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EDITORIAL

Editorial "Management accounting and control"

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There are several frameworks in the academic literature that structure the many management accounting and control techniques and discuss how managers can use these tools to realize the objectives of their organizations. Prominent examples for the Anglo-Saxon countries are *Merchant's* characterization of management control systems and *Simons'* levers of control; in the German speaking community, *Küpper* conceptualizes the function of management accounting and control (i.e., "Controlling") as the coordination of management tasks.

In his characterization of management control systems, Merchant (1998) emphasizes the proactive and reactive nature of controls and differentiates between four control elements: (1) personnel controls that aim at selecting experienced, honest, and hard-working employees that perform the desired tasks on their own (e.g., selection of personnel); (2) action controls that ensure that employees perform actions benefitting the organization (e.g., eye in the sky in a casino); (3) result controls that describe how employees are compensated for their results (e.g., pay for performance); and (4) cultural controls that shape the behavioral norms of the organization (e.g., building shared traditions, beliefs, values, and ways of behaving).

Emphasizing strategic change, Simons (1995) applies a broad definition of control and identifies four levers to control business strategy: (1) belief systems that communicate core values (e.g., communicate mission statements or vision statements); (2) boundary systems that define the limits of freedom and constrain employee behavior (e.g., identify a manager's discretionary competence); (3) diagnostic control systems that provide information indicating when a system is in control or out of control (e.g., monitor results via variance analysis); and (4) interactive control systems that provide flexibility in adapting to competitive environments (e.g., open organizational dialogue to trigger learning). Importantly, Simons (1995) emphasizes that the effectiveness of the levers is not only related to each individual lever, but rather how they complement each other when used together.

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According to Hans-Ulrich Küpper (1995), the function of management accounting and control is to coordinate management. Referring to systems theory, managing organizations is accomplished by coordinating different “management systems” such as (1) planning system (e.g., operational plans or strategic plans); (2) information system (e.g., generating and reporting information); (3) monitoring system (e.g., variance analysis); (4) personnel system (e.g., pay for performance); and (5) organization (e.g., designing organizational structures and processes). There are various challenges to coordinate within each individual management system (e.g., reconciling operational and strategic plans) but also in between two or more management systems (e.g., reconciling the reporting system to the organizational structure). Clearly, identifying the optimal way for how to coordinate within and between the management systems resonates well with Simons’ (1995) idea of complementarity between the levers of control.

The selected frameworks by Küpper, Merchant, and Simons show a remarkable overlap, but they also differ in details. As a construct meant to describe the phenomenon of management accounting and control, none of these frameworks can be assessed as either “right” or “wrong.” Rather, the frameworks’ relevance follows from how well they are able to structure control and coordination problems faced by organizations. What is common among these frameworks is that management accounting and control should best be conceptualized broadly, comprising various and diverse issues such as performance measurement, accounting, and even ethics, and how the management accounting and control techniques are applied to specific settings.

In this sense, and in an effort to bring together diverse research strands of the field, we organized a symposium in honor of the 75th birthday of Hans-Ulrich Küpper to be held in June 2020 at the Ludwig-Maximilians-University of Munich, and invited conceptual, empirical, and theoretical submissions on the topic. All submitted manuscripts went through a double-blind peer-review process. This special issue finally contains ten articles which were submitted in response to the call.

The first article addresses issues related to *coordinated planning*. In their study “Simultaneous structuring and scheduling of multiple projects with flexible project structures”, *Hoffmann*, *Kellenbrink*, and *Helber* investigate the highly interrelated structuring and scheduling choices for a portfolio of projects. The study formally characterizes the decision problem and evaluates the performance of problem-specific genetic algorithms in terms of speed and accuracy. The results suggest that it is beneficial to explicitly consider project priorities in the solution representation for the genetic algorithms.

Next, a set of articles deals with issues of *incentive systems* and *performance measurement*. In the second article, “Transparency goes a long way: Information transparency and its effect on job satisfaction and turnover intentions of the professoriate”, *Hofmann* and *Strobel* investigate the consequences of more transparent work environments, for instance due to digital technologies, on job satisfaction and retention incentives. The authors test the associations for the field of higher education with a sample of survey responses from over 1,600 professors. The results suggest a positive relation between transparency and job satisfaction and a negative relation between transparency and the intent to leave.

In the third article, "Volume or value? How relative performance information affects task strategy and performance", *Schreck* investigates experimentally how useful relative performance information is in improving the performance of employees who face volume-value trade-offs. Such trade-offs arise when employees perform tasks with multiple characteristics, so that they can either produce many, less valuable units of output (volume strategy); or fewer, more valuable units (value strategy).

The fourth article, "Information load in escalation situations: combustive agent or counteractive measure?", authored by *Roetzel*, *Pedell*, and *Groninger*, investigates whether information (over)load amplifies the tendency of decision makers to invest additional resources in a losing course of action. Using an experimental study, the authors identify a U-shaped effect of information load, i.e., a higher information load initially mitigates the escalation tendency but reinforces the escalation tendency at higher levels. Broadly stated, the study highlights a potential cost of transparency.

In the fifth contribution, "Executive compensation in Germany", *Beck*, *Friedl*, and *Schäfer* argue that research on executive pay has predominantly focused on US corporations simply because of data availability. To bring forward comparable research in Germany, the authors present and analyze a dataset on German, publicly traded companies. Their study suggests that while some of the prior findings can be generalized to the German context, other aspects, such as the structure of the compensation and inequality issues, require a contextual approach.

The sixth article, "Accounting for provisions: An economic analysis of intertemporal cost allocations and their incentive properties", authored by *Lohmann* and *Crasselt*, offers a formal analysis of the incentives that alternative performance measures provide when projects involve large payments towards the end of the project. In particular, the authors use Küpper's investment-based and Rogerson/Reichelstein's relative benefit provision schemes as benchmarks and compare them with three provision schemes commonly used in business practice.

The seventh article is from *Sandner*, *Sieber*, *Tellermann*, and *Walthes* and is titled "A lean Six Sigma framework for the insurance industry: Insights and lessons learned from a case study". The authors develop a framework for the integration of two management concepts that have predominantly be thought of separately: Lean management and Six Sigma. Using an in-depth case study of a project in the insurance industry, the authors demonstrate the potential that the integration of the two concepts has. As the authors were partly involved in the project, the study can draw on first-hand insights which will prove particularly relevant for practitioners.

The final set of articles goes beyond the core issues of management accounting and control and reflects upon the influence of contextual factors in the organizations' environment. In line with the general emphasis on coordination, an important function of management accounting is to ensure that the management accounting and control techniques are adapted to such contextual factors. In the eighth contribution, "Religion, crime, and financial reporting", *Hofmann* and *Schwaiger* analyze the role of injunctive and descriptive norms on corporate financial reporting. Leveraging on a large, self-constructed data set, the empirical study suggests that religious (injunctive) norms and crime rates (functioning as descriptive norms) can partly explain the variance observed in earnings management and tax avoidance.

In the ninth contribution, "Religion and CSR: A systematic literature review", *van Aaken* and *Buchner* offer a review of the empirical literature on the relationship between religion and corporate social responsibility. In particular, they engage in the discussion on whether religiosity has an impact on values, which, in turn, may affect managers' willingness to demonstrate a high commitment to CSR. The article offers a framework to structure the literature and identifies various distinct characteristics of the literature on religion and CSR.

Last but not least, the tenth article, "Freedom trumps profit: A liberal approach to business ethics", authored by *Ostermaier* and *van Aaken*, takes a strategic perspective and investigates how liberalism can serve as an ethically founded managerial philosophy. The authors argue that liberalism is broadly undervalued in its capacity to legitimize *and* constrain contracts in the market. They use the example of sweatshops to demonstrate that freedom, as the central principle of liberalism, can trump profits, and that liberalism can offer valuable ethical guidance to managers.

To summarize, the ten articles comprised in this special issue demonstrate impressively the broad spectrum of topics and methods in the field of management accounting and control, to which Hans-Ulrich Küpper has contributed extensively during his academic career. We hope this double issue will help continuing and extending these important works.

Ultimately, we would like to thank all authors and reviewers for their valuable contributions to create this double special issue.

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