

**Master of International Management**  
**Master Thesis No 2002:15**

**Management Accounting Practices in Spain**

Historical analyses within both a social  
and an organisational context

**Jorge Carranza Calvo**

Graduate Business School  
School of Economics and Commercial Law  
Göteborg University  
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## **Abstract**

Until the 1980's Management Accounting, M.A., has had a limited importance in the management of the Spanish companies. One of the more accepted explanations in the research communities for the expansion has been the contingency theory. The aim of the study is to highlight that the new importance of M.A. in Spain is not only a consequence of a growing competitive environment, but rather is closely connected to the characteristics of the social and organizational contexts of the Spanish enterprises and, particularly, to the changes experienced during the last decades.

In order to accomplish the mentioned purpose, the study unites a subjective with an intersubjective approach, conducting interviews and observation in addition to a questionnaire. In this respect the study contrasts the findings from the case study with the data derived from several secondary sources.

M.A. is a vast area, in order to study its elements this study had to depict and carefully interpret its denotations. The study finds out an increasing openness tendency of M.A. in Spain to the influences coming from the social and organizational contexts.

**Keywords: Management accounting, management accounting practices, Spain, organizational context, social context, open system, closed system.**

**Dear Reader,**

This thesis has analysed jointly characteristics of several fields such as the society, the economy, the politics, the organizational context and management accounting. Due to the diversity of the fields under study, this thesis presents a greater complexity than others in relation to its structure. Therefore, it is advisable to read carefully the introductory chapter, especially the section dedicated to the method of the study where the author has attempted to put some light in the reader's course.

Jorge Carranza Calvo, 7/1-2003

Master of Science, candidate 2003

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During a six months period, I have had the opportunity to study an essential discipline within the entrepreneurial management. M.A. is a topic highly involved in numerous debates today.

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## **Table of Contents**

<b>1. INTRODUCTION .....</b>	<b>1</b>
1.1. PREFACE .....	1
1.2. A DISCUSSION CONCERNING THE PROBLEM OF THE STUDY .....	2
1.3. PROBLEM OF THE STUDY .....	3
1.4. PURPOSE OF THE STUDY .....	4
1.5. RESEARCH FOCUS .....	5
1.6. THESIS OUTLINE .....	5
1.7. METHOD USED FOR THE STUDY .....	6
1.7.1. Historical research method in accounting .....	6
1.7.2. Types of data .....	9
1.7.3. Levels of analyses in the study .....	12
1.8. DELIMITATIONS OF THE STUDY .....	12
1.8.1. Delimitations of the questionnaire .....	13
1.8.2. Delimitations of the case study .....	14
1.9. A CURIOUS STUDENT .....	15
1.10. SUMMARY OF THE CHAPTER .....	16
<b>2. THEORETICAL SUPPORT FOR THE STUDY .....</b>	<b>17</b>
2.1. MOST IMPORTANT M.A. APPROACHES IN SPAIN .....	17
2.2. BACKGROUND OF THE THEORETICAL FRAMEWORK .....	18
2.2.1. An environmental perspective of the open systems approach .....	18
2.2.2. Factors influencing M.A. in the companies .....	21
2.3. THE COMPANY AS AN OPEN SYSTEM. A SOCIAL AND AN ORGANIZATIONAL PERSPECTIVE .....	22
2.4. SUMMARY OF THE CHAPTER .....	24
<b>3. DURING THE FRANCO REGIME .....</b>	<b>25</b>
3.1. INTRODUCTION .....	25
3.2. SOCIAL AND ORGANIZATIONAL CONTEXTS FOR THE SPANISH COMPANIES UNTIL THE BEGINNING OF THE 1980'S .....	25
3.3. M.A. IN THE COMPANIES IN SPAIN UNTIL THE BEGINNING OF THE 1980'S .....	27

3.4. ANALYSING THE INTERACTIONS BETWEEN M.A. AND THE SOCIAL AND ORGANIZATIONAL CONTEXTS FROM 1939 UNTIL THE BEGINNING OF THE 1980'S.....	28
3.4.1. Lag in the modernization process .....	28
3.4.2. The Spanish social context as instrument of the social control.....	30
3.4.3. The entrepreneurial profitability.....	32
3.4.4. The organizational context of the Spanish company.....	33
3.5. SUMMARY OF THE CHAPTER.....	35
<b>4. AFTER THE FRANCO REGIME UNTIL TODAY .....</b>	<b>37</b>
4.1. INTRODUCTION .....	37
4.2. SOCIAL AND ORGANIZATIONAL CONTEXTS FOR THE SPANISH COMPANIES FROM THE BEGINNING OF THE 1980'S UNTIL TODAY	37
4.3. M.A. IN THE COMPANIES IN SPAIN FROM THE 1980'S UNTIL TODAY.....	39
4.3.1. M.A. in the companies in Spain in the 1980's.....	39
4.3.2. M.A. in the companies in Spain from the 1990's until today.....	41
4.3.3. Questionnaire about M.A. practices today in Castilla y León, Spain.....	41
4.4. ANALYSING THE INTERACTIONS BETWEEN M.A. AND THE SOCIAL AND ORGANIZATIONAL CONTEXTS FROM THE 1980'S UNTIL TODAY.....	53
4.4.1. The impact of the modernization on the development of M.A. ....	53
4.4.2. Disuse of the social control tool of the Franco regime.....	55
4.4.3. The change in the competitive context of the Spanish company .....	56
4.4.4. Changes in the organizational context of the Spanish company .....	58
4.5. SUMMARY OF THE CHAPTER.....	60
<b>5. NEW TRENDS .....</b>	<b>61</b>
5.1. INTRODUCTION .....	61
5.2. REASONS BEHIND THE APPEARANCE OF NEW M.A. TRENDS ...	61
5.3. PRESENTING SOME OF THE NEW M.A. TRENDS IN SPAIN.....	63
5.4. ANALYSING THE NEW TRENDS.....	68
5.5. SUMMARY OF THE CHAPTER.....	72
<b>6. THE CASE STUDY OF CASBEGA S.A. ....</b>	<b>73</b>

6.1. INTRODUCTION.....	73
6.2. GENERAL CHARACTERISTICS OF THE COMPANY .....	73
6.3. ORGANIZATIONAL CONTEXT AND M.A. IN CASBEGA S.A. UNTIL THE BEGINNING OF THE 1990'S .....	74
6.4. ORGANIZATIONAL CONTEXT AND M.A. IN CASBEGA S.A. FROM THE BEGINNING OF THE 1990'S UNTIL TODAY .....	76
6.4.1. First phase of the modernization process: changes.....	77
6.4.2. Second phase of the modernization process: implementation.....	79
6.5. OVERALL ANALYSIS .....	80
6.5.1. Changes in the nature of the influences on M.A.....	80
6.5.2. Macro and micro analyses.....	83
<b>7. CONCLUSIONS.....</b>	<b>87</b>
7.1. INTRODUCTION.....	87
7.2. DISCUSSION .....	87
7.3. CONTRIBUTION.....	91
7.4. FUTURE LINES OF RESEARCH.....	91
<b>REFERENCES .....</b>	<b>93</b>
<b>APPENDIX 1. FACTS AND FIGURES OF CASTILLA Y LEÓN.....</b>	<b>101</b>
<b>APPENDIX 2. THE QUESTIONNAIRE .....</b>	<b>103</b>
<b>APPENDIX 3. INTERVIEWS AND MEETINGS.....</b>	<b>109</b>
<b>APPENDIX 4. FURTHER CHARACTERISTICS OF CASBEGA S.A. .</b>	<b>111</b>



## List of Tables

<i>Table 1: Size of the companies consulted by the surveyed professionals.....</i>	<i>43</i>
<i>Table 2: Activity sector of the identified companies.....</i>	<i>43</i>
<i>Table 3: Size of the companies included in the sample .....</i>	<i>44</i>
<i>Table 4: Objectives of M.A. ....</i>	<i>44</i>
<i>Table 5: Ranking of objectives of M.A.....</i>	<i>45</i>
<i>Table 6: Utility of M.A. ....</i>	<i>45</i>
<i>Table 7: Preferred groups in the elaboration of M.A. principles .....</i>	<i>46</i>
<i>Table 8: Models of costs .....</i>	<i>47</i>
<i>Table 9: Frequency of budgets revision .....</i>	<i>48</i>
<i>Table 10: Impact of the new information technologies on M.A. ....</i>	<i>49</i>
<i>Table 11: Impact of the new production technologies on M.A.....</i>	<i>50</i>
<i>Table 12: Actual M.A. trends.....</i>	<i>50</i>
<i>Table 13: Sales of Casbega S.A.....</i>	<i>111</i>
<i>Table 14: Capital of Casbega S.A. invested in other companies .....</i>	<i>112</i>

## List of Figures

<i>Figure 1: Problem of the study.....</i>	<i>3</i>
<i>Figure 2: Outline of the thesis .....</i>	<i>6</i>
<i>Figure 3: Structure of chapters containing data input.....</i>	<i>9</i>
<i>Figure 4: Levels of analyses in the study.....</i>	<i>12</i>
<i>Figure 5: Background of the theoretical framework.....</i>	<i>18</i>
<i>Figure 6: Factors influencing the development and use of M.A. in companies</i>	<i>22</i>
<i>Figure 7: Theory support for the study.....</i>	<i>23</i>
<i>Figure 8: Principles of M.A. ....</i>	<i>46</i>
<i>Figure 9: Regional map of Spain.....</i>	<i>74</i>
<i>Figure 10: The interplay between myths and ghost-myths in M.A. influences</i>	<i>.81</i>
<i>Figure 11: Influences on M.A. during the Franco regime .....</i>	<i>82</i>
<i>Figure 12: The influences after the Franco regime until today .....</i>	<i>83</i>



## **1. Introduction**

This introductory chapter is of an explanatory nature. Firstly, it raises some issues that set the scene. Secondly, a conceptualisation of what is understood by M.A. in the study is presented. Thirdly, the problem and the purpose of the study are developed. Next, the methods and delimitations of the study are explained. The chapter concludes with some personal comments from the author.

### **1.1. Preface**

Until the 1980's management accounting, M.A. (the abbreviation M.A. is used hereafter), has had a limited importance in the management of Spanish companies. One of the more accepted explanations in the research communities for this expansion has been the contingency theory. According to it, the development of M.A. would be the answer to the needs for more information with which to face the new and more competitive environment that emerges after the economic crisis at the end of the 1970's, the admission of Spain into the European Common Market and the impact of the internationalisation.

However, from the end of the 1980's, researchers in accounting such as Carmona (1993), Carmona et al. (1999) and Amat I Salas and Amat (1994) have questioned the contingency theory. They have argued for a broader conception of M.A. that helps to understand the relation between M.A. and the social and organizational contexts in which it operates. This thesis has taken its fundamentals from these previous studies that represented, at that time, the appearance of a new perception of M.A. by incorporating theoretical approaches coming from the sociology.

The thesis highlights that the new importance of M.A. in Spain is not only a consequence of a growing competitive environment, but rather is closely connected to the characteristics of the social and organizational contexts of the Spanish enterprises and, particularly, to the changes experienced during the last decades. The Spanish modernization process has brought social, cultural, political, and economical transformations that have created the conditions to make possible the increasing importance of the M.A in the Spanish companies.

## **1.2. A discussion concerning the problem of the study**

A huge variety of meanings and appreciations are given to the term M.A. in the plentiful literature available, which creates a state of confusion in most of the readers. The aim of this section is to throw some light as to what is understood as M.A. within this study.

The important changes that have affected the companies context, growing tendency towards the services, internationalisation of the markets and important advances regarding manufacturing and information techniques (Ashton et al., 1995:1), have questioned the traditional models of management and the role that the information and control systems, concretely M.A., must play.

The traditional focus considers M.A. as a series of control mechanisms that act a posteriori. These mechanisms assign a supposedly optimal answer to every problem automatically. Moreover, the financial data are the unique information supplied to the management.

In the actual context characterized by a high uncertainty, M.A. as an instrument to achieve a more efficient and effective management, is being obliged to respond to the complex challenge of the progressive increase of the information demands in quantitative and qualitative terms. According to Sierra and Escobar (1996), that is why M.A. is considered from a broad perspective as an information and control system, able to supply any relevant information, traditional, quantitative and even qualitative, in order to fulfil the main purpose of M.A., the support of the management. Here management is understood as a continuous planning and control process towards the aim of the organization. The new focus considers M.A. as a learning discipline that attempts to anticipate itself to the problems caused in the management by the changes in the environment and in the organization (Escobar, 2002).

There are several Spanish studies in M.A. following this line: Researchers studying practice as Blanco F. (1988), Sáez (1988), Iglesias (1992), Blanco M. and Gago (1993), Amat J.M. and Amat O. (1994), Gonzalo and Carmona

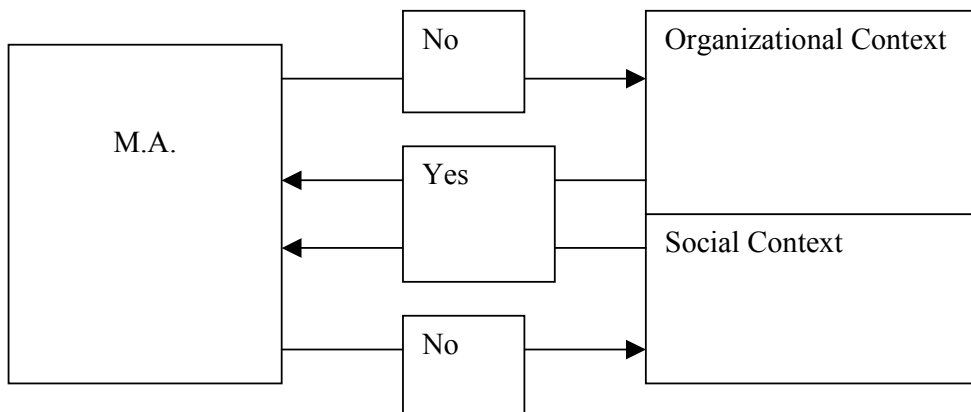
(1995), Lizcano (1995), Castelló (1996a), Ripoll (1996), Sáez et al. (1996) as well as the normative settlers as AECA (1990) (Spanish Association for Accounting and Business Administration) and ACODI (1996) (Spanish Association for Management and Control) have made contributions. The studies of Sáez et al. (1993), Sierra and Rodríguez (1997) and Mallo et al. (2000) well reflect the broad vision of M.A., by including in their contents as the fundamentals, elements and cost systems as the decision-making approach represented by the investment decisions and the budgeting control as well as benchmarking and the motivation of managers.

### **1.3. Problem of the study**

The study attempts to answer the following question:

*In what way is M.A influenced by both the social and organizational contexts of M.A. practitioners in Spain?*

By social context it is understood all that is outside of the company. Within the social context three fields are distinguished: the society, the political situation and the economical situation. One remark must be made regarding the problem of the study: this thesis attempts to study how M.A. has been influenced, but not how M.A. influences the social and organizational contexts. That topic would imply a fully sociological approach that does not concern the intentions of this study, see Figure 1.



**Figure 1: Problem of the study**

In order to cope with the problem of the study, four questions attempt to be answered:

- I. What are the characteristics of M.A. in Spain?
- II. Which is the relation between the social and organizational contexts and M.A.?
- III. Why is the found relation in that way?
- IV. What role plays M.A. within the organizational control processes?

Besides, Chapter 3 attempts to answer two additional questions:

- V. What were the reasons that explain the limited relevance and even the absence of M.A. until the beginning of the 1980's in the Spanish companies?
- VI. What were the mechanisms that guaranteed the organizational control in the Spanish companies until the beginning of the 1980's?

An additional question is also formulated for Chapter 4:

- VII. What reasons explain the fact that from the 1980's, M.A. became so important in the Spanish companies?

Due to the nature of the problem proposed, the study presented here is not a study *in* M.A. but *about* M.A. Therefore, it is not intended to go through the different techniques that M.A. comprises, but rather to see M.A. from a broader perspective.

#### **1.4. Purpose of the study**

The purpose of the study is to highlight that the new importance of M.A. in Spain is not only a consequence of a growing competitive environment, but rather is closely connected to the characteristics of the social and organizational contexts of the Spanish enterprises and, particularly, to the changes experienced during the last decades.

The purpose of this study has both a descriptive and an explanatory nature. A quick glance at the questions formulated in the section about the problem of the study will aid the reader to understand the double nature mentioned. On the one hand, questions one, two, and six represents the descriptive purpose in this study. They attempt to describe issues such as the characteristics and the role of

M.A. On the other hand, questions three, five and seven have an explanatory nature since they intend to give reasons to certain behaviours.

### **1.5. Research focus**

In order to cope with the problem of the study, the research focuses on the evolution of M.A. practices in Spain as well as the situation of the social and organizational contexts from the end of the Spanish civil war in 1939 until the new trends coming up today. The researched time span is divided into three periods: during the Franco regime, after it until today and the new trends of M.A. coming up in a near future. The reason for this division is based on the different patterns of relation between M.A. and its contexts observed in each period. Three different communities involved with M.A. were distinguished: professors, researchers and practitioners. The study focuses mainly on M.A. practices, namely of companies and professionals of accounting. Therefore, the chosen literature for this study dealt always with M.A practices. However, the continuous references to eminent researches in the text are unavoidable since they produce most of the available literature.

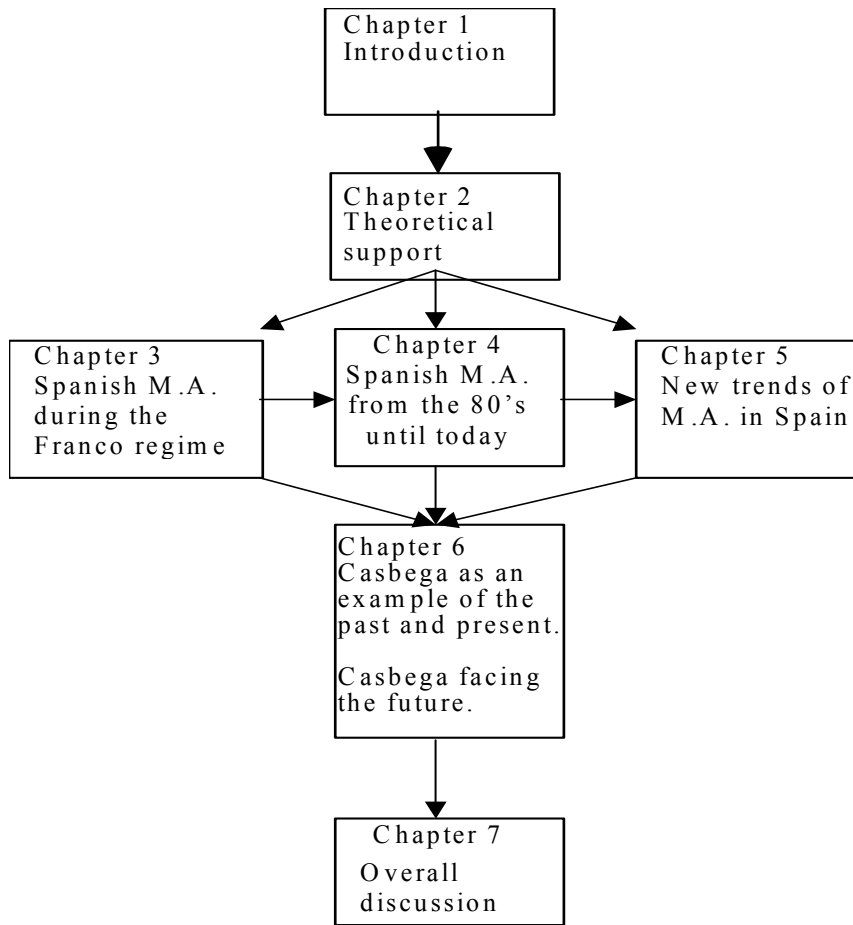
### **1.6. Thesis outline**

Chapter Two concerns the theoretical framework, which creates a basis for the study. As a point of departure different M.A. approaches in Spain are discussed. Next, the approach used in the study is presented more in depth.

In Chapter Three, Four and Five the different research periods are presented: during the Franco regime, after the Franco regime until today and new trends of M.A.. Each one of them comprises a description and a posterior analysis.

Chapter Six presents the case study of Casbega S.A., which comprises the evolution of M.A. in Casbega S.A. since its foundation in 1952 until today. The purpose of the chapter is pedagogic. The analysis at the end of the chapter compares the descriptions and explanations concerning M.A. practices and its influences that were done in Chapter Three to Five on a macro level with the similar ones made on a micro level for Casbega S.A.

Chapter Seven presents the conclusions and brings the results and analysis to a higher level of understanding with the comparison between chapters. A summary of the influences described in the study is presented in a discussion. Besides, the line of thought of the previous analyses is used to define the guidelines of the conclusion. Finally, the need for further research is discussed. The outline of the thesis is presented in Figure 2.



**Figure 2: Outline of the thesis**

## **1.7. Method used for the study**

### **1.7.1. Historical research method in accounting**

The research of the thesis embraces the evolution of the M.A as well as its social and organizational contexts since the 1940's until today. Consequently, the importance of the historical data in this study appears evident. Besides which the researched time-span is divided into three different periods with similar characteristics within each one of them, which makes of the time-span



another important variable to consider when it comes to the method. These two circumstances underline the impotence of using a historical research method for this study.

#### Historical subjectivity

The existence of historical facts, understanding those as the occurrence of events, is subject to considerable debate between the ones who believe in the possibility of an objective historical writing and those that consider that impossible (Fleischman, 1996). However, it appears undeniable that the observation and understanding of any kind of historical fact by a concrete actor is subject to the personal interpretation of that actor and therefore is subjective to subjectivity, conscious or unconscious.

An important component of the historian's subjectivity is the linkage between the past and the present. The historian's ability to interpret historical facts is continuously influenced by the actual happenings that surround him. One example of this is the existence of different interpretations of the same historical fact in different moments of history.

#### Historical evidence

The treatment of evidence is an essential evidence of the historians. Evidence can be defined as past events that illustrate or explain other events. However, evidence does not speak for itself. (Fleischman, 1996: 7). Historical evidence represents what has survived the transition from past to present, subject to accidents of preservations or deliberate destruction.

Different types of evidences can be distinguished. The communicative evidences comprise all those that are transmitted using a communication tool: paper, oral, art, etc. Other ones are the nature evidences such as the past landscapes or the alterations of natural objects. When studying history of accounting the first classification of communicative evidences contributes logically with more data and it is therefore the one used in this study.

#### Historical construction

Many historians would characterize their work as the metamorphosis of evidence into a coherent and probable picture (Fleischman, 1996:9). In order to

obtain a good picture of the happenings, a clear understanding of the context is needed. It is important to know how the men and women of the time saw their world.

Historians are products of their culture and environment. In using secondary sources to construct their own histories, scholars should try to be cognisant of the level of historical knowledge of the period as well as the writer's individuality.

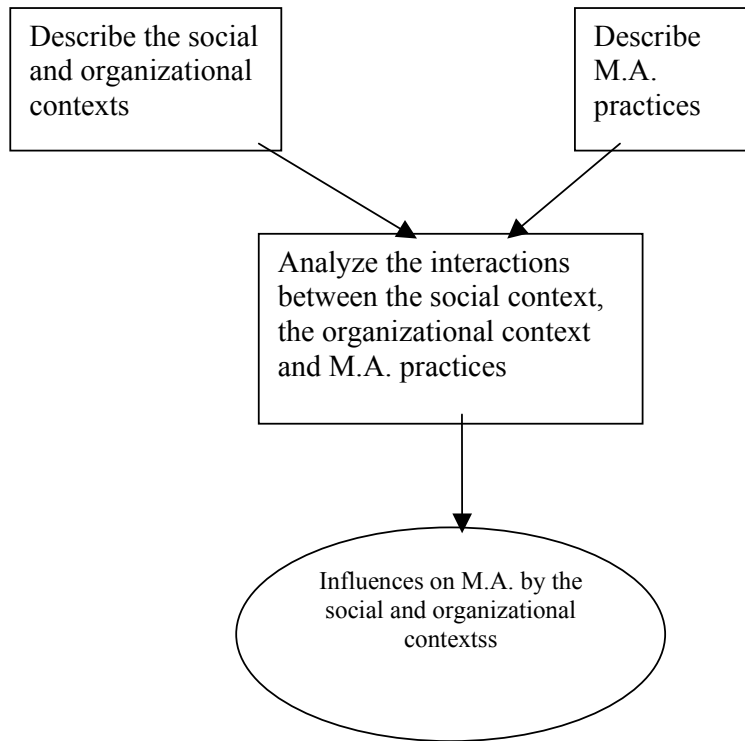
#### Variables of the method

Among the variables that the historical method stresses, three variables were significant in this study: the importance of the time-span, the reliability and the validity of the data collected and the sources. Different types of sources were selected within each period, in which the researched time-span is divided, depending on their reliability and validity. The information obtained from each source has also been subject to validity and reliability considerations in order to judge if the information was suitable for the study.

The historical data collected do not follow the traditional historical method in the sense that no historical evidences were collected. The historical information was obtained from noted Spanish authors, especially in the field of economic history. The knowledge of others has been used to gain one's own knowledge in this study thus following the traditional way of making science. It is not necessary to reinvent the wheel once more.

#### Structure of the chapters with historical input

The chapters that contain the data, primary, secondary or both are Chapters Three to Six and are structured each one into three main sections. The first two sections aim to describe both the social and organizational contexts as well as M.A. practices during their correspondent times-span. Therefore, they have mainly a descriptive purpose though some explanations are inserted when needed to clarify the pace of the happenings. The third section has a more explanatory nature. It aims to analyse jointly the data previously described separately in order to cope with the problem of the study: point out how both the social and organizational contexts influence the M.A, (see Figure 3).



**Figure 3: Structure of chapters containing data input**

### **1.7.2. Types of data**

The study includes primary and secondary data. Among the first ones can be distinguished quantitative as well as qualitative methods of data collection. Due to the fact that M.A. in Spain is observed from social and organizational perspectives, the use of qualitative methods of data collection was considered indispensable, since they contribute with information inaccessible to quantitative methods.

The quantitative method consists of a questionnaire distributed to different companies and professionals of accounting in the Spanish region of Castilla y León (see Appendix 1 and 2). In this particular case by professionals who were understood to be accountants and auditors. The questionnaire had two purposes: to describe the actual situation of M.A. in Spain as well as to point out some of its future trends.

The reliability of the sources is out of the question since the contact list for the questionnaire was obtained from the author's former university. In regard to the reliability of the data obtained, the questions were formulated using simple

statements and avoiding the inclusion of complex concepts that could be misleading. Further, the questions concerned only accounting and M.A. issues and nothing else since the interviewees were professionals of those fields. Besides no personal interpretations were requested. On the contrary, in regard to the validity of the data of the questionnaire a slight incompatibility was found between it and the reliability. The validity of the data obtained was to some extent limited since the questions formulated dealt only with accounting and M.A. issues though the perspective of this thesis, which was obviously also used to analyse those results, a social and organizational perspectives, had clear connections to sociology. In order to formulate questions regarding accounting and M.A. that could be analysed from both a social and an organizational perspectives, all the techniques were disregarded and actual questions with broad scopes were given priority.

The questionnaire does not contain open questions. Only multiple choice and yes/no answers were utilized in order to facilitate the posterior analysis. A draft of the questionnaire was elaborated by the author and revised by a professor in accounting before the final version of the questionnaire was distributed.

The qualitative method consists of three personal interviews at Casbega S.A. and meetings with different professors of the author's former faculty of Economics in Salamanca (see Appendix 3). Both the interviews at Casbega S.A. and the meetings with some of the author's former professors lacked a predefined structure. An informal treatment was preferred due interviewer and interviewees knew each other from before. However, the purpose of the interviews and meeting was clearly predetermined.

Regarding Casbega S.A., three interviews with the regional sales manager and the regional manager were conducted in the offices that Casbega S.A. has in Salamanca during the month of July 2002. Some additional information was obtained from the personal reports of the author, which were written during his three months internship in Casbega S.A. in the summer of 2001. The interviews were conducted one per week, concretely every Tuesday in order to give the author time to find out the possible lack of information in the previous interviews.

Casbega S.A. has existed during most of the researched time-span of this study. The purpose of including the case study of Casbega S.A. is to compare the descriptions, made on a macro level, about the evolution of the M.A practices that are given in Chapters Three, Four and Five with the descriptions, made on a micro level, of M.A. practices of Casbega S.A.

The rest of the meetings supplied the author with valuable sources of information for the study in terms of literature and contacts for the questionnaire.

The reliability of both the sources and the data was again out of the question since the interviewers were known previously and no personal interests were compromised with the questions. The validity of the results was higher than with the questionnaire due to the possibility for the interviewer to include and capture both M.A. and social issues in the questions and answers.

The secondary data were obtained from mainly Spanish books, articles and web pages. The data are mainly from Spanish authors, especially in Chapter Three regarding the Franco period, due to this it avoids the usage in the study of data that could not be applicable to the Spanish case.

The sources that give the frame of reference differs from one chapter to another depending on the time-span studied. Besides within each chapter two different frames of references are distinguished: in the part where the data are presented and in the correspondent analysis.

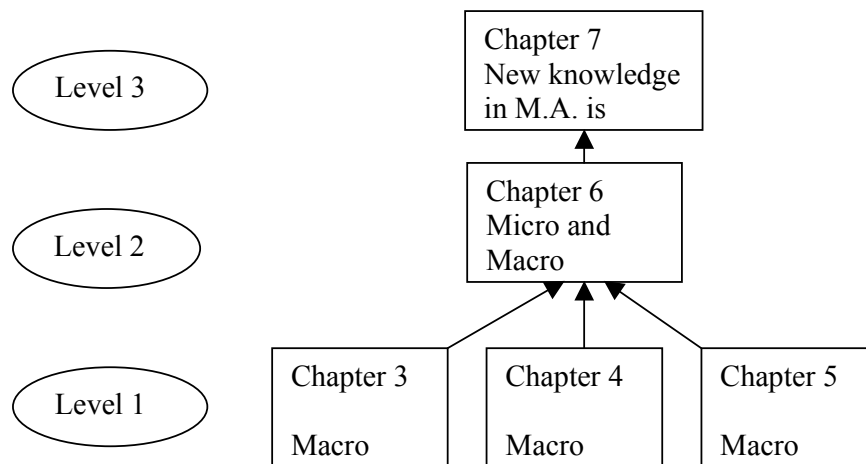
In Chapters Three and Four, on the one hand, the data were taken from literature concerning history, economic history and social science. On the other hand, books and articles in M.A. and sociology supported the analysis.

The data of Chapter Five was taken from web pages, the questionnaire and literature in M.A. The web pages were used as a complementary source of information about the new M.A. techniques. The pages visited belonged to two of the most important consulting companies in Spain. Even though this thesis is not concerned with M.A. practices of the consulting firms, an exception was

made in this occasion since the practices collected from those web pages were an excellent complement of the information obtained from the empirical data and the literature. Moreover, those practices advertised by the consulting firms could always be used in the future by some Spanish companies, and therefore should not be disregarded. Finally, both the analyses of Chapters Five and Six were obtained from appropriate literature in M.A.

### **1.7.3. Levels of analyses in the study**

Three different levels of analyses can be distinguished. Firstly, a macro level that comprises Chapters Three, Four and Five. In the analyses of these chapters M.A. practices as well as their influences from the social and organizational contexts are generalized for all the companies and professionals of accounting in Spain. Secondly, a combined macro and micro level is presented in Chapter Six. The analysis of this chapter compares M.A. practices of only one company, Casbega S.A., and the influences received with M.A. practices and their influences presented in Chapter Three to Five. Finally, a third level, developed in the conclusions of the seventh and last chapter, where a new knowledge about M.A. in Spain is gained. The three levels can be seen in Figure 4.



**Figure 4: Levels of analyses in the study.**

### **1.8. Delimitations of the study**

The delimitations presented hereby concern only the conception of the study. The methodological delimitations such as the delimitations of the questionnaire and the case study can be found at the end of this section.

The first observed delimitation concerns the problem of the study. This thesis attempts to study how M.A. has been influenced, but not how M.A. influences the social and organizational contexts. That topic would imply a fully sociological approach that does not concern the intentions of this study.

The subjectivity of the author when choosing the sources as well as the information extracted from each sources could be understood as another delimitation. Besides, the interpretation made by the author of the information obtained constitutes also another point of the subjectivity of this study.

Another delimitation can be found in the research focus of the thesis. The study focuses mainly on the practitioners, leaving aside the other two communities that are involved with M.A. issues, that is, professors and researchers. Two consequences from this fact are highlighted. On the one hand the mentioned choice does not allow this study to present a complete overview of all M.A. opinions in Spain. On the other hand, it did allow the author to dig more deeply into the chosen field.

Although the contributions of professors and researchers is restricted in this study, contributions coming from the research field may be found between lines since the authors of the literature used in this study are themselves researchers.

The researched time span selected, from 1939 until today, constitutes in itself delimitation. The timeframe chosen was considered broad enough to achieve a good understanding of the main reasons why M.A. has evolved. However, it is acceptable to think that a longer research period would have achieved a more accurate outcome of the intended study.

### **1.8.1. Delimitations of the questionnaire**

The main delimitations of the questionnaire arise from the comparison between the problem and purpose of the study and the characteristics of the samples regarding size and geographical location. The study attempts to present the actual status of M.A. in Spain by surveying two groups of interests,

professionals of accounting and companies in one concrete region of Spain, Castilla y León.

Both restrictions were due to the lack of resources, time and personnel, to carry out a bigger study, which would have probably corresponded better to the intended problem and purpose. From the statistical point of view, the sample obtained is not big enough to get reliable statistical results for a country like Spain. However, there are other facts that give this questionnaire a reasonable validity in terms of reliability.

First, the region chosen for the samples is the third largest region in Spain. This means that in this case we are not dealing with a small region with specific characteristics not representative of Spain as a whole. On the contrary, Castilla y León, due to its balanced figures in terms of size, population and economy, possesses the main characteristics of Spain as a country. Second, the sample gathered the opinion of the region surveyed in a balanced way due to two facts: it contains responses homogeneously distributed all over the region and its divided into two sub-samples that helped to represent better M.A. opinions in the region (see Appendix 1).

The second objective of this questionnaire in regard to the interpretation of the outcome of the questionnaire from a social perspective contrasts with the focus used to formulate the questions of the questionnaire, which is basically a strictly accounting approach. The reason for this is based on the nature of the interviewees. Since they were either professionals of accounting or employees in the financial department of the selected companies, questions containing a social interpretation of M.A. could have been misleading.

Another delimitation is that the consultants are excluded among the professionals of accounting. This was due to the absence of consultants in the contact list provided.

### **1.8.2. Delimitations of the case study**

Casbega S.A. operates in three Spanish regions: Madrid, Castilla La Mancha and Castilla y León. All the data of this study have been collected from the



offices that the company has in Castilla y León, concretely in the city of Salamanca. The offices in Salamanca started to be operative in the final phase of the creation of the Casbega S.A. offices network, which occurred in 1965, some years after the foundation of the company in Madrid in 1952. Therefore, in the offices in Salamanca there were not much information available about the first 13 years of existence of Casbega S.A. However, this fact has not impoverished much the information provided in this case study regarding M.A. practices since such practices started in the company at the beginning of the 1990's.

### **1.9. A curious student**

Spanish society changes rapidly and continuously due to the numerous influences received from the media, the European Union, the millions of tourists who visit the country as well as the Spaniards who travels abroad, mainly to Europe and America. It was not so long ago that Spanish society was oppressed by the autarchic regime of Franco, and therefore it now behaves like a curious child who is more and more open to the influences from his environment.

The author has always been interested in the evolution of the Spanish society understood as a compilation of cultural roots, politics, economics, technology, and social trends. In 1999 the author decided to travel abroad in order to complete his education as well as satisfying one curiosity: to see some of the values of other European societies that sooner or later will probably be incorporated into the Spanish society due to the actual approach between countries.

The changes of Spanish society also cover the relations with the companies. Today, the communication channels between these two entities have grown considerably. A discipline, as important within the management as M.A., has been affected by these changes. The author's curiosity about the evolution of the Spanish society as well as the possibility of studying an essential managerial discipline more in depth made the author decide to focus his thesis on the evolution of M.A. and its relation to society in the Spanish context.

Finally, some lines regarding how the writing of this study can be seen as a part of Problem Based Learning, PBL. The author's curiosity towards both Spanish society and M.A. would be the starting point of the process. From that restlessness evolved the problem of study, which throughout the searching of different materials, allowed the author to define the purpose and method of the study. The rest of the study execution is also a matter of a continuous learning process that amplified gradually the knowledge of the author allowing him to continue the writing.

### **1.10. Summary of the chapter**

This thesis attempts to study in what way M.A is influenced by both the social and organizational contexts of M.A. practitioners in Spain. In order to cope with the problem of the study a specific structure is followed in the chapters with data input: firstly the characteristics of M.A. practices as well as its social and organizational contexts are described separately. Later on, all these characteristics are analysed jointly in order to describe the influences of the social and organizational contexts on M.A.

## **2. Theoretical support for the study**

### **2.1. Most important M.A. approaches in Spain**

There are five principal approaches in the area of M.A. in Spain. Three were dominant until the end of the 1970's: the rational perspective, the natural-psychological perspective and the systematic perspective (Amat i Salas, 1991).

The *rational perspective* considers the control as a set of formal mechanisms, including M.A. as one of the most important ones, pointing out the manager as the actor in charge of the control.

The *natural-psychological perspective*, considers that, firstly, the control is achieved throughout psychosocial mechanisms, as motivation, participation and leadership that complement the design of M.A. Secondly, that M.A. must consider the psychosocial aspects.

The *systematic perspective* considers that firstly, the control is achieved throughout formal mechanisms, considering M.A. as one of the most important ones. Secondly, M.A. design must consider the organization and the context.

From these three, two new emerging perspectives arose in the end of the 1970's and the beginning of the 1980's: the cultural perspective and the macro social perspective.

The *cultural perspective* considers that the control, firstly, is achieved throughout the socialization of the members of an organization. Secondly, M.A. is influenced by the culture and the values of the organization and, thirdly, the design of M.A. must be strongly linked to the organizational values.

The *macro social perspective* considers that M.A. and the individual behaviour are influenced by the social context in which an organization operates.

The two last theories attracted the authors' attention towards the social perspective of M.A. However, the environmental approach of the open system

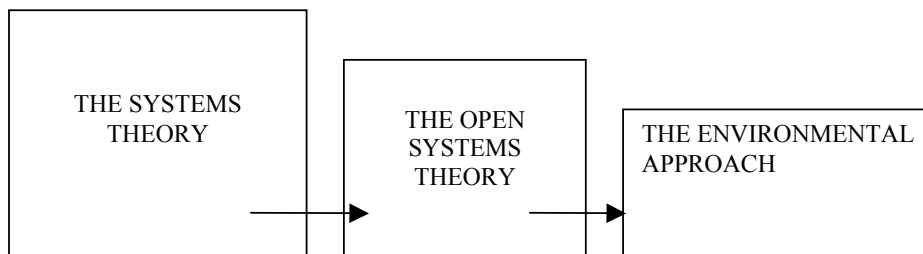
theory presented by Scott (1998) together with the interpretation of the factors that influence M.A., made by Samuelson (1990) constituted the major inspiration for the author, and therefore the background of the theoretical framework of this study. A further elaboration of the mentioned background gave finally as a result the theoretical framework of this study: *the company as an open system. Social and organizational perspectives.*

## **2.2. Background of the theoretical framework**

This section attempts to explain briefly the two main theories that constitute the background of the theoretical support of this study: the environmental approach of the open system theory interpreted by Scott (1998) and the factors that influence M.A. by Samuelson (note: Samuelson is using “Accounting Information Systems”, (AIS), which is a some what broader concept than M.A., but the *idea* presented by Samuelson is still valid).

### **2.2.1. An environmental perspective of the open systems approach**

The first theory, the environmental approach of the open system theory, is embedded within the open systems theory that is in turn embedded in the systems theory (See Figure 5).



**Figure 5: Background of the theoretical framework**

In order to describe adequately the environmental approach, the systems theory and the open systems theory are described first.

### **2.2.1.1. Introduction to the systems theory**

Every system is characterized by combination of parts that are interdependent. Scott (1998) presents Boulding's (1956) classification of systems. That classification depends on both the complexity of their component parts and the nature of the relations among the parts. Each higher level incorporates the features of those below it.

- a) Frameworks. Systems comprised of static structures such as the arrangements of atoms in a crystal or the anatomy of an animal.
- b) Clockworks. Simple dynamic systems with predetermined motions such as the clock and the solar system.
- c) Cybernetic systems. A system capable of self-regulation in terms of some externally prescribed target or criterion, such as a thermostat.
- d) Open systems. A system capable of self-maintenance based on a throughput of resources from its social context, such as a living cell.
- e) Blueprinted-growth systems. Systems that reproduce not by duplication but by producing seeds or eggs containing pre-programmed instructions for development, such as the acorn-oak system or the egg-chicken system.
- f) Internal image systems. Systems capable of a detailed awareness of the social context in which information is received and organized into an image or knowledge structure of the social context as a whole, a level at which animals function.
- g) Symbol processing systems. Systems, which possess self-consciousness and so, are capable of using language. Humans function at this level.
- h) Social systems. Multi-cephalous systems comprised of actors functioning at level seven who share a common social order and culture. Social organizations operate at this level
- i) Transcendental systems. Systems comprised of the “absolutes and the inescapable unknowables”

### **2.2.1.2. Characteristics of the open systems theory**

Open systems are capable of self-maintenance on the basis of a throughput of resources from the social context. The interaction with the social context is essential for open system functioning (Buckley, 1967 quoted by Scott, 1998).

It is an error to say that open systems do not have boundaries. However, determining the boundaries of organizations is always difficult and sometimes appears to be a quite arbitrary decision due to the openness of the systems.

All systems are made up of subsystems and are themselves subsumed in larger systems. This constitutes an arrangement that creates strong linkages across systems and confounds the attempt to set up boundaries between them.

Whether a given system is open or closed depends on how the boundaries of the system are defined. “By adjoining to the system that part of the social context with which an exchange takes place, the system becomes closed” (Hall and Fagen, 1956:23 quoted by Scott, 1998).

The distinction between closed and open systems is elaborated by general systems theorists by employing the concept of entropy: energy loss or energy that cannot be turned into work. The second law of thermodynamics states that all closed systems move toward a state of entropy, a state of maximum disorder. By contrast, a state of negative entropy, state of major order, can be experienced by the open systems, which are capable of importing from their social context (Scott, 1998:109).

Two different processes in the systems were distinguished by Buckley (1967:58-62) and mentioned by Scott (1998): morphostasis and morphogenesis. Morphostasis refers to those processes that tend to preserve or maintain a system’s given form, structure, or state. For instance, socialization and control activities in social systems. Morphogenesis refers to those processes that elaborate or change the system, for example, growth, learning and differentiation. In the process of adapting to the social context, all open systems typically become more differentiated in form, more elaborate in structure. Social organizations can change their structural characteristics over time. The

General Motors of today bears little if any structural resemblance to the company of the same name fifty years ago.

The social context is the source of system diversity and variety. From an open system point of view, there is a close connection between the condition of the social context and the characteristics of the systems within it: a complex system could not maintain its complexity in a simple social context. (Scott, 1998)

### **2.2.1.3. The resource dependence model: an environmental perspective**

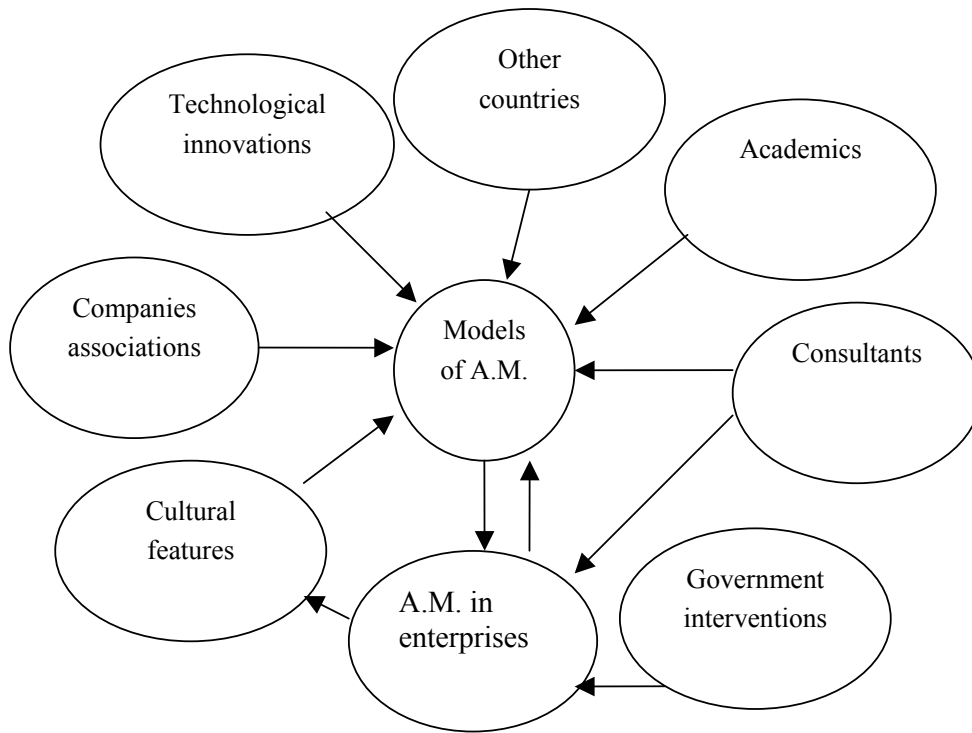
There are different perspectives of exemplify the open systems approach: the contingency theory, the psychological model of organizing, the environmental perspective, etc. The theoretical support of this study is based partly on the environmental perspective, concretely on the resource dependence model (Scott, 1998:116).

This model stresses adaptation. Under this theory subunits of the organization scan the environment and adjust the organizational structure in order to obtain benefits and eliminate potential risks such as strong dependency of the company on concrete elements of the environment. The organization is not passive, but active in determining its own fate. Rather than portraying organizations as passive recipients of the actions of environment, the resource dependence model views organizations as active actors.

### **2.2.2. Factors influencing M.A. in the companies**

Samuelson (1990) distinguished different variables that affect the development and use of M.A. in Swedish companies. The models of M.A. have played a crucial role in the design and use of M.A. in enterprises. The models have been established in cooperation between practitioners, consultants and academics. Influences from abroad and from the technological innovations have been also recognized.

Apart from the influences of the models, Samuelson found that M.A. in the company was influenced by the government, the consultants and M.A. that was applied to other companies (see Figure 6).



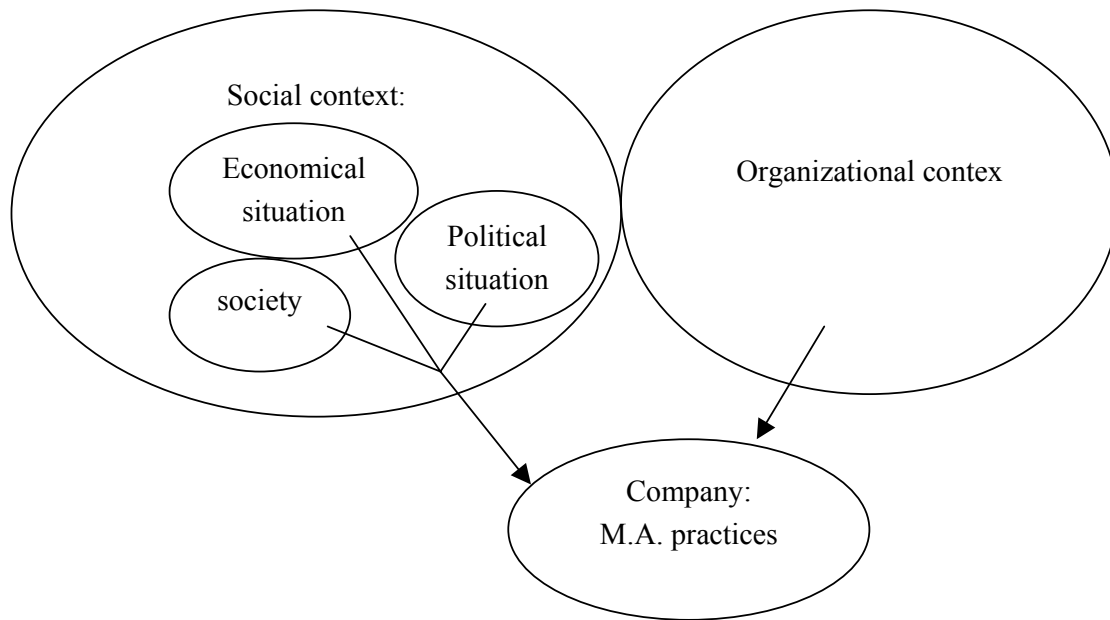
**Figure 6: Factors influencing the development and use of M.A. in companies**

(source: adapted from Samuelson 1990)

### **2.3. The company as an open system. A social and an organizational perspective**

The theoretical support of the study uses ideas from the two theories pointed out in the former section in order to develop a new knowledge. The company is seen as an open system that interacts with the environment, the social context, which surrounds it. However, apart from the social context it is distinguished another influence on the company and therefore on M.A. of the company: the organizational context of the company. Besides, it is considered that the social context is composed by the society, the economical situation, and the political situation (see Figure 7).





**Figure 7: Theory support for the study**

As was mentioned before, two perspectives can be distinguished in this theory. An organizational perspective that comprises the organizational context influences on M.A. This approach focuses on how M.A. interacts with the organizational context of the company. Aspects such as the organizational structure and the motivation and involvement of the employees are considered. A social perspective that comprises the influences on M.A. by the social context. This approach gives primary attention to the social context as a set of influences shaping the structure, functioning and fate of the organization. By social context is understood the society as well as the political and economical situation. To a certain extent, social context could also be understood as everything else that is not part of the system. The social context is identified as a force in its own right, as a source of resources and constraints, controlled by actors capable of behaving independently of the organization and in ways that profoundly shape the activities and outcomes of the organization.

Finally, it can be noticed the impact of the theoretical background shaping the basic scheme of the theory used in this study. While the model of resource dependence has had a strong impact within the social or external perspectives, Samuelson's model has inspired the election of the variables that influence M.A. in Spain.

## **2.4. Summary of the chapter**

This chapter has presented the theoretical background on which the author based the theory of this study. The pillar of the theoretical support is the conceptualisation of the company as an open system that interacts with its environment. Within the environment, two sources of influences on the company, and therefore on M.A. are distinguished: the social and the organizational contexts.

### **3. During the Franco regime**

#### **3.1. Introduction**

This chapter starts by presenting the Spanish social and organizational contexts on the one hand and M.A. since the 1940's until the end of the 1970's on the other hand. Later on, in the analysis in the chapter, both concepts are merged in order to study their relations during the mentioned period.

The Spanish social and organizational contexts between the 1940's and today, had a turning point in 1975 with the death of the dictator Franco. That moment was the definitive step towards democracy. During the Franco regime elements of the social context such as the society, the economy and the politics were under the strict control of the dictator, who promoted the re-establishment of the traditional Spanish values. The rigid control started to change very slightly during the last fifteen years of the Franco regime even though no clear changes could be appreciated until the death of the dictator. As a consequence of this, the social and organizational contexts presented different characteristics before and after the Franco regime.

The relations between M.A. and the social context were also radically different before and after of the Franco regime, which constituted the reason to split the researched time span in before and after Franco.

#### **3.2. Social and organizational contexts for the Spanish companies until the beginning of the 1980's**

We can distinguish three sub-periods that correspond with different stages of the social modernization: between 1939-1955, between 1955-1975 and between 1975-1982.

From the end of the Spanish civil war in 1939, the analysis of the social context of the Spanish society and company was too connected to the Franco regime, antidemocrat and close to the dictatorship, isolated from abroad with a high political centralization and a strong administrative regulation of the political, social and economical activities in Spain.

The regime was consolidated with a strong political repression from the beginning of the post-war period, supported by the ecclesiastic authorities, and a social control system highly effective. As consequence of this, the reinforcement of the “traditional” Spanish values took place (Comin et al, 1996).

Economically the sub-period 1939-1955 constituted a stage of industrial lag that Spain would not be overcome until 1954. The deep difficulties because of the restrictions of energy and the lack of raw materials, and the consequences of rationing in connection to the inefficiency and corruption of the public administration was to a great extent responsible for the situation. The industry at the end of the 1950’s was an incomplete and fragile sector, with an interior market dependent mainly on an out of date agriculture and subjected to strong fluctuations, with a limited capacity to import, the lack of internal capital and the prohibition to ask for external capital (Voltes, 1979).

The social context between 1955-1975 was radically different. The expansion of the occidental economies and the political and economical changes made by the new government in Spain facilitated a spectacular development of the economy and especially of the Spanish industry during this sub-period.

This spectacular growth of industry was influenced specially by the extraordinary conditions to reach high profitability and the internationalisation of the Spanish economy thanks to the entrance of multinational companies.

All those conditions contributed to substantially modify the social and organizational contexts of the Spanish companies. Besides, the notable economic growth experienced since the beginning of the 1960’s contributed to the deep social transformations that were consolidated in the 1960’s and the 1970’s (Escohotado and Moya, 1969).

The third sub-period, 1975-1982, starts with the political crisis that occurred at the end of the Franco regime, right after the death of Franco. The political transition, which was smoothly addressed by the King Juan Carlos I of Spain,

was quick and implied gradually learning several measures to achieve a political normalization (Comin et al., 1996).

The existence of a working class with a high level of organization and the consolidation of the political opposition that had existed during the Franco regime created a completely different context. However, the political transition coincided with the international oil crisis and the worsening of the structural problems of the Spanish economy. All this together made that the efforts dedicated to the political modernization implied a minor attention to the economical transition (Cabrera et al., 1994).

In this sub-period, the stagnation of industrial growth and private consumption as well as the rise of inflation, unemployment and the deficit of the public sector characterized the economical situation. All those factors made a major impact on the entrepreneurial profitability that decreased vastly.

The organizational context until the beginning of the 1980's was very similar in most of the companies. With the exception of factors such as dimension, antiquity and property, there were normally two coincident characteristics: companies operated in the national market and had a preference towards centralization, the delegation based on the trust and the direct supervision (Ortega, 1990).

### **3.3. M.A. in the companies in Spain until the beginning of the 1980's**

Until the beginning of the 1980's there was a limited development and usage of M.A. In the companies where coincided a minor dimension, major antiquity and linkage to the management property there was a very limited development of M.A until the middle of the 1980's. There were also very simple extra accounting systems, such as the "escandallos", and there were no budgets.

At the end of the 1970's in the new and larger-sized companies, and in those without an absolutely clear linkage between ownership and management, M.A. had already had a certain development until then, especially regarding the cost accounting and budgetary control. However, these improvements did not seem

to be a response to a major relevance for M.A. but a mere adaptation of the systems in order to calculate the accounting information. The information was more oriented to satisfy the needs of valuation of existent goods than to contribute to the strategic and organizational control. In fact, until the beginning of the 1980's there was no notable change in the role and in the characteristics of M.A.

### **3.4. Analysing the interactions between M.A. and the social and organizational contexts from 1939 until the beginning of the 1980's**

In the prior sections it was stated that until the beginning of the 1980's sometimes the middle of the 1980's the companies had had a limited development and usage for M.A. This part contains four aspects that have restrained the development of M.A.:

- Prevalence of the traditional social values and the lag in the economic, politic and social modernization
- The social control existent during the Franco regime
- The existence of a protectionist economic context
- The organizational context with the prevalence of personalise or bureaucratic organization

#### **3.4.1. Lag in the modernization process**

M.A. has been associated with modernization (Bhimani, 1994; Hoskin and Macve, 1986 and 1988; Meyer, 1986; Miller and O'Leary, 1987). According to them, accounting reflects and, simultaneously, promotes the values linked to the modernity such as individualization, rationalism and quantification.

For example, for Miller and O'Leary (1987) the system of standard costs and the budgetary control are a part of the modern apparatus that emerges at the beginning of the 20th century to construct the individual "*as a more manageable and efficient entity*". They state that the standard cost and the budgetary control attempt to achieve the standardization and normalization of the individual's life.

Spain suffered a lag in the modernization process that did not take place until the 1960's with regard to economic issues, and until the 1980's with regard to political and social issues. This lag has hindered the development of the values linked to the modernization and has favoured the maintenance of a traditional society (Giner, 1993; Ortega, 1994; Pérez, 1989).

The cultural conceptions of the high Spanish bourgeoisie (Conde, 1994) have delayed the appearance of an entrepreneurial spirit. A clear example is the important role that foreign capital and Spanish public capital played in Spanish industrialization, while Spanish private capital preferred speculative activities and the short term (Conde, 1994, Pérez, 1989; Tortella, 1981). On the other hand, during the first part of the Franco regime, the autarchy and the corruption acted as a drastic limiting factor for the entrepreneurial management and the possibilities for the expansion of the productive system.

In this analysis of the delay of the Spanish modernization and the development of the values associated with it, especially the individualism, religion played a very representative role in the Spanish case (Conde, 1994). It is recognized that the religious beliefs may influence the decisions, because of the influence that the personal beliefs have on the decisions. Conde points out that the catholic ethic helps to shape a personality that, to some extent, is an obstacle for the development of initial phases of production and strong industrialization because it helps to shape a subject more dependent on the authority and with less initiative (Conde, 1994, p.141).

Until the middle of the 1950's there was not a progressive transformation towards a more modern society. During the 1960's, Spanish society experienced the beginning of the internal disintegration of the traditional society and the beginning of the economic modernization (Giner and Sarasa, 1992).

The improvements in M.A. of the larger companies occurred at a time, in the 1950's, in which Spain had an important economic recovery, the work force started to recover their voice (mining strikes in Asturias, trams strike in Barcelona) and there were difficulties in getting a regular supply of raw

material. Besides, at this time the cost accounting techniques were promoted by the creation of the National Commission of Productivity, which belonged to the Ministry of Industry.

Until the middle of the 1980's the Spanish organizational culture lacked the "modern" values that could favour the establishment of M.A.: the orientation towards the future, the standardization, the orientation towards the economic and monetary issues; the rationality and the individualism. On the contrary, the existent values were the ones of a traditional society. In a society like that, based on the kinship and on the social structure dependent on the age, control is executed in a direct way. Every person has a status that is assigned when (s)he is born or when that person reaches different stages (Rocher, 1990). In a traditional society knowledge is empirical, obtained from the observation and the experience. A complex theoretic learning process is not needed. The tradition acts as a science. The dominant mentality is conservative and reluctant to the change and the innovation.

#### **3.4.2. The Spanish social context as instrument of the social control**

The statement in this section is that the existence of, especially during the Franco regime, a set of highly effective mechanisms for the social control had reduced the need of a M.A.

The organizational control comprises of a set of means utilized by the management in order to influence the behaviour. M.A. is one of the diverse ways that can be used to execute organizational control. M.A. links the individual behaviour to the norms and expectations of the management, for instance, throughout the standard costs systems and the budgetary control (Morgan and Willmott, 1993).

Until the end of the 1970's, there was not an adequate social context to effectively establish M.A. and furthermore the set of social control tools from the Franco regime were extremely effective in guaranteeing the control of individual behaviour both in the society and in the organizations.



A non-democratic and authoritarian system like the Franco regime established a high and effective usage of social control tools to maintain itself. Consolidated with a strong political repression from the beginning of the post-war period (murders, imprisonments, depuration of officials, political persecution, and exile) and legitimated by the ecclesiastic authorities, the Franco regime developed social control systems that covered all the issues of public and private life.

The centralization of the decisions, the cooperation with the Catholic Church (in the ideological control of the familiar life and in the education), the control of the media and the absence of freedom were efficient control instruments. The Franco regime especially favoured the control of the working classes throughout a new labour order. The political repression and the prohibition of political parties and labour unions were reaffirmed with the creation of a vertical and unique labour union and the suppression of the right to strike. The autarchy favoured the governmental control of the wages and a strong labour discipline. Besides, the strong repression of the working movement was complemented with a paternalist regulation that guaranteed the employment but also the establishment of a very hard labour conditions such as long working day, salaries regulated by the state and existence of disciplinary lay off (Solé Tura, 1971). All these factors together favoured the development of a submissive labour class that accepted the hard economic, politic and social conditions.

Later, and parallel with the distension of the mechanism of social control of the Franco regime, in the 1960's the consumerism turned out for many Spaniards to be the escape natch against the frustrations caused by the lack of freedom (Conde, 1994).

In this way, the social context guaranteed an effective control over the individual and, as a consequence of that, reduced the necessity of M.A. as an instrument of control, which does not imply that M.A. was not utilized to calculate the costs of products and valuate existences and even to determine prices.

### **3.4.3. The entrepreneurial profitability**

The protectionism and the structural characteristics of the Spanish model gave the Spanish companies excellent conditions to reach a high profitability until the end of the 1970's. The statement in this section is that the existence of these contextual conditions reduced the need of M.A. as a control tool.

Since the end of the civil war and, especially, since the middle of the 1950's, the Spanish companies had extraordinary conditions for gaining a high profitability. Some of the mechanisms of governmental intervention favoured concrete economical groups and big private companies. The existence of difficulties or limitations to the entrance of new companies in several economic sectors, the grants almost without controls, the maintenance of high tariffs, the fiscal incentives, the usage of privileged financing circuits and the determination of prices out of the market were some of the mechanisms of governmental intervention (Biescas, 1980, p.116).

Until the end of the 1970's, the Spanish industrial company benefit from a high growth of the annual GNP (7.23% between 1950-1960 and 11.13% between 1960-1974, Carreras, 1991). Some of the markets with a high level of protectionism, were combined with a high increase of rent and demand, especially from the middle of the 1950's. Further, the favourable personnel costs, the purchase of technology and the low taxes contributed to create an environment in which it was not difficult to reach a high profitability, at least in the short run (Biescas and Tuñón, 1980).

Under these conditions some companies could take a lot of advantage. All of them experienced an important growth from the 1950's and could maintain high profitability until the middle of the 1970's. In all of them there was motivation to determine the costs but not to manage and reduce them. The level and easy obtaining of benefits throughout the connection of increases of prices with increases of costs, acted as a decided disincentive for M.A. tools, namely, standard costs and costs reduction.

#### **3.4.4. The organizational context of the Spanish company**

The Spanish organizational context, in which the importance of familiar and small companies was remarkable, was characterized by the prevalence of bureaucratic and highly centralized companies with a limited strategic orientation and a limited internationalisation (Pérez Díaz and Rodríguez, 1994). The statement in this section is that this organizational context permitted the existence of a set of highly effective organizational control mechanisms that reduced the need of M.A.

Within the more significant aspects of the Spanish organizational context before the 1980's, was the remarkable high centralization and limited involvement of the personnel in the decision-making. This was one of the consequences of the Franco regime that stimulated the development of an authoritarian personality, a fruit of the long and intense process of political and social socialization. In the well-known study of more than 50 countries, Hofstede (1984) pointed out that the Latin countries had a higher power distance compared with the countries of Germanic languages. An example of power distance was the distance between the management board, the middle management and the subordinates, that reflected the existent centralization and participation degrees.

Hofstede (1984) also discovered a lower level of individualism as well as a higher level of uncertainty avoidance in Spain compared with the countries with Germanic languages. This could be explained by the presence of an authoritarian system that shaped the reality outside the society and supported hierarchical structures where there was no room for individual actions. These mentioned patterns occurred not only in the institutions, but also in the companies due to the high level of state intervention.

The masculinity-femininity index of Spain studied by Hofstede constituted a surprising finding due to the higher than expected equity between men and women. This differed from the rest of the Latin countries and contrasted with the reestablishment of the traditional Spanish values supported by the Franco regime. The explanation could be based on the oppression of the systems that equally affected men and women (Fusi, 1986).

The owners of the small companies coordinated and supervised personally in a very informal way the performance of the company, with a reduced involvement of the personnel, and normally, limited to the everyday decisions. The personnel policy favoured the recruiting and promotion based on criteria not very much oriented towards the efficiency but instead on kinship or friendship. The internal educational programs in the companies were limited, and the internal promotion and the incentives were more based on fidelity and antiquity than on efficiency and outcomes.

However, the larger companies had more professional personnel. This fact shows the importance of the qualitative change that occurred in the period 1950-1975 regarding the utilization of a more professional management as a consequence of the larger number of university students. However, their intervention in the decision-making was still very limited and has also a very restricted autonomy. In fact, the centralization reduced the need of M.A. and, in general, of formal control mechanisms (Pérez, 1989). Especially, in the smaller companies the centralization and the interpersonal relations superior-subordinate assured, with a quite simple M.A., the organizational control (Bruns and Waterhouse, 1975).

A bureaucratized organization with a limited decentralization and very restricted individual responsibilities reduced the needs of M.A., especially if an intensive and direct supervision already existed besides other informal control mechanisms.

However, the end of the 1950's and the 1960's supposed the introduction of some costs techniques, coming mainly from England. This fact explained the development of cost accounting in the production department of the larger companies. Though there was a motivation to determine the costs, it seemed that there were no worries to manage and reduce them. The centralization and the efficiency of the social control tools made it unimportant.

### **3.5. Summary of the chapter**

The Franco regime had a strong influence on all the fields of Spanish life. The Franco regime exercised a rigid social control that also affected the organizational structures of the companies. Therefore, no other control tools such as M.A. were necessary. Further, the international isolation of the country prevented the introduction of M.A. techniques. This period could be defined with two concepts: closeness and state control.



## **4. After the Franco regime until today**

### **4.1. Introduction**

This chapter starts by presenting, on the one hand, the Spanish social and organizational contexts and, on the other hand, M.A since the 1980's until today. Later on in the analysis of the chapter, both concepts are observed together in order to study their relations during the mentioned period.

The time-span of this chapter is divided into two parts: the 1980's and from the 1990's until today. The reason is based on the disparities found between the two periods in terms of the social context as well as the status of M.A. The 1980's were a period of the consolidation of the Spanish political, economical and social modernization, while from the 1990's the already consolidated modernization on those fields went on.

The section regarding the 1990's concludes with the presentation of a questionnaire about present day M.A. practices in the Spanish region of Castilla y León. The objectives of the questionnaire is to achieve a reasonable knowledge of the companies and professionals practices concerning M.A. today in Spain, and more concretely aspects such as existing methodology of the companies regarding planning, budgeting, decision-making and control, new trends in M.A. in Spain, status of the normative accounting in Spain, influence of the new technologies on M.A. and the objectives and utility of M.A.

The data presented in the 1980's and 1990's sections are analysed from both a social and an organisational perspective looking at the company as an open system in order to describe the relations that exist today between M.A. and its social environment.

### **4.2. Social and organizational contexts for the Spanish companies from the beginning of the 1980's until today**

Here two sub-periods can be distinguished, between 1983-1990 and between 1990 and to today.

In the first sub-period, 1983-1990, an industrial restructuring took place under the socialist government. This restructuring process caused important losses of private employments until 1993. At the same time, the modernization of the political and economical structures went on. The admission of Spain into the European Common Market and the major internationalisation of the Spanish economy throughout the liberalization of foreign investments were among the most interesting events during that period.

The change of cycle of the economy is also remarkable. After 1985, there began a phase of economic expansion in Spain that improved the profitability. However, the Spanish company still had a limited competitiveness. It had a minor dimension, operated basically in sectors of low technological content that had a lower growth of demand, a lower exposition to foreign competition and a limited exporting activity. They had a more standardized product, and they had a sensibly inferior investment in R&D. This was especially serious due to the increasing economic internationalisation (Ortega, 1990).

In the social context, there was a change in the political, economical and social hierarchy. Although there was the emergence of new values and more professionals, there were still some others that remained such as egalitarianism, resistance to the total development of individualism, aversion of uncertainty, limited entrepreneurial spirit, and the difficulty to construct a strong civil society.

One may say that at the beginning of the 1990's Spain and the Spanish company experienced, although with contradictions due to the rapidity of the changes, the consolidation of the political, economical and social modernization (Comin, 1996).

In the second sub-period that comprises from 1990 till today, the modernization of the political and economical structures went on. The privatisation of some of the most emblematic companies of the estate was one of the most interesting events during this period.



The economic situation until the middle of the 1990's created dissatisfaction among the population. No new jobs were created in spite of the huge unemployment figure and different political scandals, and the corruption of the party in government appeared. From 1998, with the Popular Party in government, there began a phase of economic expansion that still continues. The expansion had its peak during the end of the 1990's due partly to the economical burst of the technological companies related to the communications and the internet (Comin, 1996).

In the social context, the new values emerged during the 1980's such as individualism or the entrepreneurial spirit continued gaining importance in the society.

### **4.3. M.A. in the companies in Spain from the 1980's until today**

Here, two periods are distinguished, the 1980's and from the 1990's until today.

#### **4.3.1. M.A. in the companies in Spain in the 1980's**

The limited development and usage of M.A. gradually changed from the middle of the 1970's on and, especially, in the 1980's. During this decade, the companies showed a progressive development and a greater usage of M.A. in management and control process (Segreto and Núñez, 1994).

Starting from the 1980's, in the companies with a minor dimension, major antiquity and linkage to the management property in which M.A. had had a quite limited development until that moment, M.A. experienced important progress. Most of the companies introduced cost management tools and budgetary control systems. M.A. was framed within the accounting departments; it depended on the financing management and had been developed fundamentally thanks to the personal initiative of the accounting head managers.

From the beginning of the 1980's, in the newer and larger-sized companies without an absolutely clear linkage between ownership and management, there was a notable change in the role and in the characteristics of M.A.. The

mentioned change was achieved on the one hand, throughout an improvement of its features, especially with the introduction of the budgetary control to facilitate the reporting to the management board, and on the other hand, throughout a creation of the specific M.A. department also dependent on the financing management.

However, not all the bigger companies reacted in the same way after the introduction of the new M.A. measures. Some changed their management directives as a consequence of the new M.A., and therefore their organizational context while others kept their organizational context.

On the one hand, the companies that changed their organizational context did that at the same time as the accounting changes took place. They promoted a greater strategic orientation towards the market with middle or long run perspective during the 1980's, introducing strategic planning and creating marketing departments. They also supported a greater decentralization, internal coordination, flexibility and the increment of professionals by incorporating young personnel with management education and emphasising on internal education. Moreover, no managerial personnel seemed to be quite satisfied with the information received from the company and made use of it often (Segreto and Núñez, 1994).

On the other hand, the companies that kept their organizational structure after the introduction of the new M.A. innovations, during the 1980's, experienced a limited strategic orientation characterized by an emphasis on production and the short run perspective, insufficient introduction of the strategic planning and limited relevance of the marketing departments. They also experienced limited decentralization, internal coordination and flexibility. Besides, no managerial personnel seemed to be unhappy with the information received and used it rarely.

The changes that occurred in M.A. could be analysed from a contingency perspective. According to this approach, the development of M.A. is mainly related to the contingent variables such as the major dimension, and the more unfavourable environment due to the economic crisis in the end of the 1970's,

the major competition because of the admission into the European Common Market and the presence of multinational companies in Spain.

#### **4.3.2. M.A. in the companies in Spain from the 1990's until today**

During the 1990's, M.A. was fully introduced in the large and middle-sized companies as a tool related, in major or minor extent depending on the company, to the financial measurements. Budgeting was also a practice fully integrated in all the companies. The broader conceptualisation of M.A. as an information system designed to help different areas of the management such as planning, control or decision-making started to be taken into consideration during the 1990's in companies.

The organizational context of all the middle and large companies was affected by the changes in M.A. The companies stressed more the importance of the marketing, planning and control departments as well as they started to involve more frequently M.A. in the decision-making processes.

#### **4.3.3. Questionnaire about M.A. practices today in Castilla y León, Spain**

##### **4.3.3.1. Previous empirical studies**

In relation to this questionnaire, must be mentioned the study of Gutiérrez Ponce (1991). Gutiérrez Ponce sent 450 questionnaires to companies of different sectors and sizes requesting some aspects about the management control and the human factor in the organizations. The selection of the companies was made among the managers of the companies that were members of AECA. The response percentage was 22.22% or 100 answered questionnaires in absolute terms. Sorted by sectors the response percentage was:

Services:	41%
Industrial:	37%
Commerce	11%
Public companies	11%
TOTAL	100%

In relation to this study the relevant results from Gutierrez's study concern only the opinion about what the main function of analytic accounting is:

Support for the decision-making of the management	68%
Supply of information for the planning and control of the costs	60%
Calculation of the costs for the manufactured goods	44%
Planning and control for all the activities of the company	36%
All the previous ones	32%

Obviously, the interviewees had the possibility of considering several options simultaneously as the main functions of the analytic accounting.

As pointed out above the study is more extensive and stresses the effects of the budgeting control on the human behaviour, deviations analyses, etc. Unfortunately, this perspective exceeds the scope of the present study, which is based on a social approach of the actual status of M.A.

#### **4.3.3.2. Target population of the questionnaire**

The questionnaire was sent to companies that were placed in the Spanish region of Castilla y León. The companies were obtained from a list provided in the Department of Entrepreneurial Organization at Salamanca University in Spain.

The questionnaire was addressed to the financial department of each selected company, concretely to the contact person also included in the provided list of companies. With the questionnaire, there was a letter attached explaining how the contact person had been found and suggesting the contact person should forward the questionnaire to the person in the company who could fill in properly the questionnaire. The questionnaire was anonymous and an envelope and a stamp were also sent so that the company did not have to show its identity. However, some of the companies that answered the questionnaire identified themselves freely. This fact was interpreted as indicative of the seriousness and interest of the companies.

#### **4.3.3.3. Characteristics of the samples**

The size of the professionals' sample was 15 responses while the companies' sample was 21 responses, obtaining levels of response of 45% and 40% respectively. The samples were located geographically in the Spanish region of Castilla y León. The high proportion of responses could be explained due to the fact that some of the contacts persons of the questionnaire had previous

relations with the university department that was named in the cover letter enclosed to the questionnaire.

#### Professionals

All the professionals interviewed were either accountants or auditors. The size of the companies consulted by the surveyed professionals is distributed as follows, see Table 1.

**Table 1: Size of the companies consulted by the surveyed professionals**

Number of Workers	Less than 50	50-250	More than 250
% Companies	42%	51%	7%
Turnover in euros	Less than 3M	3M-11.5M	> 11.5M
% Companies	39%	50%	11%

Around half of the companies are of middle size, 40% are small firms and around 10% were large companies. These figures confirm the existence of mainly middle and small size companies in Castilla y León.

#### Companies

The activity sectors of the companies surveyed that identified themselves have the following distribution, see Table 2.

**Table 2: Activity sector of the identified companies**

ACTIVITIES	NUMBER
Communications	1
Production and distribution of energy	1
Construction	1
Paper industry	1
Machinery production	1
Insurance companies	2
Trade companies	2
Food, drink and tobacco	2

The size of the companies that identified themselves is as follows, see table 3.

**Table 3: Size of the companies included in the sample**

Number of Workers	Less than 50	50-250	More than 250
% Companies	33%	57%	10%
Turnover in euros	Less than 3M	3M -11.5M	> 11.5M
% companies	24%	68%	8%

Almost two thirds of the companies are middle-sized companies, approximately one third are small companies and around 10% are large size.

#### **4.3.3.4. Answers from the questionnaire**

##### **4.3.3.4.1. Objectives and utility of M.A.**

The opinion of the two groups of interviewees about the objectives of M.A. is resumed in the following table, see Table 4.

**Table 4: Objectives of M.A.**

Objectives	Grades (%)				
	5=Agree 1=Disagree				
	5	4	3	2	1
Information for the annual accounts	42	9	9	9	31
Costs calculation	48	21	8	11	12
Information for planning	14	19	25	26	16
Information for control	23	22	26	21	8
Information for decision-making	51	20	14	10	5

From these results, the means were obtained in order to rank them, see Table 5.

**Table 5: Ranking of objectives of M.A.**

Rank/Objective	Means
1. Decision-making	3.35
2. Cost calculation	3.18
3. Control	2.75
4. Information for the annual accounts	2.68
5. Planning	2.41

The low significance given to the planning could be highlighted, which somehow contradicts the importance given to M.A. as a source of information for the decision-making processes.

The results of the utility of M.A are summarized as follows, see Table 6:

**Table 6: Utility of M.A.**

Utility of M.A.	%
Any	2.2
Scarce	14.6
Middle	32.9
High	33.4
Very high	16.9

In relation to the utility of the information provided by M.A., the majority of the responses express middle, high or very high utility; however, there are also a quite important number of opinions, around 20%, supporting the contrary.

#### **4.3.3.4.2. Normative Accounting**

##### **Principles of M.A.**

As can be observed in Figure 8, both the professionals and the companies are collectives very much in favour of the existence of the principles of M.A.

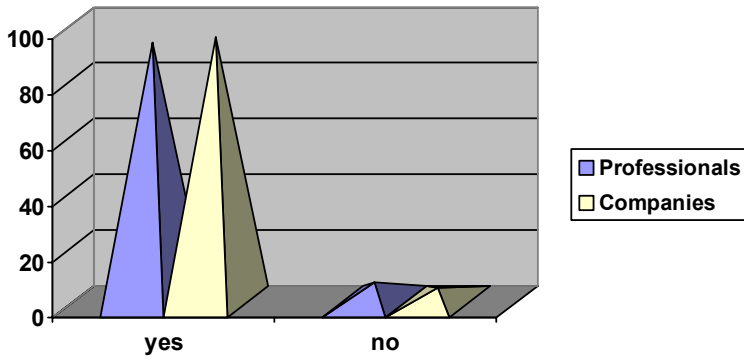


Figure 8: Principles of M.A.

The groups that should be involved in the creation of those principles were also studied, see Table 7.

Table 7: Preferred groups in the elaboration of M.A. principles

GROUPS	PROFESSIONALS		COMPANIES	
	YES	NO	YES	NO
Entrepreneurs	60.2	39.8	67.1	32.2
Chartered accountants	54.6	45.4	44.8	55.2
Independent professionals of accounting	87.4	12.6	92.4	7.6
Professors	67.7	32.3	57.6	42.4
State	27.2	72.8	26.4	73.6
Consultants	42.5	57.5	42.5	57.5
Others	8.4	91.6	10.3	89.7

From the previous table the groups that are considered the most appropriate in order to participate in the elaboration of M.A. principles are the independent professionals of accountancy, the entrepreneurs, the university teachers, the chartered accountants and the consulting firms.

On the other hand, there are only approximately 25% of affirmative responses for the state.



### **Accounting register of costs**

The double accounting register was supported by only 20% of those surveyed. Around half of the companies surveyed integrate cost accounting into financing accounting, and only 40% keep a total independency between cost accounting and financing accounting.

From all the companies that utilize an accounting balance sheet, almost 40% percent of them utilize Group 9 from the Spanish General Accounting Plan (P.G.C.) of 1978, while the others prefer the French, English or German model, see Table 8.

**Table 8: Models of costs**

Models of costs	Percentage
Group 9 of PGC	38.2
French model	22.7
German model	2.0
English model	11.7
Others	25.4

### **Group 9 of the Spanish General Accounting Plan**

This plan was published in 1978, coinciding with the beginning of Spanish democracy. In 1990 a complementing Spanish General Accounting Plan was elaborated to unify positions with other members of the European Common Market. Due to the high pace of events and changes in the business world, 1990 is almost ancient in terms of accounting rules. A question concerning the necessity of updating the plan was answered obtaining a clear majority, 75%, who would change the plan totally while 16% would make drastic changes.

#### **4.3.3.4.3. Planning, control, budgeting and decision-making**

##### Budgeting Control

91% of the companies interviewed have a budgeting control system running. In all the cases, the normal duration of the budgeting period is one year and normally the budgets are revised during this period in 71% of the companies

with budgeting control running. The frequency of revision is detailed in Table number 9.

**Table 9: Frequency of budgets revision**

Diary	1%
Weekly	3%
Biweekly	2%
Monthly	34%
Quarterly	51%
Annually	2%
Biannually	11%

### **Planning, control and decision-making**

The 65% of the interviewed companies use short term planning while the 35% use long term planning.

The profitability range is calculated by the 62% of the companies interviewed while almost three quarters of those, calculate it in advance. From the companies who carry out this kind of analysis, 45% calculate the same range for the whole production, 27% calculate different ones differentiating groups of products and, 28% calculate the profitability range per each product or service.

The 83% of the companies have a quality control of the purchased materials and of manufactured products. 82.5% of the companies sorts the materials in their warehouses by groups or categories in order to establish a list of preferences for the posterior control. 89% of the companies check their inventories periodically.

#### **4.3.3.4.4. Impact of the new technologies on M.A.**

### **Non-financial information**

The majority of the companies, 60.4 %, have thoroughly revised their M.A. systems in order to adapt them to the new manufacturing context. It is remarkable that the interviewed companies have punctual information,

provided monthly, about the following non-financial variables and in the indicated percentages:

- Process time: 51%
- Quality 31%

**Impact of the new information technologies on M.A.**

The interviewed had to rank by most frequent usage different information technologies given in the questionnaire. The mentioned systems were:

- Management Information Systems (MIS)
- Decision Support Systems (DSS)
- Expert Systems (ES)
- Executive Information Systems (EIS)
- Expert Decision Support Systems (EDSS)
- Group Decision Support Systems (GDSS)
- Others

The results obtained are summarized in Table 10.

**Table 10: Impact of the new information technologies on M.A.**

New technologies	Professionals %	Companies %
MIS	60	71
DSS	37	21
ES	30	9
EIS	26	38
EDSS	20	8
GDSS	14	9
OTHERS	5	4

We can observe that none of the new information technologies has been considered as a considerable impact by more than three quarters of the interviewed.

#### **4.3.3.4.5. Impact of the new production technologies on M.A.**

The following new production technologies had to be ranked by importance:

- Just in Time (JIT)
- Total Quality (TQ)
- Material Requirements Planning (MRP)
- Computer Aided Manufacturing (CAM)
- Computer Aided Design (CAD)
- Computer Integrated Manufacturing (CIM)

The results are shown in Table 11.

**Table 11: Impact of the new production technologies on M.A.**

New technologies	Professionals %	Companies %
JIT	50	27
TQ	42	34
MRP	40	58
CAM	33	25
CAD	24	32
CIM	12	16

#### **4.3.3.4.6. Actual M.A. trends**

The results of the questionnaire concerning actual M.A. trends are presented in Table 12

**Table 12: Actual M.A. trends**

Actual M.A. trends	Percentage
Costs for decision-making	22
New trends	18
Applied M.A.	17
Planning and control of costs	16
Social and environmental issues	8
Costs estimations	7
Conceptual framework	6
Others	6

These are the actual investigation lines in Spain. As it can be observed the large areas of investigation are first the decision-making costs, followed by the new trends and applied M.A.

#### **4.3.3.5. General comments concerning the outcome of the questionnaire**

M.A. is considered more useful for the decision-making than for the planning processes. This result somehow contradicts the actual tendency of stressing the need of interrelating equally the information systems, the planning and the decision-making (Castelló, 1996a).

M.A. is considered useful in most of the cases with the exception of approximately 20% of the interviewed. This is a relatively important figure, which could probably represent one part of the small Spanish companies' opinions regarding the usage of M.A. However, all the middle and big companies have certainly accepted the usefulness of M.A. (Castelló, 1996a)

There is a consensus regarding the establishment of official accounting principles. However, the surveyed prefer these principles not to be mandatory, but as a possible orientation if needed. Professionals of accounting, university teachers and entrepreneurs are pointed out as the best groups to develop the mentioned principles. On the other hand, the surveyed consider that the state should stay away from this process. This reaction could be interpreted as a lack of trust on the public intervention, probably partly rooted in the not so remote past of Franco. Moreover, it is well known that M.A. utilized in the public sector differs to a great extent to M.A. used in the private sector, due to the differences between them both.

The register of costs presents an extraordinary variety of possibilities. Even though this fact could be interpreted as positive regarding accounting flexibility, it confirms an excessive complexity of the accounting regulations that could lead to confusion. The Spanish government tries to deal with the problem by updating the regulations. However, a more frequent update seems to be necessary. The variety of accounting registers shows that Spanish companies are open to ideas coming from abroad. The traditional thinking of the company as an individual entity comes to an end, and instead is proclaimed

the openness of the company towards its environment in order to receive and give influences.

M.A. is broadly used for the budgeting control as well as the quality control of manufactured products and materials. The fact that quality has become vital lately is a clear example of the customer orientation of the Spanish companies. The companies are conscious of the need of fulfilling peoples' preferences, and consequently, they are making continuous efforts in order to get closer to the society and know what is demanded at every moment throughout the sponsoring of social and cultural events, the environmental care and the usage of every type of techniques to screen the society demands.

One third of the companies use long term planning, while two thirds prefer the short term. This is contradictory with the actual tendencies that stress more in the long as a way of consolidating a proper vision for the company.

The impact of high technologies on M.A. seems to be quite high, which is further positive evidence that the companies continuously screen certain events such as the new innovations in order to remain being competitive. The decision-making in groups seems not to have many followers among the Spanish managers since there are not so many helping tools related to it being bought. Spanish society has been exposed during centuries to different kinds of authoritarian regimes that lasted till three decades ago. Therefore, most of the Spanish managers could be unconsciously affected by the historical legacy.

It can also be observed how the new technologies focused on the improvement of features such as the delivery time of the products or the qualities are preferred. This reinforces a previous statement about the clear customer orientation of the Spanish companies.

The most important actual tendencies in M.A. are first the discovery of the new trends, the decision-making costs and the applied M.A. Included in the latest one are included disciplines such as M.A. in the public administrations or M.A. of the industrial sectors.

#### **4.4. Analysing the interactions between M.A. and the social and organizational contexts from the 1980's until today**

From the middle of the 1980's the companies had a rapid development and usage of M.A. This section will present what one may consider as the four main reasons for that, namely:

- The impact of the economic, politic and social modernization
- The decline of the existent social control tools during the Franco regime
- The existence of an open economic context
- The changes in the organizational context of the Spanish company.

##### **4.4.1. The impact of the modernization on the development of M.A.**

For different authors (Bhimani, 1994; Hoskin and Macve, 1986 and 1988; Meyer, 1986; Miller and O'Leary, 1987 quoted by Pérez, 1989), the accounting contains values linked to modernity. Among them one can point out individualisation and the assumption of the success, rationalism and quantification.

Spain experienced between the end of the 1950's, and the beginning of the 1990's, a quick and deep process of economic, politic and social modernization. The statement of this section is that this modernization created the conditions to develop a M.A. that can be used to guaranty the strategic and organizational control.

The intensive and quick process of modernization implied to pass from a protected economy, interventionist, based on the agriculture and centred on the national market to a more and more deregulated economy, based on the industry and the services and opener to the international market; from an authoritarian model, antidemocratic and isolated internationally to a liberal and democratic model similar to the rest of the occidental countries and integrated institutionally in the international context, and especially, in the European Common Market.

Spain experienced an important socio-cultural transition evolving from a rural society to an urban one; from the catholic religiosity to the secularisation and materialism of the modern society; from the emphasis on the collective habits

and the non-assumption of individual responsibilities to the greater emphasis on the individualism and the individual responsibility; from the acceptance of the established social order to the social mobility (Ortega, 1994).

These changes created very favourable conditions for the development and usage of M.A. The secularisation resulted, on the one hand, that the behaviour became elective instead of normative, and therefore emerged the doubt and the risk. On the other hand, the secularisation provoked the need for a valuation of the risk and a precise planning of the future. Therefore from the end of the 1970's, M.A. as an instrument to satisfy the needs of anticipation and quantification of the different alternatives and the risk, has had excellent conditions to develop.

However, during the 1980's the companies developed their M.A. systems more or less depending on the degree of traditional values of the company. The proportion of new managers directly taken from the university had a lot to do with the process of the development of M.A.

The Spanish modernization outlined several difficulties, depending especially on its development. Firstly, the urgency of modernizing had stimulated the pragmatic way of thinking linked to the Anglo-Saxon model. Therefore, the changes attacked everything coming from the past, without any criterion to link it to the traditional elements (Ortega, 1994).

In West Europe, M.A. was institutionalised without debate as the most appropriate tool to solve the decision-making problems as well as the distribution, control and attribution of resources (Mouritsen, 1994). Therefore, the Spanish companies with fewer traditional values imported M.A. from abroad emulating those procedures, rules and structures.

Secondly, there was an insufficient development of modern values such as the economic individualism and the entrepreneurial spirit (Ortega, 1994) and the attitude to assume the individual responsibility for the solution of personal problems and social and professional success. One of the reasons could be the



coincidence of rapid modernization with the quick post-modernization experienced in Spain since 1975.

The consequences of these two previous factors can affect M.A. and reduce its role as an instrument to anticipate the future.

#### **4.4.2. Disuse of the social control tool of the Franco regime**

The democratic modernization contributed to weaken the rigid existent mechanism of the Franco regime social control. The statement of this section is that the disuse increased the need of incorporating new management tools and among them M.A. to facilitate the control and coordination.

The democratisation meant the appearance of a new political, social and labour order that favoured the transformation of the Franco control instruments. The reacceptance of political parties and democratic labour unions as well as the relevant role of the Deputies Congress were complemented with the gradual democratic transformation of the control and repression tools of the state (police and army) that took place, especially since the 23rd of 1981, when the military attempted to restore the dictatorship. Moreover, from the beginning of the democratic transition the role of the Catholic Church focused mainly on the education, press censorship and the governmental control of the media came to an end.

The disappearance of the more visible and repressive controls of the Franco regime was substituted by other mechanisms. Fusi (1986) pointed out that with the modernization emerged new ways of surveillance, most of them through the invisible control based on the usage of the information to coordinate the social activities. Besides, he pointed out the new organizations as well as the new role of the State that monopolized efficiently the control of the coercion tools. In the Spanish case, the role of the State in the usage and control of public television, in the creation of databases, in the taxes policy, in the labour policy (introduction of temporary contracts) could be examples of the new mechanisms of social control.

The disuse of the social control tools of the Franco regime and the less visible role of the control mechanisms of a democratic system stimulated the privatisation of the social controls. On an organizational level, an example of that could be the recruiting of personnel with their ideology developed in business schools or the accomplishment of educational programmes and managerial improvement Fusi (1986). That would partly explain the peak experienced concerning MBAs and the business schools in the 1980's. The import of the American management techniques was especially interesting in the reorganization that took place in the Spanish companies in the 1980's. That was especially significant considering the level of organization acquired by the labour unions during the transition.

As the social control becomes less effective, it was necessary that the organizations utilize control mechanisms that are coherent with the new economic, politic and social model consolidated during the 1980's in Spain. M.A. fulfilled these conditions. In the context of the modern company, M.A. operated in a framework of individual subjectivity as a system that "*quietly order us about*" (Bhimani, 1994: 638) to make visible in monetary terms the activities of the organization and of the individuals (Burchell, 1990; Loft, 1986, quoted by Ortega, 1994). Under these conditions M.A. was an effective organizational control tool that linked individual behaviour with the norms and expectations of the management board throughout a standard costs and a budgetary control system (Morgan and Willmot, 1993).

#### **4.4.3. The change in the competitive context of the Spanish company**

The economic and entrepreneurial crisis during the period 1975-1983, and the consequences of the Spanish integration in the European Common Market, radically modified the competitive context in which the Spanish company had operated during the last two decades and hindered the maintenance of the excellence high profitability conditions that they had had until the end of the 1970's. The statement of this section is that the existence of these more unfavourable contextual conditions contributed to create a need for utilizing M.A.

From the middle of the 1970's the Spanish companies lost the extraordinary conditions they had had for reaching a high profitability. The annual increase of the industrial GNP in mean was reduced up to 1.28% (between 1974 and 1985 according to Gandoy, 1995) and even up to 0.8% annual (between 1975 and 1983 according to Gandoy, 1995). The impact of the double economic crisis, the international one and structural one in Spain, had also a dramatic impact on the sales profitability of the Spanish company that decreased from 5.78% in 1975 to 0.17% in 1983. The consequence was the spectacular rise of employment.

The economic liberalization in Spain was consolidated with the entrance in the European Common Market and the presence of foreign investments. That occurred in the middle of the 1980's, with a slightly different economic context. During the period 1986-1989 the Spanish economy experienced a new growth (increase of GNP in mean of 4.6%) and the companies had more favourable conditions. The sales profitability evolved from 1.8% in 1986 up to figures between 3.5% and 4.8% in the period 1987-1989, despite of the loss of competitiveness of the Spanish companies (Gandoy, 1995). In 1989 the situation changed and the unfavourable results came back, especially from 1991.

The exposure to a more open context stimulated the importance of the costs accounting. This fact is supported by the Khandwalla's study in 1972, which states the greater importance of M.A. as the competition becomes more intense. The economic crises also provoke the introduction of M.A., especially when they affect the profitability (Scapens and Roberts, 1993).

The difficulty of transferring the increases of costs to the prices or, even the pressure to reduce the prices stimulated the importance of the costs and its management, control and reduction. This happened from the end of the 1970's and was consolidated in the end of the 1980's as the economic expansion that started in 1986 to slow down. There were exceptions regarding this behaviour in some oligopolies such as the pharmaceutical sector where there were no competitive pressures to reduce the prices.

The period 1986-1989 with its high level of economic growth and entrepreneurial profitability restrained a quicker development of M.A. This ascending phase of the economic cycle was characterized by the peak of activities with high speculative earnings, which contributed to this slow down. Because of that, the worsening of the economic situation from 1990 created the basis of the definitive institutionalisation of M.A. in Spain (Ripoll, 1995).

#### **4.4.4. Changes in the organizational context of the Spanish company**

The new organizational context in Spain, which emerged from the middle of the 1980's with the new generations of managers, and the inclusion of more modern values in the organizational culture, stimulated the development of more decentralized, flexible and professional organizations, with a greater strategic orientation and a greater internationalisation. The statement of this section is that the emergence of this new organizational context favoured the greater development of M.A.

The 1980's promoted an important transformation of the organizational context of the Spanish company. Even though during this decade there were still organizations with quite a lot of characteristics from the last period, there were a significant number of organizations that had a totally different profile.

One possible interpretation of the limited change carried out in some companies would be related to some of the problems of the Spanish modernization. The insufficient development of individualism, initiative and attitude to take responsibilities or the absence of a long term outlook could be important restrictions for the change. The weakness of the civil society and the uncertainty of the changes experienced during the 1980's may have caused a major emphasis on the certainty, especially in the persons with more reluctance towards the changes.

In the historical analysis it has been pointed out that one of the main consequences of the lag in modernization was an ambivalent attitude towards it. Either there existed a rejection towards the modernization due to it not being completely Spanish or the imported perspectives were totally accepted (Ortega, 1994).

Moreover, there were companies where an important generational change in the management board and middle management was carried out. The multinational companies and those companies that had made already deep structural changes promoted that change.

In the analysis of the entrepreneurial context in Spain, it is observable the dominant influence of the multinational companies that facilitated the transmission of the new culture. Besides, its relevance within the industrial and technological Spanish context (Myro, 1995) facilitated the gradual institutionalisation and diffusion of their models and management techniques. The organizational change and the management techniques in these companies were stimulated especially throughout specialized consulting and the recruitment of managers from multinationals.

The human resources policies followed during the 1980's, oriented to the reduction of personnel (loss of 1,571,000 jobs between 1977-1993 in the private companies according to Arasa, 1995) and the temporal contracts modified substantially the culture of the Spanish company. The paternalism and the feeling of the company as a family that existed until the end of the 1970's gradually faded out. The linking between employee and employer became a mere working contract.

The introduction of professionals coming from other multinationals, the universities and the business schools was completed with a clear strategic orientation in the middle and long term, and an important decentralization in responsibility centres. The multinationals are also quite sensitive to the international context due to the fact that they operate in quite open markets.

It is also remarkable that within the companies with a more intensive organizational change, there is a greater usage of M.A. tools. However, some companies had less doubted than others about using these. Some of the common characteristics that have been identified as potential reasons for this fact were the existence of a strong decentralization, utilization of quite standardized productive processes, and the fact of operating in quite stable sectors such as alimentary and pharmaceutical.

In parallel and as a consequence of the changes in the social context, there was an important change in the distribution of the power within the organizations. The new situation emphasized the accounting and financing departments, especially after the financing problems experienced from the middle of the 1970's. Besides, the greater development of M.A. was justified due to the need of providing more information to control the costs and help the decision-making processes.

#### **4.5. Summary of the chapter**

This period is characterized by openness to the international influences. Besides the strict state control lost most of its power. These facts provoked on the one hand, an increase of some of the influences on M.A. such as the economical situation, the values of the society and the organizational context and on the other, a decrease of others such as the influence of politics. Concepts such as openness and freedom could define the new situation of Spain, and consequently of the influences on M.A.

## **5. New trends**

### **5.1. Introduction**

Practices such as agency theory, “green management”, information systems, quality costs, ABC, ABM, JIT and Strategic Management were pointed out in the questionnaire included in Chapter Four as some of the new M.A. trends of today. The questionnaire also showed that the new trends in M.A. constitute the second most important focus among the actual practices in M.A. in Spain after the decision-making costs.

This chapter attempts to picture the new vision of M.A. In order to achieve this, some of the new trends of M.A. highlighted in the questionnaire of Chapter Four are presented and analysed later on in this chapter. These are analysed from both a social and an organisational perspective in order to discover the common aspects of these new trends that, somehow, help to picture the new M.A. concept today.

The social and organisational perspectives utilized in this chapter considers the present political and economic situation, at both micro and macroeconomic levels, as well as the technological innovations as parts of the concept of society.

The chapter starts enumerating the reasons why the new trends in M.A. are considered necessary today.

### **5.2. Reasons behind the appearance of new M.A. trends**

The new changes in the environment of the companies stimulate the incorporation of new perspectives that can better explain the organizational reality. Due to the increase in the competition and the globalisation of the economy, which were caused, on the one hand, by the development of the communications and the transports all over the world, and on the other, by the technological development, have made necessary new management and production techniques that at the end have led to a new way of managing companies.

Moreover, Spanish society has become more dynamic today. Its values and preferences evolve more rapidly. The standards of living have reached certain levels that allow people diversifying their preferences, and therefore some of the demands of the society change continuously depending on social trends. These trends in Spain are, to a major extent, caused by foreign influences. We cannot forget the fact that Spain is the second most visited country in the world after France. This huge crowd of tourists has been favoured firstly by the political stability achieved in the country from the 1960's on coinciding with the second half of the Franco regime, and the establishment of a democracy already consolidated today and, secondly, by the inclusion of Spain in the prior European Common Market, which has been, is and will be an important foreign influence for the country (Conde, 1994).

In order to keep, or obtain, new competitive advantages in such an aggressive and dynamic environment, the Spanish companies have understood the need of capturing in every moment what it is going on in their social and organisational contexts (Accenture Spain, accessed 5-11-2002). Thus, today aspects such as the social trends, the customers' preferences, the competitors' practices, the new techniques coming up that could be applied to any of the areas of the company, etc, are constantly screened by the companies. This attitude constitutes the cornerstone of the new management, also applicable in the Spanish case: to gather precise information of the internal and external context of the companies that allows obtaining competitive advantages in the market in order to assure the survival of the company. The company is not considered any more as a closed system, that is, an entity that carries out an activity that is not affected by what happens outside. It is a part of its environment and interacts with it in order to survive. (Puxty, 1993; Scott, 1998). The clients become the most important element of the context of the company that adapts all the rest of relations with the context, internal or external, as well as all the different aspects of its performance towards the customer satisfaction (Álvarez de Novales, 1998).

As a consequence of this new concept of management, several changes take place in the decision-making, and in the other characteristics of the organizations, that make necessary a new conception of M.A. in Spain. The



traditional M.A. (see Chapter Three) has limitations in achieving its main goal: the support of the management. According to Fernández and Muñoz (1994) the limitations when running a traditional M.A. can be summarized under three ideas: firstly, the traditional M.A. has difficulties in adapting to changing conditions because it does not emphasize enough the environment, the qualitative aspects and the long run, which are all fundamental elements of the context of the companies. Secondly, traditional M.A. may become a routine and that might restrain the creativity, flexibility and innovation that all the companies operating in complex and dynamic contexts need. Thirdly, the rigidity of traditional M.A. may have undesirable consequences for the individual motivation and the identification with the company. This could provoke some employees prioritising their own objectives instead of those of the company's (Fernández and Muñoz, 1994).

Due to the characteristics of companies nowadays, it is necessary that M.A. overcomes the above-mentioned limitations. As a consequence of this situation, a large variety of new managerial practices are being proposed by members of academies, professionals and consulting firms. Some of whom are presented next.

### **5.3. Presenting some of the new M.A. trends in Spain**

A greater *emphasis to non financial indicators is necessary*, i.e., internal ones such as productivity, product and service quality, leadership, flexibility, delivery time, innovation, personnel development, client satisfaction; and external ones such as competition activities, technological innovations, financing possibilities, behavioural changes, legal changes, etc. The criteria to evaluate investments should for instance, be based not only on financial criteria such as period of recovery of investments and risk of the project but also on non-financial criteria such as flexibility, quality improvements, space reductions and productivity (Iglesias, 1996).

According to Amat et al. (1994) the utilization of M.A. *should be oriented towards the long term, with a mayor emphasis on the planning* (effort to create the future and not to extrapolate it from the past) *than in the evaluation,*

integrating the long run and the short run and facilitating the strategic decision-making.

Due to the risk that the companies take these days, mainly because of the technological shift, the accounting should utilize some *criteria of costs assignation more centred on facilitating the decision-making than on the cost evaluation*. The traditional accounting systems might be applied on mature products in markets with an increasing competition and margins reduction if there is enough information to use standard costs. Due to the greater competition and the continuous changes in the markets, it is normally necessary to have a close control of the costs, which explains the peak of techniques such as ABC and ABM (Fernández and Muñoz, 1994).

The “*green M.A.*” that comprises all the actions related to M.A. undertaken in a company to preserve the environment from an ecological point of view, gains more and more importance among the managerial practices (Nath, 1998:288). Each time becomes more significant for the companies to achieve an adequate equilibrium between them and their external context. By context is meant a compilation of different aspects such as natural ones, social, economical, physical, environmental, etc.

Two main reasons why “green M.A.” has recently gained quite a lot of importance from the entrepreneurial perspective are: firstly, the existing and strict regulations concerning respect towards the natural environment; secondly, the markets’ demands of more environmental friendly products. (Welford and Gouldson, 1993:31)

“Green management” is subjected to strict governmental regulations in Spain that specify the limits of certain actions that are considered harmful for the natural environment. However, in case the company respects the legal limits established, the existent regulations are quite flexible regarding the way of managing the environmental issues. On the one hand, the strict regulations concerning the limits try to protect the environment. On the other hand, the flexibility in regard to the internal environmental policies of the companies constitutes a way that companies become more aware of the environmental

issues. It is intended that in the near future most of the companies have simple and efficient models, almost tailor made, to evaluate all the elements, beyond the strictly legal ones, that they consider relevant in their environmental performance (Elorriaga, 1993).

In the modern Spanish context, it is remarkable the contribution of the commission of M.A. of AECA, the Spanish Association for Accounting and Business Administration, with regard to this topic. They published a document about “green M.A.” where they presented a methodological tool applicable for most of the companies to evaluate in a simple and flexible way their environmental performance.

The Spanish banks are presently debating the possibility of a new environmental prerequisite for obtaining their loans. They would in the future request a commitment from their clients towards the environmental regulations throughout the acceptance of a regular environmental audit. There are two main reasons for that. One is the lack of fulfilments of the strict environmental regulations are today causing either the closing of companies or the payment of enormous amounts of money to the state, which hinders the expected bright future of the companies and the consequent amortization of the loans. The other is that the market demands more and more environmental friendly products, which could mean a future decrease of the sales in those companies that do not show respect towards the environment (Larrinaga, 2002).

This reaction of the Spanish banks trying to defend their own interests, reinforces the idea about the importance of “green management” as a part of M.A. in the future. The Spanish companies will have another reason in the near future, apart from the legal one and the customers’ preferences, to respect and consider the environment.

But banks are not the only companies that believe in the importance of the green management. Insurance and consulting firms are also starting to launch new products that cover respectively the insurance and consulting/auditing of environmental issues (Larrinaga, 2002).

The *planning process* should promote values such as the involvement, the culture, the motivation, the consensus, the creativity and the personal innovation by using the flexibility of the new information systems to make the philosophy and the objectives of the company accessible to all the members of the organization (Iglesias, 1996). The accounting information systems may also contribute to the individual motivation as well as the identification with the organizational culture by supplying fluent, proper and reliable information of any kind as well as evaluating accurately the processes. (Castelló, 1996a).

The interaction between different departments of the organization and a culture that promotes the individual motivation and the identification with the company are very important aspects for any successful company. Because of this, the control process should involve everybody and have the enough flexibility to adjust itself permanently, accepting the possibility of having discrepancies among the members of the organization (Amat J.M and Amat O., 1994).

According to Iglesias (1996), there should be a *close linking and simultaneity between the planning, the information and the evaluation*. This is aided by the development of new information technologies (instant information, automatic control of processes, purchase and production planning and control systems integrated with marketing and financing, local networks and databases).

Due to the dynamic, complex and competitive environment, it should be given primacy to the *procedures that are adapted to concrete circumstances* and specific needs. Those procedures stimulate the curiosity and the innovation of the members of the organization and that helps to increase the capability of facing the environment. For instance, *the information systems should be adapted to any specific circumstance, supply instant results, and probably be decentralized* working together with other similar systems. In this way, it is easier to obtain the appropriate feedback.

*The planning and the budgetary process should be flexible*, so that they can be revised when necessary. To stimulate the flexibility it should be given a greater emphasis on the intrinsic incentives (esteem) than on the own extrinsic

incentives (mainly monetary ones). Moreover, *the budgetary process should be focused on qualitative aspects*, internal and external. It should also focus *on the long run and use economical and financial risk evaluation techniques* (Amat i Salas, 1998).

Due to the introduction of new technologies and the long duration of the *actual projects*, these should be *evaluated later on, not only with quantitative criteria but also qualitative*. That would enlarge the knowledge about how the planning and the management were made, and the results of the processes executed by the companies obtained and how it could be applied to posterior activities. In this sense, the evaluation would be an important mechanism of organizational learning.

If the organisational and social complexity increases, *the information systems should be designed separating the information by activities and products* due to these processes are less repetitive and the production normally starts only if it has been previously ordered. Fernández and Muñoz (1994) are in favour of a study of the costs of the activities instead of the cost centres. Some of the advantages of the focus on activities are: a) the activities are easy to be understood because a common language is used all over the organization; b) the activities favour the knowledge of the factors that generate the costs; c) the calculation of the product costs according to activities is more exact; d) the identification and analysis of the activities provides the precise information to minimize the useless activities; e) the management system based on activities focuses on the cost, the quality and time, and therefore the non financial indicators are also needed to value properly the performance of an activity, a process or a whole organization; f) while the traditional cost system is incapable of expressing what the companies are doing, a system based on the activities can show better the relations between the activities of the company; g) the activities are related to the planning, the control and the decision-making; h) the activities favour the management of the life cycle of the product. The cost is assigned to the product independently of the phase of life cycle in which the product is, favouring the decision-making. In a traditional focus, the costs made in a phase posterior to the production, belong to the period in which they arise (Fernández and Muñoz, 1994).

*The cost of a product is something more than the cost of manufacturing it.* Other details such as design, research and development, marketing or distribution must be also taken into account and be added to the final cost of the product (Amat J.M. and Amat O., 1994).

According to Castelló (1996) *the target costing* seems to be very useful for the future M.A. It evaluates, from the point of view of the costs, the characteristics that a product should have in order to satisfy the clients' needs respecting all the time the benefits wanted and the estimated market price. It is therefore an instrument to reduce costs. Target costing also constitutes the accounting response that better helps taking price decisions because: a) it looks at the value chain using a broader view that covers not only the company but also the providers and the clients; b) it possesses a dual focus internal/external because it deals on the one hand with the market price and on the other hand with the cost proposed by the company, which demands a continuous effort to improve; c) it focuses on the factors considered critical to reach the success, i.e., the delivery time, the product cost and the quality desired. This requires a multifunctional involvement, which favours the motivation within the human resources of the company.

*The functional analysis* seems to be another potential tool for the new M.A. It clearly calculates the cost changes due to the alterations of some of the functions of the product. This information can also be used for planning and designing other products. The functional analysis identifies better where costs are made within the production process.

#### **5.4. Analysing the new trends**

A first aspect observed from the new ideas in M.A. presented is that they tend to focus on three aspects: costs, time and quality, which happen to be the main demands of the consumers today when looking at the products. Therefore this implies that the new practices in M.A. pay attention on the social and organisational contexts of the companies, which confirms the appearance of a new way of managing companies based on the idea of a company viewed as an open system that focus mainly on customer satisfaction. Moreover the appearance of the "green management" shows how the companies take into

consideration not only the customers' preferences, but also the opinions and values of the society (Scott, 1998). Here we can see how the companies and the society are getting closer together by mutually increasing their interest about the other. A few years ago society seldom paid attention on how the products on the markets were manufactured, while the companies were not very customer oriented. Today that has clearly changed. The clients demand something else than only products that fulfil their tastes. They also expect from the companies respect of the most important social values and beliefs (Roslender, 1992). A good example is the sudden interest of companies about ecology.

Another observation from the new practices in M.A. is the focus on the improvement of the efficiency of the processes as well as the empowerment of all the employees. In order to reach this, there is a greater level of integration of M.A. with the other managerial practices of a company (Álvarez de Novales, 1998:52). Some examples are the major orientation of M.A. towards the decision-making processes, the greater linkage between planning, information and evaluation or the superior interrelation between departments. This tendency of integrating different managerial systems would improve the flow of information, which would lead to a higher efficiency of the processes as well as an improvement of the empowerment, the motivation and the innovation (KPMG, accessed 5-11-2002). The greater integration of M.A. contrasts strongly with the past vision of M.A. as a discipline isolated from the rest of the managerial practices in order to keep the objectivity of the costs evaluations.

It is common today that a company studies the possibility of incorporating one of these new M.A. or control system as a solution for a concrete problem. However, these "new" trends are no solutions in themselves most of the time. They are just different perspectives, shades or subsets of a new way of managing companies (Mallo and Merlo, 1996, preface). We could ask ourselves why these new trends appear as individual entities in the markets if they lost most of their significance out of the concept where they belong. Unfortunately, the hidden interest of a consulting firm is in many cases, behind each one of these new names.

Sometimes, the trick is very simple: they sell a part of the model as if it were a new paradigm, assuring that the global idea is already overcome and that the part they emphasized is an authentic and unique global solution. Other times, they just rename the same concept used by others and stress a fancy characteristic contained in the concept used by assuring that that is the real difference in order to become a leader. Summarizing, the consulting companies make use of some of the numerous marketing techniques available to make people think they need what is advertised (Mallo and Merlo, 1996, preface).

The client should discover the trick, but unfortunately that does not happen because (s)he has a lot of work to do in most of the cases, and if his/hers professional education is older than five years it is possible that (s)he does not know the new management concept. Unfortunately, most of the European managers and most especially the Spanish, do not have a global vision of the coming changes and they do not know the significance of the new concepts (Álvarez de Novales, 1998).

In this situation we can ask ourselves why the consulting firms want to sell only parts of the real solution when they could sell the whole concept. The answer appears clear: the whole new concept of the new management is too large to be sold at any one time. It is easier to focus only on some sub-concepts for two reasons: firstly, in this way it is easier to capture the attention of the potential clients. The clients of consulting companies are frequently managers very busy trying to solve the problems in their companies. Therefore, they cannot spend a lot of time studying complicated concepts that are also difficult to be introduced in their companies because they required many changes in different areas of the company. For that reason a simpler concept that covers a strategic area such as M.A. is more attractive. Secondly, it is easier for the consulting companies to sell simple concepts because that means only smaller staffs with just a few experts dealing with the issues. (Mallo and Merlo, 1996, preface).

We could also ask ourselves why the new M.A. trends presented above, when applied to the companies, are usually not good solutions. Two possible answers: the first one is based on the contingency theory of M.A (Otley,



1980:413-428). There is no single M.A. system acceptable to all organizations or any system that is satisfactory in all circumstances in a single organization. Consequently, accounting systems are contingent upon the circumstances that prevail at any time. They should be capable of development in order to take into consideration factors such as changes in the environment, competition, organizational structures, and technology. The second answer is based on the nature of the new trends. They are parts of the new way of assuming management today. This means that once they are introduced in a company, most of them cover only concrete parts of the organization that logically suffer changes in line with the new philosophy of management. The problem arises when areas influenced by the new way of managing of the organization and areas that remain traditional happens have to communicate with each other. The communication does not work since the participants believe in different principles and values for the company. According to Mallo and Merlo a change as radical as the introduction of a new philosophy of management has to be introduced all over the organization in order to avoid misunderstandings (Mallo and Merlo, 1996, preface).

In regard to the content of the information supplied by M.A. information systems in the future, the quantitative and financial information has been the predominant until approximately the last decade. This information was basically the only one supplied by the systems to the continuous development of the planning and control activities. However, in this new framework, the challenge will consist of providing information useful for the different users and levels of management, varying the content and the characteristics of it. The information used should have a multiple character. The users will demand both historical and future information, both quantitative and qualitative, both financial and no financial and both external and internal.

Finally, this chapter concludes with the new concept of M.A., which collects the main thoughts commented above. This concept has evolved from a traditional vision that considered M.A. as a series of control mechanisms a posteriori that hardly took into account the environment of the company to that of a modern concept that considers M.A. as an information and control system able to supply any relevant information, traditional, quantitative and even

qualitative, in order to fulfil the main purpose of M.A., the support of the management. Here, management is understood as a continuous planning and control process towards the aim of the organization. The new focus considers M.A. as a learning discipline that attempts to anticipate itself to the problems caused in the management by the changes in the social and organisational contexts (Escobar, 2002).

### **5.5. Summary of the chapter**

The future trends of M.A. reflect an increasing openness of M.A. to “new” influences on certain fields which in Spain have had a limited relevance until today, such as the motivation of employees. This shows that the organizational context is increasing its importance among the influences on M.A. However, traditional influences such as the customer focus are also being reinforced.

## **6. The case study of Casbega S.A.**

### **6.1. Introduction**

This chapter comprises the evolution of M.A. in Casbega S.A. since its foundation in 1952 until the present day. The aim of the chapter is to give the reader the opportunity to appreciate similarities and differences between the descriptions in Chapters Three to Five concerning M.A. practices, and the influences that they received from the social and organizational contexts sets and M.A. practices of Casbega S.A. S.A from its foundation until today.

In order to describe adequately the modernization process regarding M.A. practices in the company, this chapter gives an overview of the whole modernization process of Casbega S.A.. The modernization strategy of M.A. practices in Casbega S.A. constitutes a part of the whole modernization plan for the company. Therefore, in order to understand correctly the evolution of M.A. practices in Casbega S.A., this chapter also includes descriptions of the modernization process concerning issues such as manufacturing or dispatching in Casbega S.A., which are not directly related to M.A.

In this chapter the researched time is divided in two parts, before and after 1990. Then M.A. practices started to be utilized in Casbega S.A..

The last section of the chapter is an overall analysis that covers the chapters from three to six. It contrasts the descriptions on a macro level that were given in Chapters Three to Five concerning M.A. during the different research periods of this study with the description given on a micro level of M.A. practices in Casbega S.A.

### **6.2. General Characteristics of the company**

Casbega S.A. is the licence holder of Coca Cola for the central zone of Spain, which comprises the regions of Madrid, Castilla La Mancha and Castilla y León, see Figure 9. Casbega S.A. bottles and distributes totally 20 different products, from which the majority are Coca Cola products. Trade brands such as Coca Cola, Fanta, and Nestea are among them. With 963 employees

Casbega S.A. distributes to more than 60.000 clients. The capital of the company is one hundred per cent Spanish. See Appendix 4 for further details concerning the company.



**Figure 9: Regional map of Spain**

### **History of the company**

In 1952 they started to build the first factory in Paseo de Acacias, Madrid with Spanish shared capital. In 1954 the first bottles of Coca Cola started to be distributed in four routes. The company inaugurated a new factory in Avenida de América 115, Madrid in 1965 and it completed the commercial net with 16 regional offices. In 1971 Casbega opened the factory in Valladolid, and in 1980 it inaugurated the factory in Fuenlabrada. In 1997 the productive capacity of Valladolid was transferred to the factory of Fuenlabrada in Madrid. In 2001 Casbega started to operate a new large sophisticated industrial factory in Fuenlabrada, Madrid.

### **6.3. Organizational context and M.A. in Casbega S.A. until the beginning of the 1990's**

Casbega S.A. has always been a middle-sized company with one hundred per cent Spanish shared capital. Since the offices network of the company was finished in 1965, it did not experience important changes either in their organizational structure or in M.A. until the beginning of the 1990's.

Casbega S.A. has always been a licence holder of Coca Cola Company, which implies following certain requisites imposed by Coca Cola Company regarding all the aspects related to the image of the brand. However, Casbega S.A. has always taken its own decisions about internal issues such as the utilized managerial techniques.

Casbega S.A. was and is a centralized organization with the head office located in Madrid and 16 local offices in the main population points of the three regions where Casbega S.A. operates: Castilla y León, Castilla La Mancha and Madrid. Each local office has an area of influence, which comprises the city where the office is located, as well as the rural areas within a certain perimeter. This structure concerning the head office and the network of local offices has remained unaltered since the start of the company.

Until the 1990's all the management decisions were taken in the head office and transmitted to the local offices. Each local office had to inform the head office monthly about its performance and organize the distributions of the products in its area of influence.

On the one hand, the head office consisted of the following departments: commercial, planning and control, logistics and production, economic-financial and human resources. On the other hand, the local offices had two regional managers who were in charge of keeping the communication with the head office, a warehouse officer and a variable number of distributors depending on the size of the distribution area.

The manufacturing process was decentralized. There was a factory in Madrid that supplied products to the local offices in Madrid and Castilla La Mancha and another factory in Valladolid that since 1971 supplied products to the local offices in Castilla y León.

The simplicity of the business of bottling and distributing refreshing drinks, the lack of a worrying competition in the sector, the Spaniards had a very strong preference in the past towards Coca-Cola products, (M, Simón, Casbega) and a large proportion of poorly educated employees who in many cases had worked

in the company from its foundation, allowed the management of Casbega S.A. until the 1990's to use only basic accounting and financial information. Therefore, no M.A. practices were found in Casbega S.A. until the beginning of the 1990's, understanding M.A. as an information system that provides the necessary data for the management.

#### **6.4. Organizational context and M.A. in Casbega S.A. from the beginning of the 1990's until today**

The more aggressive marketing strategies of competitors such as Pepsi Corporation, the introduction of cheaper Coca-Cola products from Portugal, the technological innovations and the gradual incorporation of new employees coming from the universities encouraged the direction of Casbega S.A. to modernize the company at the beginning of the 1990's.

The aims of the modernization process were to achieve a higher customer satisfaction and improve the general performance of the company. In order to achieve these objectives, it was proposed an organizational restructuring, new information and control systems and new services for the clients that add value to the product.

The modernization process started at the beginning of the 1990's and is still evolving today. The end of this phase is scheduled for the end of 2002. One may think that ten years constitute a long modernization period for a middle-sized company that operates only in the Spanish market. However, the poor education of an important proportion of the staff justifies the lag.

The modernization process may be divided into two phases: the first phase when considerable changes in the organizational structure, management, distribution and production took place. A second phase started when all the areas had experienced the intended changes, and therefore it was possible to interrelate the changes to each other by using the huge potential that the new information technologies have in this field.

#### **6.4.1. First phase of the modernization process: changes**

This phase finished in 2001 with the inauguration of the new factory of Casbega S.A.. One of the first changes concerned the organizational structure. The head office incorporated new departments that increased the total number of departments at head office to nine: development of new businesses, commercial, planning and control, logistics and production, economic-financial, information systems, R&D, risks control and human resources.

The local offices also changed their organizational structure at the beginning of the 1990's. Each office had a regional sales manager, a regional manager, one or two secretaries and a variable number of vendors, which depended on the size of the distribution area of every local office.

The main management issues of Casbega S.A. continued being decided in the central office. However, two main changes could be observed. Firstly, minor decisions concerning, for instance, certain promotions of products for the clients started to be taken in the local offices. This measure attempted to give flexibility and rapidity of answer to the marketing policy of the company in order to counteract punctual promotions of the competitors. The measure also attempted to increase the motivation of the local managers, by involving them in new aspects of the decision-making of the company. Secondly, the management issues evolved gradually since the beginning of the 1990's. Issues such as motivation, customer orientation, benchmarking, continuous improvement, internal education and control became part of the usual management issues of the company. Other changes were a more frequent communication between the head office and the local offices, as well as regular reports to the head office in standardized formats regarding some of the non-financial issues.

As a consequence of the stronger customer orientation, the distribution was changed. Until then trucks own by Casbega S.A. had been distributing the products to the clients once per week. The products were paid on delivery. The new distribution was outsourced to local companies that delivered the next day after receiving the orders. Besides, the market was segmented into two main groups: on the one hand supermarkets and on the other hand clients with small

volume of purchases. A new manager who had a university education was in charge of dealing with the supermarkets, collecting their orders and transmitting them the same day to the distribution company. The employees of Casbega S.A., who before were in charge of the distribution, now had to visit the clients with small volume of purchases once or twice per week to collect their orders, charge them and send the purchase orders the same day to the distribution company. The clients could also order by phone. In this way, the clients could receive products six times per week. Before this changed they received the products only once per week. The appearance of new technologies allowed the changes in the distribution. The orders were collected in portable computers that were connected at the end of the day to a system accessible for the distribution company.

The manufacturing processes could also be changed as a consequence of the better transportation possibilities and the new production technologies. The production was again centralized in 1997 in a new and unique factory in Madrid that was able to produce more, quicker, cheaper and all this while taking care of the environment.

M.A. practices became a reality at the beginning of the 1990's as part of the new management philosophy of in Casbega S.A.. Two databases were installed. One of the databases stored the clients list, which contained personal details such as postal address and phone as well as the purchases made. The other database contained aggregated sales figures of products from different years in order to allow the managers in the local offices to extract some information out of the empirical data.

The drawbacks of the databases systems basically concerned four points: Firstly, the lack of knowledge of some of the local managers to use computers and extract information further than the basic sales figures. Secondly, the possibilities offered by the two databases in terms of both financial and non-financial information were not many. For instance, neither information regarding aggregated sales figures for groups of clients nor customer satisfaction indexes could be obtained from the databases. Thirdly, part of the information registered with the traditional accounting systems of the company



was not available in the databases such as information regarding solvency of the clients. Fourthly, the orders of the clients were channelled in a different way than the accounting information and the two databases. Therefore, the new information about the clients' actions was updated in the databases *after* the orders of the clients were paid.

The traditional accounting systems of the company, where all the data regarding solvency and payments of the clients were stored, continued working parallel with the new databases. There was no attempt to integrate them since the design of both systems would have made that difficult.

#### **6.4.2. Second phase of the modernization process: implementation**

This phase started with the inauguration of the new factory of Casbega S.A., and it is supposed to be finished by the end of 2002. This phase comprises the implementation of all the changes that occurred during the previous phase by using new information technologies.

This phase has a main aim: to unify all the different M.A. systems under one in order to control the production, distribution and management of the company. This new system, created by the German company S.A.P., allows tasks regarding management such as more powerful cross analysis of information for the management, control of the payments of the clients, automatic evaluation for asset product operations for professionals and small sized companies, elaboration of the necessary information, financial and non-financial, for any of the departments of the company, execution of the traditional accounting of the company and introduction and integration into the system of secondary software for specific tasks.

An example of one auxiliary software integrated into the global software system of the company is "scoring pypes". Scoring pypes is the name of an automatic credits evaluation system, specific for self-employed people and small companies. The software, created by the Association for Information Systems, AIS, evaluates product sale on credit applications for clients that represent an inferior annual volume of purchases than 144,000 euros. Among them there are a high number of bars, restaurants, etc.

Regarding distribution and manufacturing the new system would provide the information to a computerized tracking system that would instantly control the number of units that have to be produced depending on the stocks of the warehouses and the purchase orders of the clients. It would even control the instant status of the distribution trucks.

## **6.5. Overall analysis**

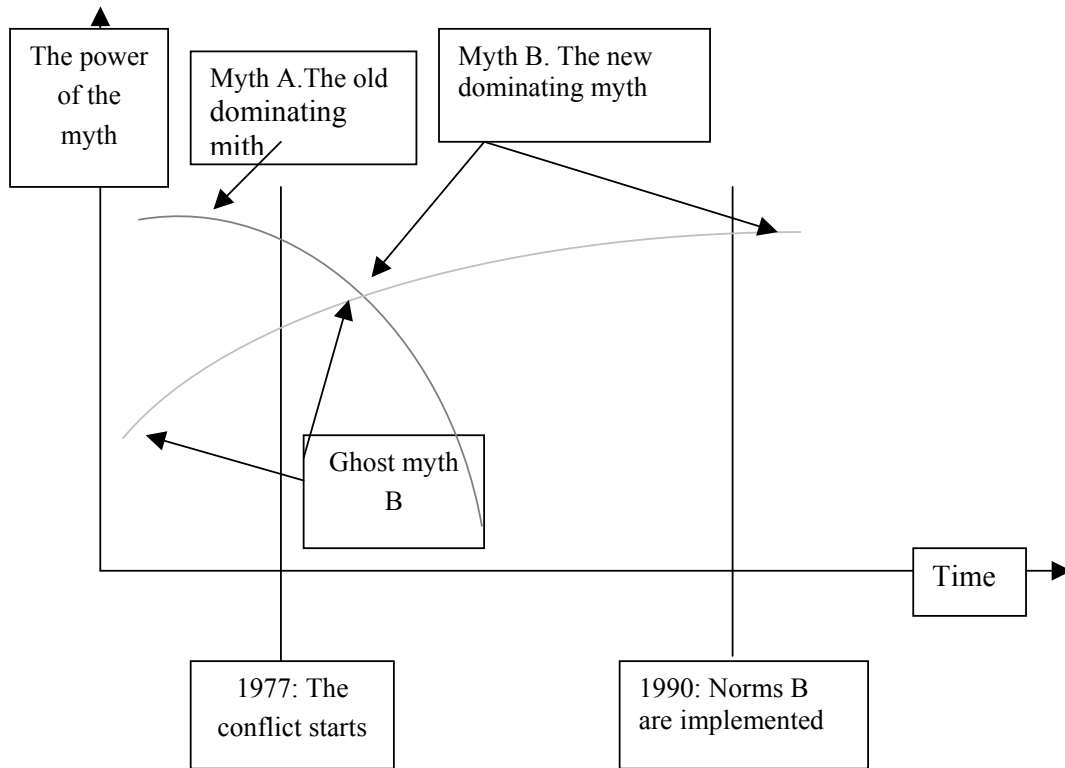
The overall analysis is divided into two parts: a first part where the changes in the nature of the influences on M.A. practices are presented, and a second part concerning the macro and micro analysis. The mentioned analysis integrates and compares the descriptions and explanations, made on a macro level in chapters three to five, about M.A. practices and their influences from the social and organizational contexts with the descriptions and explanations, made on a micro level previously in this chapter, about M.A. practices in Casbega S.A. and its influences from the social and organizational contexts.

### **6.5.1. Changes in the nature of the influences on M.A.**

In previous chapter, this study has attempted to present the influences on M.A. in social and organizational contexts in Spain during different periods. As a consequence of the study of those influences, this study has found out that the nature of the influences of the social and organizational contexts on M.A. has gradually changed along the researched time-span of this study. This section attempts to point out these changes.

First of all this section shows how the influences on M.A. practices change along the researched time-span by presenting the ghost-myth, see Figure 10).

When the ghost-myth has directed enough challengers to develop their practice, the leading actor is enforced to do something. The solution is to join with the ghost-myth and to transform it into a new dominating myth. When the new leading myth has controlled the development for a long period this means that there are a lot of new demands for a change and suppressed criticism. This is a good base for the development of a new ghost-myth (Bergevärn, 1989).



**Figure 10: The interplay between myths and ghost-myths in M.A. influences**

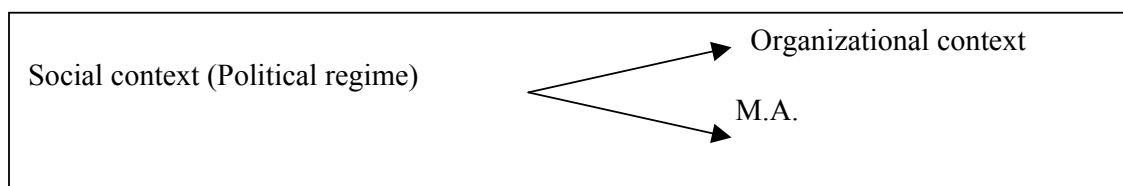
(Adapted from Bergevärn and Olson, 1989)

The dominating myth represents the influences that affect at a definite point in time M.A. in Spain. The old dominating myth represents the influences that affected M.A. in the past but not at the present time. The ghost myth represents the influences on M.A. that are an alternative to the dominating myth at a definite point in time.

In the Spanish case, the old dominating myth or myth A is represented by the political situation of the country. No other influences on M.A. are recognized before 1977, since the Franco regime controlled everything: society, economy, politics, the organizational context, etc. The new dominating myth or myth B is represented by a compilation of influences such as the economic and political situations, the values and preferences of the society and the organizational context.

During the Franco regime there was an increasing criticism towards the system that exploded with Franco's death. The myth represented by Franco faded out quickly and a new myth that represented openness was established. The companies and M.A., as a part of the social machinery, experienced this change as well.

During the Franco regime the social context, which was defined in Chapter One as a context that comprises the political, economical and social situations, affected unilaterally both the organizational context and M.A (See Figure 10). The political regime of Franco, throughout rigid social control mechanisms that promoted the traditional Spanish values, controlled the Spanish society as well as the organizational context. Therefore, there were no needs for management control tools such as M.A.

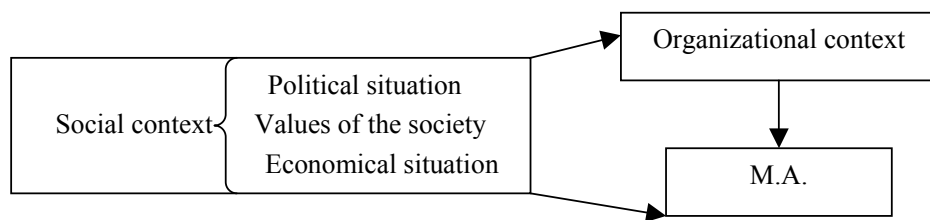


**Figure 11: Influences on M.A. during the Franco regime**

After the Franco regime the influences on M.A. changed. The social context continued influencing M.A., but in a different way. The control executed by the state on all the aspects of the Spanish life lost importance. Therefore, the organizational context as well as the other elements of the social context such as the economical situation and the Spanish society gained relevance in the Spanish scenario and started to influence M.A. in Spain as well. The political influence continued, though much less than before, and was represented by the accounting regulations. The influences of the Spanish society on M.A. became important due to the higher purchasing power of the society and the major presence of companies that increased the competition. The economic situation was characterized by the penetration of foreign investments and multinationals as well as the liberalization of the markets that were protected during the Franco regime.

M.A. started to be also influenced from the organizational context. This context, once liberated from the political oppression of the Franco regime, gained more relevance in the management of the company. After the disappearance of the social control tools of the Franco regime that had also given the necessary organizational control to the company, the management of the companies started to feel the need of adopting some management information and control tools such as M.A.

Moreover, the organizational context also received influences from the social context, which is unavoidable since any organization is a social entity constituted by individuals and it is subjected to social and state regulations. The visual summary of the mentioned influences on M.A. after the Franco regime is presented in Figure 12.



**Figure 12: The influences after the Franco regime until today**

The scheme of influences for the near future of M.A. would look like the last one presented in Figure 12 since the direction of the relations between the social context, the organizational context and M.A. appears to be reinforced. Anyhow, remarkable influences on M.A. are the emphasis of the company on firstly the social values throughout the customer orientation, and secondly on the organization context throughout the involvement of the employees and the continuous improvement principle.

### **6.5.2. Macro and micro analyses**

The first observation that one can make has to do with the profile of the company. Casbega S.A. is a middle-sized company with 100% Spanish shared capital. In Chapter Four it was mentioned that an important proportion of companies with these characteristics were reluctant to modernization processes until the middle of the 1980's. It was said that the traditional Spanish values were in some cases too rooted in the managerial boards to face the innovations.

One can definitely say that Casbega S.A. fits into this pattern. On the one hand, in Chapters Three, Four and Five it could be appreciated how the political, social and economical modernization started to be experienced in Spain at the end of the 1970's and the most drastic changes took place until the end of the 1980's. On the other hand, in previous chapters it was commented that during the 1980's most of the middle sized and large companies were modernized. The large sized ones, and some of the middle sized ones, usually at the end of the 1970's and the beginning of the 1980's and the rest of the middle sized ones at the middle and end of the 1980's. Therefore, one can say that the political, social and economical modernization in Spain happened in parallel with most of the important changes in the Spanish companies.

However, the turning point in the modernization policies of Casbega S.A. started not in the 1980's, but in the 1990's. The reasons given for this ten year long lag were the lack of competition in the industrial sector of the company, the absolute preference of the Spaniards towards the brand Coca Cola and the important proportion of poorly qualified personnel in the company. Besides, the fact that all the shared capital was Spanish avoided interferences from foreign investors, who would have pushed harder for an more rapid modernization.

Casbega S.A. has always been centralized, although the network of offices all over the regions of influence. There are several explanations. First of all, most of the companies founded during the 1950's and 1960's had a centralized organization with a clear hierarchical structure. This was a consequence of the values transmitted by the Franco regime that powered hierarchical organizations. Second of all, the region of Madrid has always had much more power in terms of customers than the others. Therefore, the tendency showed by the company to centralize the decisions in a single head office. Thirdly, Coca Cola Company has always been located in Madrid and both Coca Cola Company and Casbega S.A. know the importance of having good communication channels between them.

In the past the entire management of the company took place at head office. Each local office was only in charge of the distribution of the products in the

respective area. However, this situation changed in the 1990's and the local managers were allowed to take personal decisions regarding certain actions of products in order to respond faster to the local promotions of the competitors. Besides, the major involvement of the local managers in the decision-making of the company would increase their motivation.

The new board of managers in the head office, who came from modernized companies and the universities, wanted to break the tightness of the management in the past and introduce flexibility. The new generations of managers had not directly experienced the Franco regime, and therefore were more open to new influences from the social context. At this point can be appreciated how the organizational context started to receive new influences from the new social context.

New departments such as new businesses, information systems and R&D were incorporated in the head office in order to broaden the areas of interest of the management. Issues such as motivation, customer orientation, natural environmental care, benchmarking, continuous improvement, internal education and control became part of the usual management issues of the company.

The management board introduced M.A. practices in the 1990's as part of the modernization process of the management. The influences of the social context such as the greater customer orientation and the respect and awareness of the social values, that were having already an impact on the organizational context, started to affect also M.A. Besides, several influences of the organizational context such as the greater attention on the personnel of the company started to make impact also on the new management and especially on M.A. practices.

The first M.A. practices in Casbega S.A. were two databases in combination with standardized reports regarding issues such as motivation of the personnel and local promotions of the competition that were sent regularly from the local offices to the head office. In the last year all the information circulating within the company such as the traditional accounting of the company, M.A. practices, the information concerning volumes of production and products stocks has

been unified under a new information system, were provided by the German company S.A.P.

The tendency, observed also in Casbega S.A., toward the unification of the different information systems of a company was mentioned as one of the characteristics of the new trends of M.A. in Chapter Five. Other characteristics described in that chapter such as the major customer orientation of the new M.A. practices can also be found in Casbega S.A.. The company followed always from its start the motto: “The client is always right”. However, from the 1990’s and onwards and due to the increase of the competition, Casbega S.A. stressed the need of an excellent customer service as a way of keeping the competitive advantage that the company had had until then. As a consequence of the stronger customer service policy, the distribution of the company was improved in the beginning of the 1990’s in term of frequency and attentions to the client.

To summarize, one can say that Casbega S.A. (micro-level) coincides to a great extent with the descriptions of Chapters Three, Four and Five (macro-level) concerning M.A. practices, and the way they were influenced by the social and organizational contexts in Spain. Only a major difference can be found in regard to the dates where the modernization processes started to take place in Casbega S.A.. However, an explanation for the delay of the modernization process in Casbega S.A. is given.



## **7. Conclusions**

### **7.1. Introduction**

This chapter is divided into three sections: firstly, a discussion where the influences on M.A. by the social and organizational contexts highlighted during the study are summarized. Secondly, a conclusion where the new knowledge obtained from the study is presented and, thirdly, a section regarding suggestions for further research.

### **7.2. Discussion**

The social and organizational contexts of the Spanish companies until the beginning of the 1980's allowed a limited development of M.A. However, the changes occurred in the Spanish social and organizational contexts from the 1950's and these promoted a progressive development and usage of the management techniques and, especially, of M.A. that was consolidated especially from the beginning of the 1980's.

The described case study shows how the interaction of elements from the social context such as the intensity of the competition, the social control and the modernization process, with elements from the organizational context such as the profitability, the level of internationalisation and the internal control, have had a significant impact on M.A.

The study has gone through the reasons that can explain the limited development and usage of M.A. until the beginning of the 1980's.

Firstly, it was pointed out that the lag in the economic, politic and social modernization that allowed the permanence of the values of the traditional Spanish society. Until the beginning of the 1980's the organizational culture lacked the modern values that favour the usage of M.A.: the orientation toward the future, the standardization, the individualism and the rationalism. On the contrary, until the 1980's in the companies the control was performed in a direct way, there were informal structures, paternalism and assignation of posts based on trust.

Secondly, almost until the end of the 1970's, the set of social control instruments of the Franco regime were effective enough to guarantee the control of the individuals in the society and in the organizations. The cooperation with the Catholic Church for the ideological control of the family life and the education, the control of the media, the censorship and the labour order were efficient instruments of control. The social context guaranteed an effective control of the individuals and reduced the need of M.A. as a control instrument.

Thirdly, the Spanish companies had extraordinary conditions to get benefits. The high growth of the GNP between 1950 and 1974, market not saturated, a high protectionism, a high increase of the rent and the demand were factors that favoured a high profitability, at least in the short run. Under these conditions the motivation to use more M.A. concretely the cost reduction and the standard costs, was limited.

Fourthly and last, the centralization, the recruiting policy, the direct control, the relation superior-subordinate and the identification with the company assured, with a very simple M.A. the organizational control.

However, this situation changed notably from the middle 1980's until today. A progressive development and usage of the management techniques and especially of M.A. took place. There are four aspects that favoured its development.

Firstly, the fast and profound economic, political and social modernization that Spain experienced, promoted the appearance of the risk and the doubt M.A. can satisfy the need of anticipating the future, quantifying the alternatives and the risk and reducing the uncertainty that emerges under these conditions.

However, the modernization grade of the organizations was quite heterogeneous from the beginning of the 1980's until the middle of the 1990's. The penetration of the modernization approaches differed among the companies. Some companies were more traditional and it took them longer to accept the new values. They had a limited development of the individualism,

they preferred the certainly to the innovation and the paternalism continued being exercised. On the contrary, the companies more in favour of the modernization had a greater development of M.A., which was utilized in the planning and evaluation of responsibilities. They also promoted individual responsibility and initiative, the decrease of the direct control, new interpersonal relations superior-subordinate and new identification with the company.

Secondly, the decline of the rigid social mechanism that existed until the end of the 1970's as a consequence of the appearance of the democracy and the limited relevance of the new instruments of social control such as the control of the public television, the creation of databases, the tax and labour policies contributed to increase the need of new management tools such as M.A.

Thirdly, the more unfavourable conditions of the Spanish companies from the middle of the 1970's contributed to support more the usage of M.A. The economic crisis in Spain from 1975 until 1983, and the entrance of foreign investments with the acceptance of Spain in the European Common Market hindered the maintenance of the excellent conditions that the Spanish companies had until the middle of the 1970's. The difficulty to translate the costs increases to the prices, and even the pressure to reduce the prices promoted the importance of the costs accounting in order to control and reduce costs.

Fourthly, and last, the new organizational context that emerged from the middle 1980's, with a growing number of decentralized, flexible and more professional organizations, with a major strategic orientation and a growing internationalisation favoured the development and usage of M.A. This occurred especially in companies more sensible to the international context because they were in sectors with high competition or with high penetration of multinational companies.

Finally, the study has also looked at the near future of M.A. Some of the new trends in M.A. were presented and analysed later on from a social perspective. Four main ideas were highlighted.

## *Conclusions*

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Firstly, in a near future the management and therefore M.A., tend to look more at the social context. Most of the new trends focus on three main values: time, cost and quality, which turn out to be the main demands of the customer today. Besides, M.A. practices such as the “green management” are gaining importance, which proves the attempt of the companies to approach and incorporate in their company policies the actual values of the society such as the respect for the natural environment.

Secondly, the management, and consequently M.A., tend to look more at the organizational context. Aspects such as the efficiency of the processes and the empowerment of the employees are targeted issues for the new M.A. trends. In order to reach these aims, the companies believe on a greater integration of the different managerial techniques, which changes radically the traditional vision of accounting and M.A. from being an isolated discipline in order to evaluate objectively the costs to a fully integrated management tool.

Thirdly, most of the new trends of M.A. should not be taken into consideration individually. Their significance fades when they are considered as individual entities. However, some managers and consulting companies present and use some concrete new trends as complete solutions for specific problems of the companies. Unfortunately, in the middle and long run the utilized trends turn out to be regular or bad solutions. Each new trend should be considered as a part of groups of new trends. It is in the context of groups where the new trends can be used as successful solutions for the problems of the companies.

Fourthly and last, the information content supplied by the new M.A. tools appears to present differences with the traditional information supplied. The new nature of the information is based on the new needs of the users. The challenge will consist on providing information useful for the different users and levels of management, varying the content and the characteristics of it. The information used should have a multiple character. The users will demand both historical and future information, both quantitative and qualitative, both financial and no financial and both external and internal.

### **7.3. Contribution**

In connection to Samuelson's theory about the different influences on M.A. (1990), the present study has attempted to point out those influences in Spain and at different periods of time. Two main perspectives, social and organisational have been used.

During the study it was found that the existence of changes in the nature of the influences that affect M.A. In consequence, it can be stated that the influences on M.A. are subjected to evolution. The nature of the detected evolution is related to the size of the range of influences on M.A. The spectrum of new influences on M.A. has gradually broadened passing from a unique political influence in the Franco regime to an increasing compilation of different influences today. This can be interpreted as a symbol of openness of M.A. in Spain that would keep evident similarities with the resource dependence model interpreted by Scott (1998) where the companies adapt themselves to the environment searching for competitive advantages. The new direction taken in M.A. practices in Spain from the beginning of the 80's could be understood as an adaptative response to the openness movement of Spain as a country.

To summarize, it is concluded that M.A. have been from the 1980's subjected to a gradual evolution toward a broader openness to its both internal and external contexts.

### **7.4. Future lines of research**

M.A., the social context and the organizational context constitute vast areas of research. This study has attempted to study the relations between them. However, this study has not attempted to cover all the areas that arise from the mentioned relations. Therefore, two main lines of future research have been identified within the social approach of M.A.

One the one hand, a further research could study the contributions to the normative M.A. of researchers, academics and professors of accounting as well as the reciprocal relations with their social and organizational contexts. On the other hand, further researches could deal with the influences of M.A. on its social and organizational contexts.



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## Appendix 1. Facts and figures of Castilla y León

### Population figures

Castilla y León: 2.562.892

España: 39.433.942

[http://www.jcyl.es/jcyl-client/jcyl/ceh/dge/tkContent?idContent=18862&locale=es\\_ES&textOnly=false](http://www.jcyl.es/jcyl-client/jcyl/ceh/dge/tkContent?idContent=18862&locale=es_ES&textOnly=false)

(Accessed: 2002-10-10; 18:23)

### Surface in square km

Castilla y León: 94.224

España: 505.990

[http://www.jcyl.es/jcyl-client/jcyl/ceh/dge/tkContent?idContent=18941&locale=es\\_ES&textOnly=false](http://www.jcyl.es/jcyl-client/jcyl/ceh/dge/tkContent?idContent=18941&locale=es_ES&textOnly=false)

(Accessed: 2002-10-10; 18:27)

### Economic figures, 1995, miles of euros

Sector	CyL	España
Agriculture, cattle raising, fishing	3.467.997	24.301.206
Industry, including energy and construction	3.064.364	15.189.023
Services	2.858.763	54.618.697

[http://www.jcyl.es/jcyl-client/jcyl/ceh/dge/tkContent?idContent=18750&locale=es\\_ES&textOnly=false](http://www.jcyl.es/jcyl-client/jcyl/ceh/dge/tkContent?idContent=18750&locale=es_ES&textOnly=false)

(Accessed: 2002-10-10; 18:31)





## Appendix 2. The questionnaire

### Questions of the Questionnaire

#### Section 1: Objectives and Utility of M.A.

1.- Point out from 1 up to 5, being 5 the most valuable, which are the objectives targeted with the costs models?

- Provide the necessary information for the annual accounts
- Calculate the costs and results of products, product lines and activity centres
- Provide information for the planning
- Provide information for the control
- Provide information for the decision-making

2.- Valuate from 1 up to 5 in the actual context, the utility of the information provided by M.A.

1      2      3      4      5

#### Section 2: Normative Accounting

This section is divided in three parts: principles of M.A., Accounting register of costs and Group 9 of the Spanish General Accounting Plan

#### Principles of M.A.

3.- Do you believe M.A. in Spain needs some principles to clarify the actual diversity of accounting practices?

-Yes

-No

4.- Who should take part in the elaboration of those principles from your point of view?

-Entrepreneurs

-Chartered accountants

-Professionals

-Professors

-State

-Consultants

-Others

Accounting register of costs

5.- Do you use the double accounting of costs?

-Yes

-No

6.- Are the cost accounting and the financial accounting completely independent in your case?

-Yes

-No

7.- Which plan do you use for your balance sheet?

-Spanish (Group 9 PGC)

-French

-English

-German

-Others

Group 9 of the Spanish General Accounting Plan

8.- Do you consider that the group 9 of the General Plan of Accounting (G.P.A.) of 1973 (published in 1978) fulfils the objectives that are pretended in the costs accounting?

-Yes

-No

9.- Do you use the group 9 of the G.P.A. of 1973?

-Yes

-No

10.- Would you update the mentioned plan?

-Yes

-No

11.- In the case you would like to update it, which aspects would you improve from it?

-A simple update of it without transforming it

-Quite a lot of aspects

-A new model should be establish, official but not obligatory

Section 3: Budgeting, planning, control and decision-making

Budgeting Control

12.- Do you use budgets?

-Yes

-No

13.- If so, do you revise them?

-Yes

-No

14.- And how often?

-Diary

-Weekly

-Biweekly

-Monthly

-Quarterly

-Annually

-Biannually

Planning, Control and Decision-Making

15.- Do you use short term planning or long term planning

-Short term

-Long term

16.-Do you calculate a profitability range?

-Yes

-No

17.- If so, do you calculate it in advance?

-Yes

-No

18.-How do you calculate the profitability range?

-For the whole production

-Per groups of products

-Per products

19.- Does your company have a quality control system for the manufactured products?

-Yes

-No

20.- Does your company have a quality control system for the supplied materials?

-Yes

-No

21.- Do your company check periodically the inventories?

-Yes

-No

Section 4: Impact of the new technologies on M.A.

The section comprises two parts: impact of the new information technologies and impact of the new production technologies on M.A.

Impact of the new information technologies on M.A.

22.- Rank the following information technologies by most frequent usage:

( ) Management Information Systems (MIS)

( ) Decision Support Systems (DSS)

( ) Expert Systems (ES)

( ) Executive Information Systems (EIS)

( ) Expert Decision Support Systems (EDSS)

( ) Group Decision Support Systems (GDSS)

( ) Others

Impact of the new production technologies on M.A.

23.- Rank by importance the following new production technologies

- Just in Time (JIT)
- Total Quality (TQ)
- Material Requirements Planning (MRP)
- Computer Aided Manufacturing (CAM)
- Computer Aided Design (CAD)
- Computer Integrated Manufacturing (CIM)

Section 5: Actual M.A. trends

24.- Among the following M.A. trends, which are in your opinion actual in Spain?

- Planning and control: ratio analysis, internal control systems, financial and non-financial measurements, standard costs, budgeting.
- Decision-making: Conceptual framework: relation between management accounting and financial accounting, the framework of management accounting, normalization of M.A.
- Costs evaluations: location of costs, calculation of costs, indirect costs.
- Social and environmental issues: M.A. from an organizational context perspective, Human resources accounting, Environmental accounting
- New trends: Agency theory, information systems, quality costs, ABC, ABM, JIT, strategic Management
- Applied management: M.A. in sectors, M.A. in the public administration
- Others



### **Appendix 3. Interviews and meetings**

Interviews at Casbega S.A.

A total of three interviews were conducted at Casbega S.A.

2-07-2002	F. Seco	Regional manager
9-07-2002	F. Seco	Regional manager
16-07-2002	M. Simón Rodríguez	Regional sales manager

Other meetings at Casbega S.A.

Summer 2001      Three months internship of the author at Casbega S.A.

Meetings at Salamanca University

A total of two meetings were held during the month of June 2002 at different departments of Salamanca University in order to collect information regarding appropriate literature as well as make the questionnaire included in this study come true.

J. M<sup>a</sup> Charro Valls

Professor of entrepreneurial organization

S. García López

Professor of economic history





**Appendix 4. Further Characteristics of Casbega S.A.**

Company Name

Compañía Castellana de Bebidas Gaseosas S.A.

Anagram

Casbega S.A.

Juridical status

Limited Society

Industry sector

Mineral and sparkling waters as well as other non-alcoholic drinks.

Number of employees

963

Exporting company

No

Importing company

No

Sales

**Table 13: Sales of Casbega S.A.**

Sales (figures in euros)		
1999	2000	2001
487.614.546,89	543.520.638,75	602.599.852,15

Distribution

-Casbega S.A. distributes to more than 60.000 clients with 0.9 weekly visits on average

-The 37% of the sales are distributed with their own means

Result last year

36,878,343.13 euros

Social capital

36.000.000 euros

Property

The capital is 100% Spanish. The families Daurella and Comenge own the majority of the capital. Other main stockholders are cobega s.a.with 15% and Casbega S.A. with 5.05%.

Capital invested in other companies

**Table 14: Capital of Casbega S.A. invested in other companies**

Capital invested in other companies		
Social Name	Percentage	Date
ENTECOM	99.80	21/06/1995
COCA COLA GESTION SA	17.20	31/12/1995
NOSINYEC SL	12.50	31/12/2000
CASBEGA S.A.	5.05	31/12/2000

Mission

-Manufacture, sell and distribute consumption products

Vision

-COMPANY oriented to the market

-Continuous INNOVATION AND IMPROVEMENT thanks to the participation of all the employees

-Capacity of SATISFACTION of consumers, clients and providers.

Values

-Orientation to the market

-The continuous INNOVATION and IMPROVEMENT

-Respect to the contribution of every person to the TEAMWORK

-Fulfil of our OBLIGATIONS

Respect towards the environment

-Casbega S.A. has the I.S.O. 14001 certificate given by AENOR

Articles in the press about Casbega S.A.

Casbega S.A., Coca Cola bottler in the central zone, has invested 40 million Euros to reinforce its industrial capacity and has created in Fuenlabrada the major European plant in the refreshing drinks sector. The reform in the plant of Fuenlabrada (Madrid) has allowed the company centralizing all its industrial activity. Casbega S.A. had until now another plant placed in Barajas (Madrid). The factory in Fuenlabrada has today an annual production of 660 million liters (Expansion, 18-06-2002).

The Coca Cola group has acquired the brand Santolin to the company Aguas de Santolin, property of two of its bottlers, Casbega S.A. and Norbega. The brand is property of the Spanish filial of the American multinational from the 01-01-2002, though the spring will be under the control of the mentioned bottlers. There are no conversations to acquire Aguas Santolin. The initial strategy of Coca Cola in the market of water consists of an increase of the distribution of Santolin and takes advantage of the sales network of Coca Cola in order to duplicate the 33 million sold in 2001 with revenue of 4.6 million euros (Cinco días, 22-05-2002).

Others

-In 2001 20655 persons visited their facilities

-In 2001 Casbega S.A. took part in 810 cultural and sport events