entities have been experiencing significant change in their organizational designs, their competitive environments and in their information technologies. In particular, developments in information technology have brought about innovation and change in the collection and analysis of information within and between organizations. Such change has implications for management accounting and management accounting change is potentially an integral part of organizational life in today's global and technology driven society. Almost twenty years ago, Hopwood (1987: 207) argued that 'very little is known of the processes of accounting change'. Subsequent studies have attempted to address this shortfall, for example Pettigrew et al., 1992; Innes and Mitchell, 1990; Cooper, 1990; Scapens and Roberts, 1993; Argyris and Kaplan, 1994; Anderson, 1995; Shields, 1995; Anderson and Young, 1999. Yet, despite such studies, Quattrone and Hopper (2001: 404) argue that 'little is known about what change is'.

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Much has been written on the changing nature of management accounting practice (Bhimani, 1996; Shields, 1997; Burns and Vaivio, 2001). New management accounting techniques have emerged (Bjoornenak and Olson, 1999) in response to changing business environments, along with new organizational designs, new information technologies and new competitive environments. Management accounting changes are usually viewed as arising out of economic imperatives.

In addition, the consequences of accounting technologies are often reduced to a logic of economic incentives and rational economic behavior. This perspective, however, fails to recognize that the origins and application of accounting techniques are not shaped by economic logic alone, but involve far more wide-ranging influences such as changing social, economic and political conditions (Burchell et al., 1980; Neimark and Tinker, 1986; Hopwood, 1987; Preston, 1992; Miller and O'Leary, 1990).

Studies of the process of accounting change address a number of issues, including the management of the process of change (Pettigrew et al., 1992; Innes and Mitchell, 1990; Cooper, 1990; Scapens and Roberts, 1993; Argyris and Kaplan, 1994; Anderson, 1995; Shields, 1995; Anderson and Young, 1999); resistance to accounting change (Scapens and Roberts, 1993; Markus, 1983; Dent, 1991); and the role of technology in the implementation of new accounting systems (Markus and Pfeffer, 1983; Orlikowski and Robey, 1991; Orlikowski, 1992). Many of these empirical studies again illustrate the complex sociotechnical forces that influence the process of accounting change. More recently, Burns and Scapens (2000) offer a new framework for analyzing management accounting change which draws upon old institutional economics and structuration theory.

III. ORGANIZATIONAL CHANGE

Case studies have presented the reorganization of the organizational structure as a facilitator for management accounting change (Innes and Mitchell, 1990). These findings are confirmed by field research (Laitinen, 2001; Luther and Longden, 2001). In contrast to these findings Cobb et al. (1995) see that changed priorities hinder management accounting improvement. Because a changing organizational structure needs management capacities and is also followed by changed priorities, we see in these changes a barrier to management accounting change. The existing management accounting system must be adapted to the new organizational form and an improvement of methods or technology is hindered.

IV. LITERATURE REVIEW

The basic purpose of accounting information is to help users make decisions. Management accounting is the branch of accounting that produces information for managers and forms an important integral part of the strategic process within an organisation. It involves the process of identifying, measuring, accumulating, analysing, preparing, interpreting, and communicating information that helps managers fulfill organizational objectives (Horngren, Sundem, Stratton, Burgstahler, & Schatzberg, 2007). Chartered Institute of Management Accountants (UK) (2000) views management accounting as an integral part of management which requires the identification, generation, presentation, interpretation and use of information relevant to formulating business strategy, planning and controlling activities, decision-making, efficient resource usage, and performance improvement and value enhancement.

Since Hopwood (1987) asked for further research into accounting change there have been several studies which analyze aspects of management accounting change. Libby and Waterhouse (1996) detected that little is known about the forces which induce or act to impede management accounting systems change. Atkinson et al. (1997) saw one extremely fertile area for research in a systematic inquiry into facilitators and barriers.

Yakhou and Dorweiler (1995) recommended further research into why some companies are slower than others in adopting management accounting innovations. One of the first evidence based studies was published by Innes and Mitchell (1990), who identified in seven case studies, factors which cause management accounting change. In these findings Cobb et al. (1995) missed the consideration of barriers-factors which hinder or prevent change and therefore developed an accounting change model based on a case study of a bank. Overall the processes of change are forced by a combination of random, systematic and internal factors (Burns and Scapens, 2000).

In our study we test drivers and barriers that influence management accounting change.

We focus on a single industry, due to the fact that a single industry analysis has substantially higher internal validity than a cross-sectional analysis (Ittner et al., 2003). We selected the banking industry because Ittner et al. (2003) argued that financial services firms are actively discussing their choice of performance measures and value drivers. Although banks have developed better measures for dealing with risks than other industries (Beasley et al., 2005). Williams and Seaman (2001) found that the determinants of management accounting change cannot be generalized from the manufacturing and industrial sectors to the service sector. Also Al-Omiri and Drury (2007) reported that the financial services sector differs from other

industries significantly. Because Helliard et al. (2002) found that development in banks' profitability reporting systems was different from that in other industries, we have to discuss which factors mentioned in previous research into other industries are relevant for the banking industry. There are some earlier studies about management accounting design which also focused on the banking industry (e.g. Cobb et al., 1995; Grimmer, 2003; Helliard et al., 2002; Hussain and Hoque, 2002; Ittner et al., 2003). Luther and Longden (2001) showed that motives for management accounting change can differ from country to country. To avoid national bias, we focus our study on a specific language area.

V. RESEARCH OBJECTIVES

This research is followed these objectives

1. Studying effective amount of organizational changes in management accounting changes in Manufacturing firms.

VI. RESEARCH HYPOTHESIS

1. New accountants impact on management accounting change
2. New packaging impact on management accounting change
3. New products impact on management accounting change
4. Weak financial performance impact on management accounting change

VII. RESEARCH METHODOLOGY

In this article, research methodology is descriptive- survey and in applied. In the direction of entrance to research district has also used field method. In the direction of gathering required information in research has been also driven from two primary and secondary data categories that in direction of secondary data, documents, evidences, books, articles, internet searching motors and connected sites are collective circle. Techniques of interview and questionnaire have also used for gathering primary. Research data at statistical society simultaneously.

Random classified sampling method has been applied in the direction of selection of sample volume that in this research firm on base of firm size, small (under 10 individual forces), medium (10 to 50 individuals), large (50 to 150 individuals), extensively large (more than 150 individuals) firm are selected.

Research scientific society, active Manufacturing firms that the number 150 questionnaire is sent, that the number 112 questionnaire and their answers has made criterion for resulting of researcher.

Statistical analyze has been performed in two parts: descriptive and inferential. In the descriptive part, first for general identification case study sample (gender, age, experience of work, study of field,

educational degree and number of human forces) frequency table of forming and approximately case study samples have described.

In inferential analyze part by use of test has paid to comparison of observed average of hypothesis separately.

If observer average, obtained average of study sample for all hypotheses is significantly is bigger than theoretical average ($\frac{1+2+3+4+5}{5} = 3$) allocated codes in likert spectrum, could accepted that frequency of choices very high and high is less than frequency of choices very low or low. Researchers hypothesis, therefore is accepted and by use of Friedman test for studying equalization of research variables has performed and then separately by use of testing ANOVA variance analyze impact of the number of human force separately has studied on research variables.

Table No.1, Frequency of Firms Size		
Firm Size	Frequency	Percent
>10	4	3.6
10 to 50	56	50.
50 to 150	28	25
more than 150	24	21.4
Total	112	100

VIII. STATISTICAL ANALYZE

a) First hypothesis test

H_0 : Average is less than number 3 (new accountants hasn't impact on management accounting changes!)

H_1 : Average is more equal number 3 (new accountants impact on management accounting changes!)

With regard to values of table No.2 value P-value= 0/00 hypothesis zero in level of error 5% is rejected. Means observed average is more equal than 3 and as partial average is more than 3 means theoretical average, thus can result that observed average (3.4286) is significantly more than 3.

On the other words in level of error 5 percent, researcher's hypothesis is accepted. Then could said that new accountants impact on management accounting change.

b) Second hypothesis test

H_0 : Average is less than number 2 (new packaging hasn't impact on management accounting change!)

H_1 : Average is more equal number 2 (new packaging impact on management accounting change!)

Table No.2, T Test Statistics

Description Hypotheses	n	\bar{x}	Std	t	d.f	Test Value	P-value	Result
First Hypothesis	112	3.4286	0.94644	4.792	111	3	0.000	Accept
Second Hypothesis	112	3.8214	0.76186	11.410	111	3	0.000	Accept
Third Hypothesis	112	3.8571	0.64175	14.135	111	3	0.000	Accept
Fourth Hypothesis	112	3.9286	0.80218	12.250	111	3	0.000	Accept

With regard to values of table No.2 value P-value= 0/00 hypothesis zero in the level of error 5 percent is rejected. Means observed average is more equal than 3 and as partial average is more than 3 means theoretical average, thus can result that observed average (3.8214) is significantly more than 3.

In the other words in level of error 5 percent, researcher's hypothesis is accepted. Then could said that new packaging impact on management accounting change.

c) Third hypothesis test

H_0 : Average is less than number 3 (new products hasn't impact on management accounting change!)

H_1 : Average is more equal number 3 (new products impact on management accounting change!)

With regard to values of table No.2 value P-value= 0/00 hypothesis zero in the level of error 5 percent is rejected. Means observed average is more equal than 3 and as partial average is more than 3 means theoretical average, thus can result that observed average (3.8571) is significantly more than 3.

In the other words, in the level of error 5 percent, researcher's hypothesis is accepted. Then could said that new products impact on management accounting change.

d) Fourth hypothesis test

H_0 : Average is less than number 3 (weak financial performance hasn't impact on management accounting change!)

H_1 : Average is more equal number 3 (weak financial performance has effect on management accounting change!)

With regard to values of table No.2 value P-value= 0/00 hypothesis zero in the level of error 5

percent is rejected. Means observed average is more equal than 3 and as partial average is more than 3 means theoretical average, thus can result that observed average (3.9286) is significantly more than 3.

In the other words in the level of error 5 percent, researcher's hypothesis is accepted. Then could said that weak financial performance has effect on management accounting change.

e) Testing equalization of research independent variables

For prioritizing and determining importance on each one of the research independent variables (factors involved in prevention of management accounting change) friedman's test has been used. This test suggests that is there between restraining factors, a factor of other factors more important or all equal in importance. Researcher has used for test following reject and claim hypotheses:

H_0 : Independent factors of research (organizational changes factors in management accounting change) for impact have equal importance!

H_1 : Independent factors of research (organizational changes factors in management accounting change) for impact haven't equal importance!

With regard to table No.3 value df=3, P-value= 0/00 and prepared value chi-square= 34.557 could resulted that acceptance at meaningful level 5% hypothesis and hypothesis is rejected, Means research independent variables (factors involved in prevention of management accounting change) for effect have equal importance could shown ranking order of independent variables in table No.4.

Table No.3 Friedman Test Statistics

N	112
Chi-Square	34.557
df	3
P-value	.000

Table No.4, Mean Ranking of Variable

Independent Variables Descriptive Mean Rank	Weak financial performance	New packaging	New products	New accountants
	4.19	4.12	3.78	4.08

f) *ANOVA Variance Analyze*

For studying impact of firm size on independent variables of research has been used ANOVA variance

analyze that their results has reflected in table No.5 that we embark on explanation of its result. As regard the average levels of volumterrs isn't equal in all variables.

Table No, 5 ANOVA Test							
Independent Variable	Source of Changing	Sum of Squares	df	Mean square	F	P - Value	Result
New Accountants	Between Groups	1.524	3	0.508	0.560	0.642	Reject
	Within Groups	97.905	108	0.907			
	Total	99.429	111				
New Packaging	Between Groups	9.000	3	3.000	5.845	0.001	Accept
	Within Groups	55.905	108	0.513			
	Total	64.429	111				
New Products	Between Groups	0.857	3	0.286	.688	0.561	Reject
	Within Groups	44.429	108	0.415			
	Total	45.714	111				
Weak Financial Performance	Between Groups	10.952	3	3.651	6.520	0.000	Accept
	Within Groups	60.476	108	0.560			
	Total	71.429	111				

IX. RESEARCH FINDS AND RESULTS

This article has followed presentation of surveying research results of active Manufacturing firms. Selected firms, also are small, medium, large and extensively large. Practiced results of testing research hypothesis indicate organizational changes have more important in management accounting change.

For studying equalization of impact on research independent variables that has been used fridman test indicate that impact of research independent variables in equal.

In the direction of recognition impact of research main variables by firm size use ANOVA parametric that results of test indicate in the line with second and fourth variables (new packaging and weak financial performance).

In a general result could said that in Iranian firms 4 independent variables are more important in management accounting change and so, firms must attention to the new methods of management accounting defore their organizational changes. Because by entrance of the new products by oackaging and new facilities else old costing methods for decision-making aren't useful, firms, therefore for ncreasing competitive power in market and industry impose cost of management accounting change for themselves to use its benefit in future.

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