What is a case study in accounting and business management?

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What is a Case Study?


A case study is an empirical inquiry that
i. investigates a contemporary phenomenon within its real-life context, especially when
ii. the boundaries between the phenomenon and context are not clearly evident

Emphasises:
• Single unit of analysis,

But contrasts
• Comparative case studies vs. field surveys
My background

From Quantitative Research to Qualitative Research

From Analytical Modelling to Interpretive Case Studies
Analytical Modelling (1970s)

- Economic orientation:
  Optimal decision makings
- How a decision *should* be taken.
- Economics Concepts:
  Marginal and opportunity costs
- Normative mathematical models
- Fun: but was does it mean?
Empirical Research (1980s)

• Why don’t all companies use “optimal methods”?
• Tried to explain diversity of practices using economics and contingency theory
• Large scale surveys

Empirical Research (1980s)

- Found absolutely nothing!
- Lack of significant statistics
- Reasons:
  - Dynamics of change
  - Practices never “perfect”/optimal
  - Personal preferences
- Difficult to explain diversity of practices
Move to Case Studies

• Why do companies come have to their specific accounting practices?
• Case and field research
• Explaining the emergence of specific practices in individual companies
  ➔ “Understanding” practices
Nature of “understanding”

QUOTE: Well it is, you see, how things evolve. I suppose in the academic world it all clear cut; but it isn’t really you know. When you come down here, it’s all a hell of a big mishmash, all inter-related influences. It’s not clear cut and logical. It looks completely illogical, but that’s how it happens. And I’m sure we’re no different from any other outfit. And you’ll go back and say “what a load of idiots”. But that’s how it happens.
Nature of “understanding”

- What shapes practices?
- Mishmash of inter-related influences
- Broad economic/social/organisational trends
- Specific organisational/individual elements
- Management and organisational change

How have particular organisations come to have their specific systems and practices?
Summary

• *Research focus remained unchanged:* “Understanding” the diversity of practices
• *But specific research questions changed:* 
  *from:* explaining diversity in the population 
  *to:* explaining the emergence of practices in individual companies
• Needed change of research methods :
  *from:* quantitative research/statistical methods 
  *to:* qualitative research/case study methods
Management (Accounting) Research in the late 1980s and 1990s

• Variety of explanations:
  Some still using economics and contingency theory
  Others used various social theories and Interpretive and critical perspectives
• Field research and case studies
• Studying management and organisational change
Scapens and Roberts, 1993

Research Issues and Questions

- Role of Management Accounting Systems
- Accounting Control & Impacts of New Systems

Case Analysis

- Understanding the Process of Change
- Accounting as a Social Process of Control

Theoretical Framework

- Giddens' Duality of Structure
  - Signification/Legitimation/Domination
- Sensitizing Device: Production-v-Accounting meanings
Only a case study!

• Small sample
• Can’t generalise
• “Not proper research”
MAIN ARTICLES
Evidence of Informational Asymmetries from Management Earnings Forecasts and Stock Returns
Maureen McNichols
A Test of the Incremental Explanatory Power of Opinions Qualified for Consistency and Uncertainty
William Hopwood, James McKeown, and Jane Mutchler
Firm-Size and the Predictive Ability of Quarterly Earnings Data
Allen W. Bathke, Jr., Kenneth S. Lorek, and G. Lee Willinger
The Choice Among Accounting Alternatives and Management Compensation: Effects of Corporate Tax
J. Ronen and A. Aharoni
A Model of Control and Audit Procedure Change in Evolving Data Processing Systems
Yair Wand and Ron Weber
The Information in Discretionary Outlays: Advertising, Research, and Development
Bruce Bublitz and Michael Ettredge

NOTES
On the Association of Cash Flow Variables with Market Risk: Further Evidence
Badr E. Ismail and Moon K. Kim
Rational Economic Behavior and Lobbying on Accounting Issues: Evidence from the Oil and Gas Industry
Edward B. Deakin

JANUARY 1989

SMALL SAMPLE STUDIES
The Year-End LIFO Purchase Decision: The Case of Farmer Brothers Company
Robert M. Bowen and Glenn M. Pfeiffer
Positive vs. Interpretive Case Studies

• Positive case studies: seek to discover verifiable facts want generalisable findings Hence, usually exploratory

• Interpretive case studies: seek possible explanations provide (local) understandings Hence, should be explanatory
Positive Case Studies

• Neo-classical economic/functionalist framework
• Role of management practices not questioned
• Exploratory cases
• Small samples
Interpretive Case Studies

• Management practices are *socially constructed*

• Interpretation:
  Understanding day-to-day practices

• Holistic perspective

• Explanatory cases
## Summary of Case Research Methods

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Positive Case Study


• Lean Manufacturing and Lean Accounting
• Contingency theory: Cartesian fit
  Reductionist/atomistic
• Control system: configuration fit
  Holistic
Fig. 2. Contingent perspective of the control framework as suggested by literature. Bivariate, congruence, Cartesian Fit model.
Fig. 6. Theoretical control framework.
Positive Case Study


• Objective representation:
  “Independent researchers”

• Further work
  Large-scale, cross-sectional study
  Structural equation modelling
Interpretive Case Study


• Post-functionalist research
  → Situated functionality

• Locates Practice Theory of Schatzki (2002)
  *Vis-à-vis* the governmentality literature and actor network theory
Fig. 1. Restaurant division organisation chart.
Interpretive Case Study


• Practice is more than talk
  → interviews + observations

• Detailed analysis of management control practices
  Regional manager/restaurant managers
  Menu design and restaurant performance
Interpretive Case Study


• Understanding practice as situated functionality

• Making corporate practices work homogeneity and heterogeneity
What is a case study?

• Range of possibilities
• Single unit of analysis
• In-depth study, rich in detail
• A way of understanding a phenomenon

But with

• Different methodological perspectives
• Diverse theoretical approaches
Questions