

## CIMA RESEARCH INITIATIVE

### Stewardship and Trust

Management accounting plays a vital role in developing and running a wide range of management control systems that support the understanding, communicating and executing of organizational strategy as well as in ensuring the integrity of the data on which decisions around strategy and day-to-day activities are undertaken. An ongoing stream of scandals highlights the delicate balance that management must strike between taking on considered risks in pursuit of challenging performance targets and undertaking activities that overreach what is appropriate and slip into potentially socially and economically destructive patterns of behaviour.

Regulation plays a vital role in addressing this issue, however the challenge of regulatory leap-frog means that it can only be a part of the solution. A stream of scandals have shaken the banking industry in a context of considerable regulatory development and scrutiny. Outside of banking, the recent emissions scandal provides a remarkable example of corporate governance failure despite significant regulatory intervention in the car industry. The collapse of Kids Company (now in liquidation) offers another example in a different sector altogether – the voluntary sector. This is not to decry regulatory efforts, nor the role of external audit, rather to highlight the vital role that management accounting must play in internally supporting

organisations as they seek to deliver on their responsibilities of stewardship in protecting the financial and non-financial assets of the organisation, including its reputation, and to build and deserve the trust of their stakeholders.

**This role is clearly and strongly emphasised in the CGMA principles and following on from this CIMA encourages research that addresses the role that management accounting can play in better understanding and addressing this challenge. An indicative but not exhaustive set of topics for investigation that might be relevant are:**

- The conflict between systems designed to reduce risk, minimise fraud and support ethical behaviour, and systems designed to improve performance through focus on key performance indicators and incentives.
- The use of various mechanisms within compensation/incentive or other formal control systems designed to mitigate gaming or undesired effects, such as excessive risk taking or short-term orientation by way of lock-ups, claw-backs, subjective performance evaluations, etc.
- The development of trust-based social controls through mission/vision statements, ethical codes of conduct and HR recruitment, integration and development practices.

- The effects of 'culture' (organisational culture; risk culture; bonus culture; performance culture) on behaviours and systems.
- The interaction between internal control systems and external regulation, audit, individual and corporate beliefs, values and professional ethical guidance.
- The roles of management accounting in the broader corporate governance structures, including the role of the management accounting function as corporate police versus business partner.
- The interaction between accounting departments and other organisational groups (and also auditors) when planning the organisation's attention to risk versus performance.

*The complexity and scope of this topic mean that all methodologies are potentially relevant, similarly there are no restrictions on the theoretical frameworks that might be fruitfully drawn upon. Detailed research proposals are invited.*

### APPLICATIONS

Grants are typically between £5,000 and £40,000 depending on the scope of the project and its outputs.

Applicants are strongly advised to read the Guidance Notes prior to application. Details and application forms can be found at [www.cimaglobal.com/research](http://www.cimaglobal.com/research)

The closing date for applications is 31 August 2016. Shortlisted applicants will be invited to present their proposals to a CIMA review panel in October 2016.

For further information please contact CIMA's research team:  
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