

What is a case study in accounting and business management?

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What is a Case Study?

Robert K. Yin (1984, p.23/4th Edition 2008)

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

E.G. Scapens and Sale (1985) *Accounting Review*,
"An International Study of Accounting Practices in
Divisionalised Companies and their Associations
with Organizational Variables"

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”

the **ACCOUNTING REVIEW**

Quarterly Journal of the
AMERICAN ACCOUNTING ASSOCIATION

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

<i>Type of Research</i>	<i>Positive</i>	<i>Interpretive</i>
View of the World	External and Objective	Social Construction
Types of Study	Exploratory	Explanatory
Nature of Explanation	Deductive	Pattern
Nature of Generalisation	Statistical	Theoretical
Role of Theory	Hypothesis Generation	Understanding
Nature of Accounting & Management	Economic Decision Making	Object of Study

Positive Case Study

Kennedy, F.A. and Widener, S.K., “A Control Framework: Insights from Evidence on Lean Accounting”, *Management Accounting Research*, 19.4, (2008) pp.301–323.

- Lean Manufacturing and Lean Accounting
- Contingency theory: Cartesian fit
Reductionist/atomistic
- Control system: configuration fit
Holistic

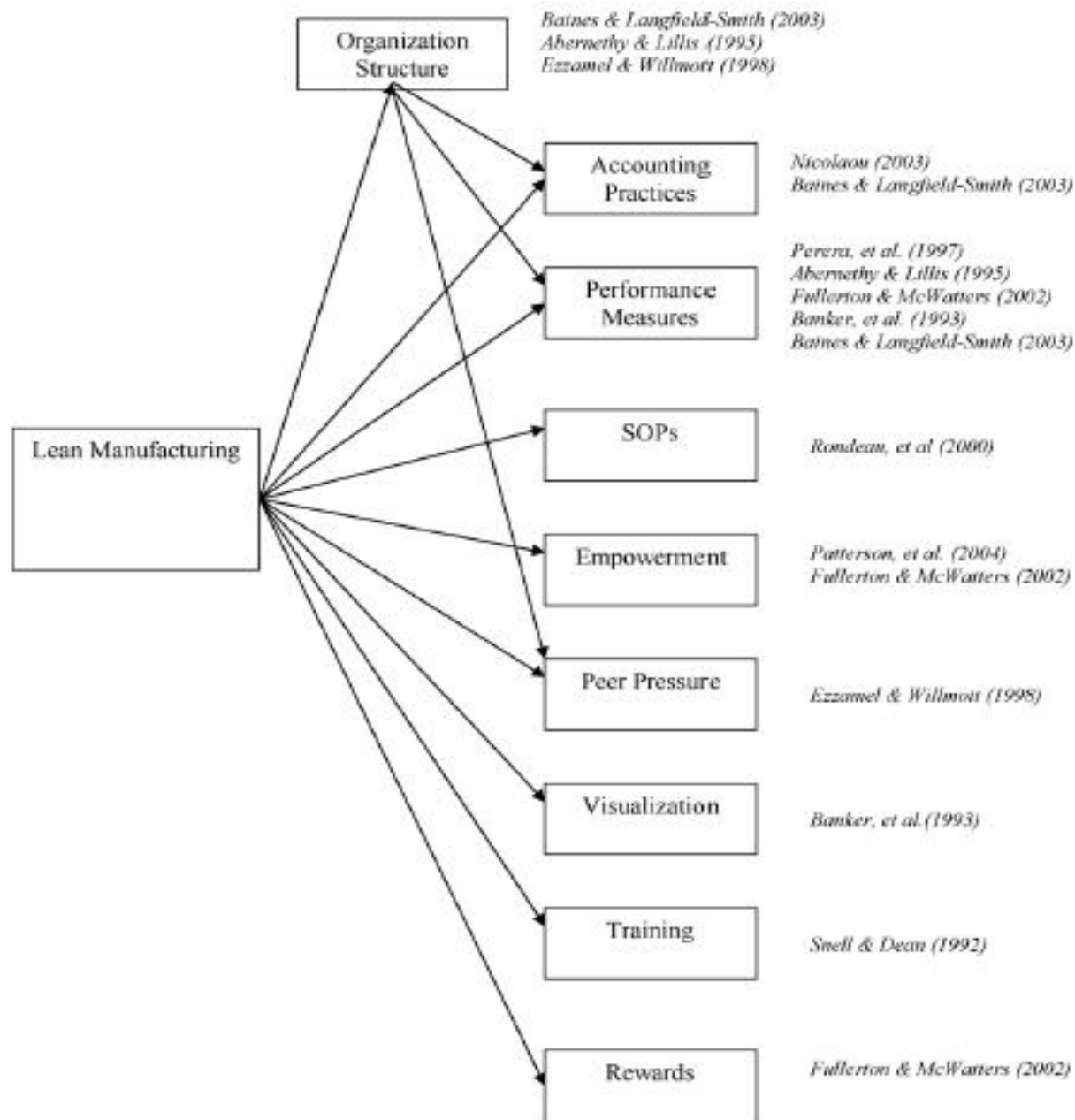


Fig. 2. Contingent perspective of the control framework as suggested by literature. Bivariate, congruence, Cartesian Fit model.

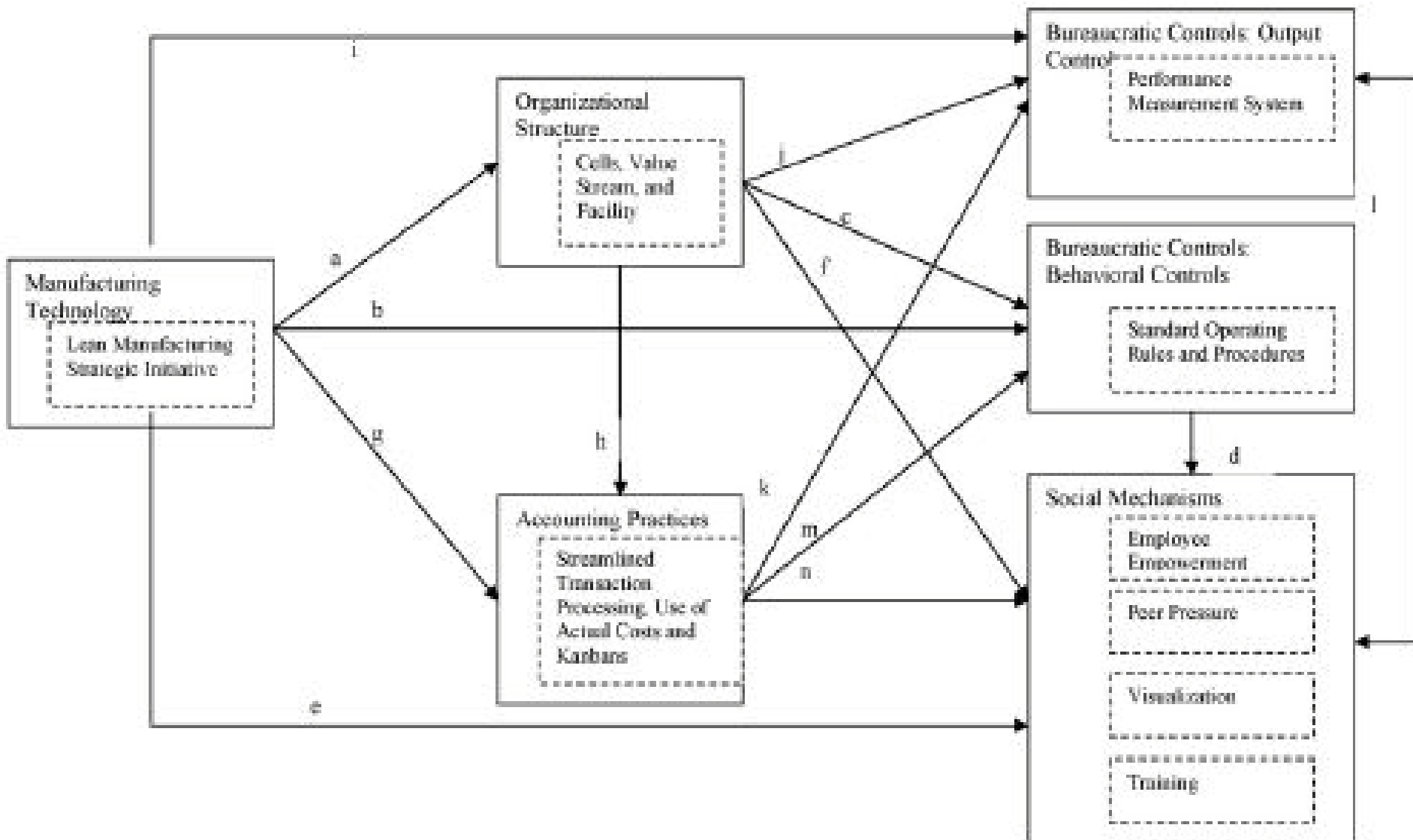


Fig. 6. Theoretical control framework.

Positive Case Study

Kennedy, F.A. and Widener, S.K., “A Control Framework: Insights from Evidence on Lean Accounting”, *Management Accounting Research*, 19.4, (2008) pp.301–323.

- Objective representation:
 - “Independent researchers”
- Further work
 - Large-scale, cross-sectional study
 - Structural equation modelling

Interpretive Case Study

Ahrens, T. and Chapman, C.S., “Management Accounting as Practice” *Accounting, Organizations and Society*, 32.12-2 (2007) pp.1-27.

- Post-functionalist research
 - Situated functionality
- Locates Practice Theory of Schatzki (2002)
Vis-à-vis the governmentality literature and actor network theory

Interpretive Case Study

Ahrens, T. and Chapman, C.S., “Management Accounting as Practice” *Accounting, Organizations and Society*, 32.12-2 (2007) pp.1-27.

- 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

Ahrens, T. and Chapman, C.S., “Management Accounting as Practice” *Accounting, Organizations and Society*, 32.12-2 (2007) pp.1-27.

- 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