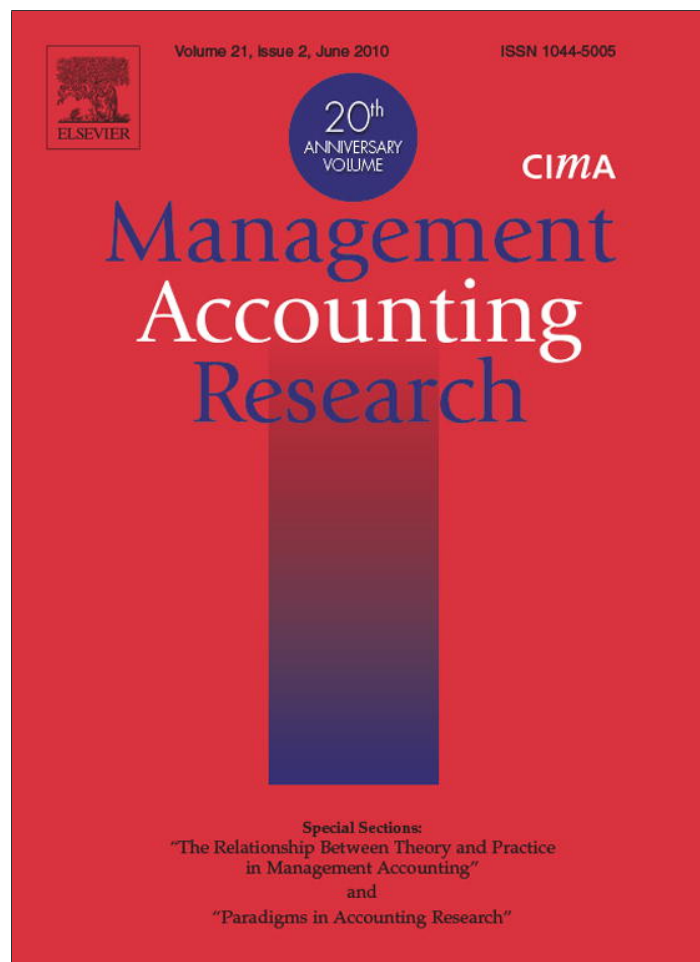


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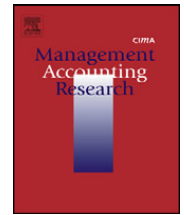
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Knowledge creation for practice in public sector management accounting by consultants and academics: Preliminary findings and directions for future research

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ABSTRACT

This study is about knowledge creation for practice in public sector management accounting by consultants and academics. It shows that researchers emphasize the importance of practice, but worry about the prospects of a successful cross-fertilization between practice and research, because of the pressure they feel to publish in international research journals. Their contacts with consultants are limited. Consultants have limited access to academic research, because of pressures from their daily work. Knowledge created by consultants is initiated by problems coming from practice; it has to be ready-made for application in practice, and is often a combination of explicit and tacit knowledge. However, our interviews with researchers show a more diffuse picture; the knowledge created by some of them is disciplinary-driven and fundamental, whereas the research of others is more problem-driven and applied. Our study hints at two intermediary groups, i.e. consultant-researchers and consultants working in the expertise centres of their firms, both of which can potentially overcome hindrances in the communication between consultancy and research.

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1. Introduction

The public sector has been criticized during the last two decades for being insufficiently effective and efficient. New management and accounting techniques have been developed as a response to this criticism. Because market-orientedness is, for instance, considered to be important for improving the functioning of public sector organizations (Walsh, 1995, pp. 251–257; Guthrie et al., 1999, p. 20; Pollitt and Bouckaert, 2000, chapter 4; Groot and Budding, 2004), accurate information about the full costs of services

is needed and this requires new techniques for output measurement and full costing. This implies that management accounting – together with other disciplines like financial reporting, auditing and management – may be expected to contribute to a better functioning of the public sector. Management accounting is a practice-oriented discipline, dealing with methods that assist managers in planning and controlling their organization (Malmi and Granlund, 2009). What methods work, and what do not work, is a question with a high relevance to practice, because it relates to what is perceived as beneficial to and by the users of management accounting methods. This also holds for questions regarding conditions for the successful implementation of those methods.

Developing new techniques or approaches in the field of management accounting, or the adaptation of existing ones, are knowledge creation activities. Organizations

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create knowledge on their own or as part of a network of similar organizations, but they can also use knowledge created by consultants or academic researchers. The types of knowledge consultants and academics create may diverge, because consultants rely largely on their past experiences in comparable situations and academics adhere to their theories and research methods. Moreover, the way consultants and academic researchers create knowledge may also be influenced by the problems raised by practitioners. Despite their different backgrounds, consultants and academics can also influence each other in creating knowledge for practice; for instance when consultants use the outcomes of academic research, or when academics draw on insights produced by consultancy work.

There are some studies on the role of either consultants or academics in knowledge creation on public sector management accounting. Christensen (2005, 2006), for example, documents the prominent influence of auditing firms on the adoption of accrual accounting in the State of New South Wales, Australia. In addition, Lapsley and Oldfield (2001) show that large multinational consultancy firms are promoters of universally applicable tool kits, whereas small locally operating consultancy firms are dedicated to delivering custom-made solutions for public sector practice. Knowledge creation for practice in public sector management accounting by academics is an even less researched issue. Notable is the literature review by van Helden and Northcott (2010) which identifies the practical orientation of the research objective(s) and the practice relevance of conclusions in papers published in international research journals. As far as we know, our study is the first that simultaneously examines the roles that consultants and academics play in public sector management accounting, and their interaction.¹

The problem we wish to discuss is if and in what respects knowledge creation in public sector management accounting by consultants and researchers is distinct and whether a lack of common understanding or communication between them could influence the relevance for practice of the knowledge created. In order to address this problem, we will analyse similarities and differences between consultants and researchers in the way practice influences their knowledge creation activities, in the knowledge sources they use, and in the type of knowledge they create. Moreover, we examine the ways in which they influence each other in creating knowledge. In addition to providing preliminary findings on these issues, we also suggest directions for future research. This paper not only reports interviews with consultants and academic researchers, but also interviews with consultants working part-time as academics (because they are active in 'both worlds'), and consultants working in expertise centres of their firms (because of their role in disseminating

knowledge to their colleague-consultants). All respondents are active in public sector management accounting in the Netherlands.

The paper is structured as follows. First, in the next section we briefly sketch the context in which consultants and academic researchers in public sector management accounting operate. The subsequent section then develops theoretical considerations and elaborates the research questions and research methods. Next, the findings of our study are presented. The final section reflects on these findings and suggests directions for future research.

2. Context

In this paper, knowledge creation by consultants and academics takes place within the context of public sector reforms. Since the 1980s, financial accounting reforms in the Netherlands have concentrated on the adoption and further refinement of accrual accounting for local governments and central government agencies (Bac, 2003). Management accounting reforms in budgeting, performance measurement and costing are receiving almost continuous attention from governmental organizations (ter Bogt and van Helden, 2005; ter Bogt, 2008). Often innovations are combined with decentralized forms of governance, such as agencies. The reforms and associated innovations in management and accounting methods are very similar to what is internationally known as New Public Management (Hood, 1995; Kickert, 2000, pp. 35–37), which emphasizes the adoption of private sector management techniques and management styles by public sector organizations.

Academic researchers who study Dutch management accounting innovations are working in a context of two partly opposing forces. On the one hand, international research publications in peer-reviewed journals have become much more important (ter Bogt and Scapens, 2009; see also Mitchell, 2002; Gendron, 2008), implying that academic researchers are increasingly driven by developments in academic thought and by the requirements posed by the academic community. Both could potentially widen the gap with practice (Jacobson et al., 2004, p. 249).² In addition, the international trend towards the use of explicit and individualized forms of performance appraisal (see de Boer et al., 2007, p. 41) is also observable in Dutch universities (ter Bogt and Scapens, 2009). On the other hand, due to budget cuts and external criticism about the relevance of their work, academic researchers are sometimes forced to raise funds through applied research or commercial teaching. In the Netherlands, the university funding stemming from so-called contract activities has increased substantially over the last two decades and was

¹ With respect to the interaction between consultancy and research Lukka and Granlund's (2002) study is of interest. These authors point out that consultancy-based publications about ABC adoption are quite disconnected from findings in academic research about this phenomenon, which points to a lack of influence of academic research on consultancy work. However, this study concerns management accounting in general, rather than public sector management accounting.

² Undoubtedly, authors like Kaplan, Cooper, Shank, and Norton have had a substantial influence on practice. Many of their ideas originate from close interactions between the authors and innovative organizations (Lukka and Granlund, 2002, p. 171). There may be an indirect impact of these management accounting innovations, in the sense that new tools advocated by such authors become popular in the private sector, and subsequently in the public sector, which is, for example, corroborated by Ittner and Larcker's (1998) review of performance measurement research.

on average 25% of the university's budget in 2005 (de Boer et al., 2007, p. 37; see also Rynes et al., 2001, pp. 340–341). Furthermore, internationally, research assessment exercises do recognize that research which is focused on solving practical problems, and often published in professional journals, can be of equal or better quality than research that appears in peer-reviewed academic journals (RAE, 2008, p. 43). Research assessments in the Netherlands use relevance as one of the four criteria, along with viability, productivity and quality, although the latter two criteria are seen as the most important (Groot and Garcia-Valderrama, 2006).³

Consulting can be defined as a process of transferring knowledge and/or skills from one party, the consultant, to another, the client (Jacobson et al., 2005, p. 302; Czarniawska and Mazza, 2003). Consultants provide expertise in a competitive context. Consequently, the market demand for external expertise primarily determines the type of work consultants do (see also Christensen, 2005). In addition, many consultants propagate particular types of expertise in order to be recognizable in the market. Consultants affiliated to international consultancy firms often adopt globally developed tool kits, whereas those working within smaller firms could be less instrumentally driven. The former type of consultants can be expected to be less sensitive to the specific context in which instruments will be applied than the latter (Lapsley and Oldfield, 2001; see also Christensen, 2005).

3. Theory and research design

3.1. Theoretical considerations

Knowledge can be defined as 'meaningful information', which implies that information obtains meaning through experience, interpretation and reflection (Gourlay, 2006, p. 1425). Both consultants and academics are producers of knowledge. Knowledge creation in public sector management accounting concerns the design of new methods and approaches to support managers in solving their problems, as well as the adaptation of existing methods and approaches to local managerial needs. Moreover, knowledge creation includes support in implementing new or adapted methods and approaches, as well as understanding their use and analysing their effectiveness, both of which could lead to their abandonment or redesign. In a public sector setting it can relate to, for example, the development of a new format for an output budget, or the adaptation and implementation of an existing format for an output budget in an organization, as well as helping employees of the organization to understand the meaning of the information in the output budget and how it can be used for decision making.

Based on ideas originally developed by Nonaka (1994), Rynes et al. (2001) refer to two kinds of knowledge, tacit and explicit. Tacit knowledge is personal, context specific and difficult to formalize, whereas explicit knowledge is

based on formal and systematic language. New knowledge is expected to be created more rapidly when there is a continuous cycling of explicit and tacit knowledge, which Nonaka (1994, p. 15) terms the 'spiral model of knowledge creation'. The distinction between explicit and tacit knowledge can be used to typify knowledge created by consultants and academics. A researcher usually aims at publishing the results of his/her research, and this implies that the knowledge created is explicit. A consultant who produces a report for a client also creates explicit knowledge, but he/she may also create tacit knowledge through informal contacts and collaboration with clients.

Consultants often create knowledge that needs to be directly applicable in practice. Although researchers produce explicit knowledge, it is questionable whether they put much effort into formulating their findings for direct application in practice. In other respects, as well, the types of knowledge created may differ. Whereas a consultant creates applied knowledge that is of direct relevance to his/her clients, a researcher is interested in answering more fundamental (i.e. theoretical) questions. Moreover, while knowledge created by researchers is often disciplinary-driven (as defined by the domains of international research journals), consultancy work is usually problem-driven (Jacobson et al., 2005, p. 317).

Table 1 summarizes our expectations about the types of knowledge created by consultants and researchers.

Consultants and academics may not only differ in the types of knowledge they create, they may also use different knowledge sources. Knowledge created by consultants is primarily based on their own experience, by applying insights from previous cases to the current case. Consultants mostly work in teams of varying composition and benefit from the experiences of their colleagues (Docherty and Smith, 2007, p. 277). A main input for knowledge creation by academics comes from reading articles in research journals and from contacts with their peers, particularly at conferences or in the review processes of research journals (Gendron, 2008). In addition, both groups use distinct sources associated with the networks in which they are involved. This means, for example, that consultants use information coming from professional journals, whereas academics use information from research journals.

In creating knowledge, consultants and academics are driven by different motives. As argued above, demands from practice are likely to be the main drivers for consultants' knowledge creation, although the desire to exploit existing tools and approaches can also be important. Whether and how practice influences knowledge creation by academics is less clear. As also explained above, incentives stemming from academic peer groups, and their desire to publish in research journals, can have a substantial impact (Baldrige et al., 2004; see also Scapens, 2005; van Helden and Northcott, 2010).

As knowledge creation drivers, information sources and the types of knowledge created differ between consultants and academics, it becomes relevant to analyse whether and to what extent consultants and academics interact. Therefore, we will also examine the ways in which consultants and researchers influence each other in creating knowledge. Consultants may, for instance, use academic

³ It goes beyond the scope of our study to address the suitability of particular research methodologies for tackling practice-relevant questions. It is likely that action research, or in a broader sense interventionist research (Jönsson and Lukka, 2006) is the most promising in this respect.

Table 1

Expectations about differences in types of knowledge between consultants and researchers.

Knowledge	Consultants	Researchers
Orientation	Applied	Fundamental
Type	Explicit and tacit	Explicit
Driver	Problem-driven	Discipline-driven
Application	Ready-made for application in practice	Indicative for application in practice

knowledge in developing new methods or approaches, and academic researchers could formulate theoretically informed answers to questions raised by consultants.

Accounting changes initiated by central government (mentioned earlier) will also have an impact on the adoption and use of accounting techniques by practitioners, and can thus influence knowledge creation for practice by consultants and academics.

3.2. Research questions

The theoretical considerations presented above give rise to the following research questions:

- To what extent and in which way does practice influence consultants and academics when they create knowledge in public sector management accounting?
- What sources of knowledge do consultants and academics use when they create knowledge about public sector management accounting?
- Are the types of knowledge created by consultants and academics different?
- In what way do consultants and academics influence each other in creating knowledge?

3.3. Selection of interviewees and methods of data collection

We conducted eighteen interviews in total. In addition to two interviews with representatives from the Ministry of the Interior and the Ministry of Finance – who informed us about the context of public sector reforms in the Netherlands (see the previous section) – four interviews within each of the following four groups were conducted: (i) Consultants; (ii) Researchers; (iii) Consultants with a part-time job in research (denoted as consultant-researchers); (iv) Consultants working in expertise centres of their firms. The first two groups directly relate to the focus of our study. The third group of consultant-researchers is included because members from this group are active in 'both worlds', e.g. consultancy and research. As will be explained in more detail later, the interviews with consultants suggested that the so-called expertise centres within their firms play an important role in selecting and disseminating knowledge. That is why during the final stage of our study four additional interviews with consultants working in those expertise centres were conducted.

We had no difficulty finding suitable interviewees in the various groups. However, the group of consultant-researchers is less homogeneous than the other groups. This group includes two interviewees who combine positions as a consultant and as a researcher, one interviewee

had previously been a consultant with a part-time job in research, but is now a faculty dean, and a fourth is a director of a small applied research and training firm, who is also experienced in academic teaching and research.

The interviewees were selected because of their substantial experience in their respective fields. The researchers have experience, ranging from 10 to 30 years, and have published in professional and research journals. The consultant-researchers and the consultants in the expertise centres are also experienced. Most had had such posts for 20–40 years; they are or have been involved in university teaching, hold positions on government advisory committees and regularly publish in professional journals. Three of the four consultants have 20–40 years experience in public sector consultancy work and even the fourth has about 10 years practical experience.

Although the number of academic researchers interviewed is limited, given the small community of public sector management accounting researchers in the Netherlands, our sample is reasonably representative of this group. In order to gain a satisfactory representation of the large number of consultants in our population, we selected interviewees from companies of different size, and interviewees working directly with clients or in expertise centres of their companies. The group of consultant-researchers in public sector management accounting is so small that our interviewees cover this group quite well.

See [Appendix A](#) for a list of the interviewees from each of the groups.

Interviews were held mainly between June and August 2007, with some additional interviews in January–July 2008. The interview protocol comprised a semi-structured part with open questions and a structured part with questions using five-point Likert scales. Almost all interviews were conducted by two of the researchers and lasted between one and one and a half hour. Each interview was summarized and a report was sent to the interviewee, who was asked to correct and ultimately confirm the accuracy of the report.

4. Empirical findings

This section is structured according to the research questions set out in the previous section. The final subsection specifically addresses the role of consultants in expertise centres in selecting and disseminating knowledge.

4.1. The influence of practice on creating knowledge

The needs of practice are a direct impetus for knowledge creation by consultants. They respond mainly to what the market demands, but they also want to exploit

the expertise built up in their firm. Planning and control, budgeting and performance measurement are issues that almost all of them address, but there are also a wide variety of other issues, including benchmarking, costing and the function of the controller in organizations. Consultants perceive the knowledge they create as mainly aligning existing tools to the varying local contexts in practice (their knowledge creation is further discussed in one of the following subsections).

In comparison to consultants, knowledge creation by academics appears to be influenced by practice in a less univocal way. Two of the four researchers explicitly expressed an ambition to contribute to discussions about issues that are of importance in practice. The following quotes illustrate that, rather than solving practical problems, the main reason that the academics become engaged with practice is to critically reflect on, and to provide theoretical underpinnings for, possible solutions to these problems:

“If central government discusses the introduction of new accounting systems, I want to join this discussion, particularly to confront policy makers with rational logic . . . I take the policy goals for granted, and then critically reflect on the proposed measures to achieve these goals.”

“I follow the developments in practice and then try to ‘translate’ practical issues into more theoretical constructs . . . having available the results of my empirical research, I also try to ‘translate’ these results to practice again.”

All four researchers are relatively satisfied with the contacts they have with practice, but they also point to the problem of contributing effectively to both the practitioner and the academic communities. However, they handle this problem differently. Two try to strengthen their contacts with practice, as this can benefit the quality and impact of their research (“I want to contribute to problem solving in practice, or at least stimulate practitioners to reflect on their work methods”). These two researchers, however, feel constrained by the performance evaluation system within their universities which only rewards publications in international refereed journals (“Ultimately, as an academic you have to publish your work; you cannot ignore the pressure to publish.”). The other two researchers deliberately give priority to the practical impact of their work (“I want to get feedback on my work from practitioners”), and give less attention to publications in international refereed journals.

A striking difference between academics and consultants is that the academics focus on a more restricted set of management accounting issues; i.e. budgeting, performance measurement and costing. Academics’ distance from practice and their need to position their contributions in particular research traditions or previously published work could be an explanation for their engagement in a limited set of public sector management accounting issues.

Consultant-researchers occupy an intermediate position between academics and consultants, in the sense that they want to comprehend practice. They use their research to reflect theoretically on their practical experiences, in order to “reveal true motives”, “to unmask rhetorics used

by practitioners”, and to “generalize practical experience.” Almost all consultant-researchers are similar to the researchers in addressing performance measurement and costing. Each of the individual consultant-researchers also addresses a broad variety of other management accounting issues, ranging from risk management to treasury, which make them similar to consultants.

All in all, it is not surprising that the needs of practice are a direct impetus for knowledge creation by consultants. Some of the researchers also explicitly use practice as an inspiration for their academic work, but mainly to reflect on or theorize about management accounting innovations in practice. Some researchers, however, feel threatened by the current performance measurement systems in universities with their emphasis on publications in international research journals, which could be detrimental to the practical orientation of their work (see also *ter Bogt and Scapens, 2009*).

4.2. Sources used as an input in creating knowledge

Table 2 lists the various sources used for creating knowledge on public sector management accounting issues by consultants, researchers and consultant-researchers.

Table 2 shows that researchers and consultant-researchers use more and a greater variety of sources as input to their knowledge creation in comparison with consultants who are focused on a rather restricted number of sources. Consultants mainly rely on contacts with colleagues and professional journals, while for researchers international academic journals, contacts with colleagues and attending conferences are the most important sources. The consultant-researchers are more comparable with the researchers than with the consultants, but they stand out as their intensive use of Dutch professional journals is the most important source for their knowledge creation.

Given that consultants rely mainly on contacts with colleagues and professional journals, they seem to be largely disconnected from academic research. However, this assertion may be too superficial. First, as some academics also publish in professional journals, their work is accessible to consultants. Second, consultants working in international consultancy firms have access to an international arena of knowledge creation through their expertise centres. Expertise centres disseminate global knowledge by intranet, electronic newsletters, internal workshops and internal training programs. Before dissemination in the Netherlands, however, this global knowledge is generally adapted to conditions in the Dutch institutional setting, either by the expertise centre itself, by internal trainers or by the consultants who use the expertise centre’s information. New Public Management (NPM), which provides a relevant context for our empirical work, is an international trend, but with many country-specific variations (*Pollitt and Bouckaert, 2000; Guthrie et al., 1999; see also van Helden and Jansen, 2003*, about the Dutch variant of NPM). This local variation within a more general framework of globally developed systems is also an important theme in recent management control research

Table 2

Sources of knowledge for management accounting issues.

	Contacts with colleagues	Policy notes	Text books	Dutch professional journals	Dutch academic journals	International academic journals	Conferences	Total
Researchers	XX	0	X	XX	X	XX	XX	10
	X	XX	XX	X	X	X	X	9
	X	XX	X	X	X	XX	X	9
	XX	0	0	0	X	XX	X	6
Total researchers	6	4	4	4	4	7	5	34
Consultants	XX	X	X	XX	0	0	XX	8
	XX	X	0	X	0	0	0	4
	XX	0	0	X	0	0	0	3
	XX	0	X	X	0	0	0	4
Total consultants	8	2	2	5	0	0	2	19
Consultant-researchers	XX	0	XX	XX	XX	XX	XX	12
	0	0	XX	XX	0	0	XX	6
	XX	0	0	XX	0	XX	0	6
	XX	0	X	XX	X	X	XX	9
Total consultant-researchers	6	0	5	8	3	5	6	33
Total	20	6	11	17	7	12	13	86

XX: spontaneously mentioned source; X: source mentioned after question; and 0: source not mentioned after question; in totals X is counted 1 and XX 2.

(see, the literature overview given in Cruz et al., 2009, pp. 93–98).⁴

4.3. Types of knowledge

As indicated in Table 1, we expected the knowledge created by consultants and academics to be different in certain respects. The interviews supported our expectations about consultants; i.e. their knowledge creation is initiated by problems in practice and has to be customised for application in practice. Moreover, their knowledge is both tacit and explicit, as one of the consultants explains:

“It is always a mix of both. Your knowledge, skills and practical experience are important. You are not only an expert, but also a change agent who has to be sensitive to problems of practitioners and who needs to encourage them to reflect on their problems and possible solutions.”

However, the interviews with the researchers provided a more diffuse picture of the types of knowledge they create than we had expected. All researchers argue that their knowledge is explicit, as it is written in reports, books and papers. Their opinions, however, diverge on the remaining knowledge dimensions in Table 1. Two argue that accounting knowledge is by definition context-related, and therefore applied. Both agree that their knowledge

has to be useful in practice, although practitioners may need to adapt it for their specific organizations. The other two perceive their knowledge as mainly fundamental. The interviewees' opinions also differ on the knowledge drivers: two are discipline-driven, while another is problem-driven. The fourth is also problem-driven, but combines both applied and fundamental knowledge.

Consultant-researchers create knowledge which is similar to that of consultants, as it is primarily driven by problems stemming from practice and it has to be directly applicable in practice. However, disciplinary knowledge plays a substantial role in their work, and in this respect consultant-researchers have some similarities with researchers. Moreover, they argue that they use a broader body of knowledge than is strictly required for consultancy practice, and this includes evidence-based knowledge from academic research. In the final section we will consider the role that consultant-researchers can play in both worlds, i.e. consultancy and academic research.

4.4. Mutual influences between consultants and researchers in creating knowledge

The consultant-researchers all indicated that they have good contacts in ‘both worlds’, i.e. consultancy and academic research. They also claim to benefit from these contacts. On the one hand, they know, from their work as consultants, the problems that need to be addressed and the approaches used in practice. On the other hand, they have access to academic colleagues and libraries, which means that they are familiar with a broader body of knowl-

⁴ This phenomenon parallels the idea of Berger (2000) that market capitalism as a global trend only seems to matter in combination with domestic variables that vary across states, which implies diversity in combination with tightening global constraints.

edge, including theories, methods and empirical research than is needed for specific consultancy jobs.

One of these interviewees sees substantial differences in approach between consultants and researchers:

“Consultants sometimes have to give quick, and therefore dirty, solutions, while researchers prefer theoretically and methodologically sound analysis, which often takes more time.”

Moreover, consultant-researchers use their academic insights to improve their understanding of the fundamental problems underlying practice, but generally not for developing practical solutions or designing novel systems. One of the interviewees explains:

“I am using academic research on management control theory to understand how public organizations work. And more generally, I am trying to build theoretical frameworks that help me to structure my practical experience.”

The consultants we interviewed report that their contacts with researchers are minimal. This could imply that the impact of research on consultancy can only be assessed by investigating intermediaries between consultants and academic researchers. We will elaborate on this in the next subsection. Some of the consultants argue that this lack of contact with the academic world could be damaging to the quality of their work. One of them commented that his firm has taken specific measures to strengthen the influence of research on their work as consultants:

“We decided to recruit about seven young researchers who had recently finished their PhDs. We have three reasons for this. First, it increases the profile of our consultancy firm in the market, so that we can attract more complex work. Second, we want these new people to publish in professional journals to make our firm more visible. And third, they will lecture on internal courses in order to improve the level of expertise of our consultants.”

Another consultant argued that the worlds of academic research and consultancy cannot be easily bridged, and another claimed that consultancy does not need sophisticated academic knowledge, as the following quotes illustrate:

“The work of researchers is so completely different from what we do as consultants that it is of no direct use to us. You need to translate academic knowledge in order to make it appropriate for application in practice.”

“Practitioners struggle with very basic questions about performance management, so they do not require information about the latest innovations.”

All the researchers we interviewed are focused on academic research and are not substantially involved in consultancy work. Three of them undertake incidental consultancy work, but only if it is closely related to their core research. They either bring their expertise on methods and theories, or are asked to give a second opinion on the advice

delivered by a consultancy firm. However, one researcher hints at a more specific role:

“Sometimes a consultancy firm wants to engage me only because I am a professor. So, they just purchase a certain reputation.”

These three researchers indicate that their research is sometimes triggered by consultants' claims about the effectiveness of certain techniques or approaches. These researchers either criticize such claims because of a lack of evidence, or provide arguments to demonstrate that they are contingent upon particular circumstances. They mentioned examples ranging from the application of accrual accounting in the public sector to the effectiveness of agencies in government, and from the consolidation of financial reports in government to the use of outcome budgeting in municipalities.

The fourth researcher, however, worries about possible influences of consultancy work on academic research.

“One of my main research projects was initiated by an idea coming from a consultant, e.g. that accounting instruments follow an evolutionary development. After elaborating this idea and conducting my empirical research, I was faced with a lot of difficulties in publishing my work in academic journals. I was forced to rephrase my theoretical ideas, which I ultimately did. The lesson I learned is not to use consultancy ideas in academic research.”

4.5. *The role of expertise centres in consultancy firms*

As was explained above, our interviews with consultants showed that – although the practical orientation of their work is beyond any doubt – the quality of their work could be threatened by a lack of contact with academic knowledge. Consequently, we decided to conduct four additional interviews with consultants working in the expertise centres of their firms. We expected these centres to perform an intermediate function between consultants and broad sets of knowledge, including knowledge coming from academic research.

Our interviews show that consultancy firms organize the development and dissemination of their expertise in various ways. The smallest firm, with less than 100 consultants, could not afford to establish an expertise centre. However, the consultant we interviewed was responsible for expertise development in his firm. He organizes a couple of meetings each year at which his colleagues are addressed by guest speakers from universities and/or central government. Another consultancy firm, with some hundreds of consultants and working only in the Netherlands, has a more formal structure for developing expertise. Although there is no expertise centre as such, some consultants spend part of their time developing new tools and approaches. These consultants have good contacts with governmental institutions and universities, and sometimes organize workshops for other consultants in their firms, but this does not work particularly well.

“Often the day-to-day-pressure from consultancy work drives out work needed for the development of new tools and approaches.”

Only the two large international consultancy firms have expertise centres, but they focus more on public sector auditing than consultancy *per se*. Consultants working in the expertise centres of these firms spend part of their time developing – what one calls – ‘new tools and templates’. In one of these firms a small number of consultants spend a substantial amount of their time in the expertise centre, whereas in the other firm a larger number of consultants spend a small amount of their time in the expertise centre. The latter firm deliberately chose this ‘approach’, in order to avoid creating too large a distance between the development and application of new knowledge. Knowledge creation in these expertise centres is driven mainly by market demand and institutional developments, particularly new laws and regulations. Consultants within these expertise centres use a diversity of sources for their knowledge creation, particularly national and international accounting standards, professional journals and books, as well as contacts with people in their networks of consultants and auditors. In general, they do not read publications in international academic accounting journals, although some of their colleagues, who have part-time positions in universities, do bring in such knowledge.

New techniques were mainly developed in the expertise centres of these large international firms. In one firm the national expertise centre sometimes makes use of techniques developed by the international expertise centre within its firm, and adapts them to the Dutch situation if necessary. But this is only for techniques with an international dimension, such as IPSAS and European Commission’s rules for subsidizing governmental projects. This firm develops ‘locally’ new management accounting techniques, for example benchmarking for universities and cost management systems for local governments. This is because it believes that such techniques require substantial adaptation for the Dutch context. However, in the other international firm, the international expertise centre develops various instruments which are standardized internationally. That is, in this firm national expertise centres and local consultants have to use standardized management accounting formats and techniques, which they fit to the specific circumstances and desires of their local public sector clients.

Interviewees from the expertise centres of the large international firms emphasized the importance of transferring private sector knowledge to the public sector environment; for example in the case of accrual accounting and benchmarking. However, recently – due to the financial and economic crisis – the private sector has lost some of its ‘reputation’.

Once new techniques or formats are developed, the expertise centres use various media to inform their colleagues. In addition to yearly refreshers (such as a mandatory training week for all consultants), the expertise centres use their intranet and web-based workshops for special interest groups. Additionally, consultants share and disseminate knowledge by taking part in professional

networks, including contributing to the media of those networks, such as professional journals and workshops.

The expertise centres within the large international consultancy firms thus have an important role in selecting and disseminating knowledge, although their access to international academic publications is still limited. Our interviews show that consultants in expertise centres react to the needs of practice, as articulated by other consultants in their firm, by developing and/or transferring new techniques and approaches to them through various communication channels.

5. Discussion and directions for future research

The aim of our study has been to investigate in what respects knowledge creation in public sector management accounting by consultants and researchers differ and whether a lack of common understanding or communication between the two affects the practical relevance of the knowledge created. Table 3 and Fig. 1 summarize our findings.

Table 3 shows that consultants create knowledge that is initiated by problems stemming from practice, that has to be customised for application in practice, and that is a combination of both explicit and tacit knowledge. This is in accordance with our expectations. However, our interviews with researchers show a more diverse picture; as expected, all researchers create explicit knowledge and some create knowledge that is disciplinary-driven and fundamental, but the research of others is more problem-driven and applied, which is not in accordance with our expectations.

Fig. 1 shows that, as expected, consultants create knowledge in response to needs and demands from practice. However, for researchers, the influence of practice is less univocal; some deliberately use practice as a source of inspiration for their work, but mainly in order to reflect on and/or theorize about management accounting innovations in practice, while for others practice is more distant due to the pressures coming from their academic peers. The mutual influences between consultants and researchers are limited. Consultants seem to be disconnected from academic research, and some researchers are only incidentally involved in consultancy, mainly in roles that are core to their academic expertise. In many respects consultant-researchers occupy an intermediate position between consultants and researchers. Because consultants themselves do not come into direct contact with academic knowledge, we additionally interviewed consultants working in the expertise centres of their firms, which are important in selecting and disseminating knowledge coming from a broad variety of sources, including academic research.

Consultants may be so occupied by their day-to-day work for clients that they do not have time to update their knowledge through contact with the broader world of knowledge creation in which academics play a major role. Furthermore, researchers who are increasingly judged by their academic peers and university administrators are confronted by a widening gap between the requirements of their academic work and what is needed in

Table 3
Differences in types of knowledge between consultants and researchers^a.

Knowledge	Consultants	Researchers
Orientation	Applied	Fundamental or Applied
Type	Explicit and tacit	Explicit
Driver	Problem-driven	Discipline-driven or Problem-driven
Application	Ready-made for application in practice	Indicative for application in practice

^a Where our evidence differs from our expectations (see Table 1) this is indicated in bold.

practice. Our research points to problems in the relationship between consultants and academics. However, these problems might be alleviated by consultant-researchers and consultants working in the expertise centre of their firms, as Fig. 1 shows. The combined evidence from Table 3 and Fig. 1 also indicates that explicit knowledge (i.e. tools, templates, laws and regulations) is more readily passed between the three groups, than the tacit knowledge accumulated by consultants. Such tacit knowledge relates to the implementation and application of management accounting innovations in the institutional context of government organizations. Academics tend to underutilize this tacit knowledge because it is not easily assessable; however, this type of knowledge could be helpful for understanding the causes of the often ineffective NPM and related management accounting innovations (Humphrey et al., 2005; Lapsley, 2008).

Although our study is based on only a small number of interviews, they provide a useful basis for us to reflect on the wider implications for practice. We will start with discussing the indirect and often insufficiently specific influence of research on practice, and subsequently

our reflections address each of the groups of interviewees who were core to our study, i.e. consultants, researchers and consultant-researchers.

First, Table 3 indicates that some academic researchers conduct research that can be directly relevant for practice, particularly applied and problem-driven research. However, in other cases academic knowledge creation can be less relevant for practice, at least in the short to medium term. Researching a fundamental problem in a discipline-driven way can provide in-depth academic knowledge of that problem. However, it does not necessarily mean that when the research findings are published the problem is an important issue for practice. Moreover, even if it is regarded as a problem in practice, the discipline-driven way it is researched could mean that the research findings do not provide clear and practical solutions to that problem. Malmi and Granlund (2009), for example, indicate that findings from academic research are often not sufficiently specific to be relevant for practice. Nevertheless, in the longer run such research findings may incite thinking through which the problem and possible solutions might become more relevant to practitioners, or the research

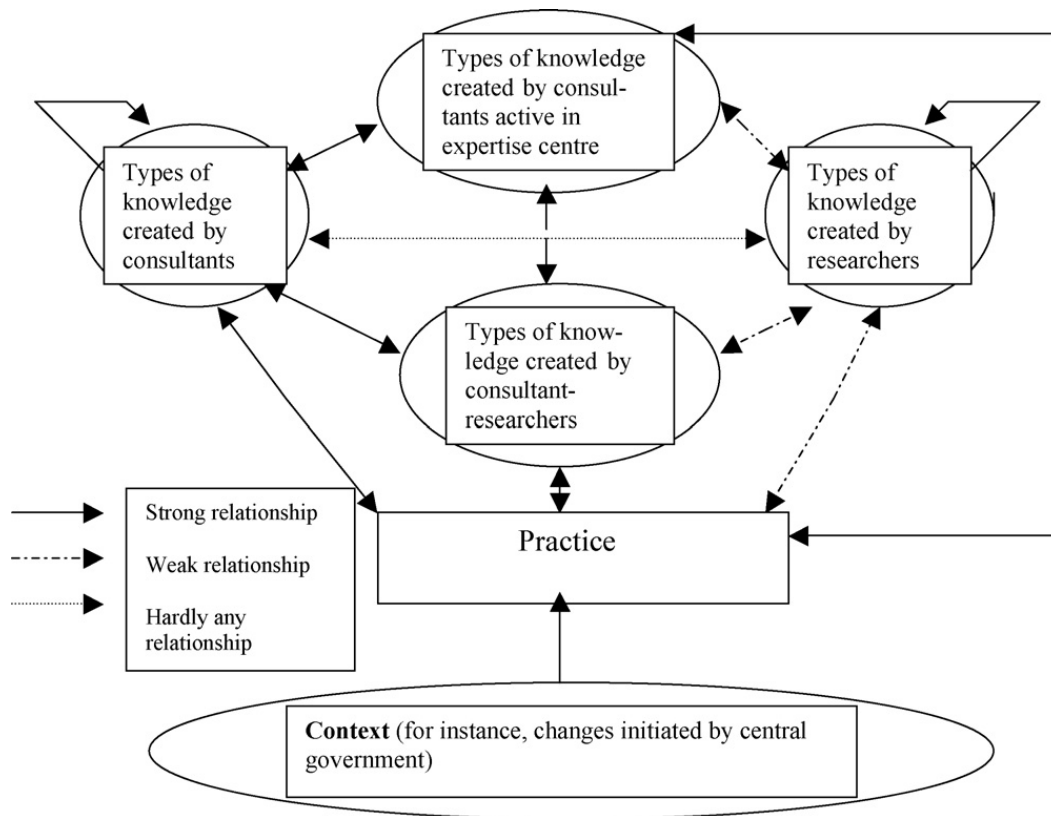


Fig. 1. Framework on types of influences in knowledge creation.

findings may be further elaborated for practitioners and thus be of help in solving their problems. Consequently, even if academic research is not considered as relevant to practitioners when it is published, it may over time gradually acquire practical relevance.

Second, because consultants are mainly influenced by what they read in professional journals and what they share with colleagues, it is important that academic researchers publish their work not only in academic journals, but also in professional journals and/or books. In this way academic knowledge can be made more accessible for practice (see also above and below). This enables consultants – and other practitioners – to be informed about academic research in their fields. Moreover, it is important that consultants are stimulated by their professional associations and their firms to regularly update their knowledge, including knowledge coming from researchers.

Third, public sector management accounting researchers can contribute to improved decision making. They can do so by making their findings broadly accessible and this reinforces the importance of disseminating academic research findings to practitioners. Moreover, if academic research is practically oriented, this is expected to increase the support for this research by such stakeholders as associations of practitioners and the public at large. Following Shapiro et al. (2007) two dimensions can be used to indicate the practical orientation of research; its content and communication. The content dimension refers to the extent to which the research addresses questions which are of importance to practitioners, while the communication dimension relates to the types of media through which the research is made accessible to practitioners. Drawing on this distinction we would suggest several ways in which the practical orientation of public sector management accounting can be increased. Given that the careers of many researchers are entirely 'academic' – i.e. after their PhD, they teach and research in a university setting – the content of their research could become more practically oriented if they were able to take up temporarily or part-time positions in the public sector. We acknowledge that the increasing importance attached to publications in international research journals increases the opportunity costs of time spent in practice and with practitioners, but the editors of international professional and research journals could lower these opportunity costs by encouraging practice-oriented research (see also van Helden and Northcott, 2010). Moreover, in terms of the above discussed communication dimension of practical orientation, researchers should not only publish in research journals, but they should also be encouraged to make their findings accessible for a wider practitioner audience, for instance by publishing in professional journals and writing books, as well as through executive teaching. To achieve this faculty deans and other university administrators could recognize practically oriented activities as an element in academic performance evaluation systems.

Finally, our research suggests an important role for consultant-researchers, who can act as mediators between research on the one hand, and consultancy and practice on the other. However, they often lack the time

and opportunity to conduct research which is likely to lead to international publications. Nevertheless, through their contacts with academic researchers consultant-researchers have access to academic knowledge, which they can 'translate' into forms that are accessible for a practice-oriented audience. In addition, their specific consulting expertise can contribute to the formulation of practice-relevant questions for studies undertaken by academic researchers. However, these suggestions will only be fruitful if two conditions are met. First, there must be effective channels of communication between academic researchers and consultant-researchers, preferably through joint research projects. Second, the idiosyncrasies of consultant-researchers have to be acknowledged in university performance assessment procedures. More specifically, they should not be assessed simply by the number of papers they publish in international research journals (compare Gendron, 2008; Hopwood, 2008).

Our study has a number of limitations which indicate directions for future research.

First, we only interviewed consultants and researchers in the Netherlands. A comparative study of other European countries could provide evidence about the country-specific roles of consultants, researchers and consultant-researchers. In particular, the profile of consultant-researchers could differ across countries. Consultant-researchers in the Netherlands are expected to facilitate the mutual communication between consultants and researchers because of their involvement in 'both worlds'. In other countries consultant-researchers may be less research-oriented because, for instance, they are practice-relevant teachers who rely more on – what Lukka and Granlund (2002) call – 'guru-type' knowledge than academic research.

A second limitation is that although we observed a lack of communication between consultants and academics, we did not provide evidence of how this has influenced the quality of either consultancy or academic work. Future research could explore how greater collaboration between these two groups might influence the selection of research topics and the quality of the knowledge created. In this respect, various types of collaboration can be considered, ranging from projects conducted by consultants who have access to expertise centres, via joint consultancy by academics and consultants to consultancy by consultant-researchers.

Third, the influence of the international expertise centres within consultancy firms on locally created knowledge merits further research. We hinted at some of these influences when we noted that in one international consultancy firm the Dutch consultants had considerable autonomy, whereas in another they had to use internationally standardized techniques and approaches, which could be adapted to only a limited extent for the local circumstances. The factors that determine the extent to which techniques and approaches are internationally standardized within such firms could be a topic for further study. These factors may relate to the characteristics of the firms, including their strategy and scale, as well as the characteristics of the techniques; for example, whether international standard boards promote certain forms of standardization or not.

A final limitation of our study is that it only explores the supply side of knowledge creation. A challenging direction for future research would be to explore the demand side. Research could address the reasons why public sector managers approach either consultants or researchers to help them solve their problems. According to Schein (1992), public sector managers are, for example, expected to prefer the advice of consultants when they have practical and technical problems and academics when they face problems caused by incoherent values internally (at an individual level) or externally (at an environmental level). In addition to an exploration of these assumptions, further research could also examine the extent to which different types of knowledge provided by either consultants or researchers can be beneficial to organizations in various situations.

Despite these limitations, our study has provided some preliminary findings on the similarities and differences in knowledge creation by consultants and academic researchers in the field of public sector management accounting. Our research points particularly to a lack of communication between consultants and academics, which can imply that research findings are not effectively used in practice. Such communication could be improved through collaborative work between academics and consultants, and by involving consultant-researchers and consultants in the expertise centres of consultancy firms in researching and disseminating public sector management accounting innovations.

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Appendix A. List of interviewees for each group

Consultants:

- Senior consultant at Haute Finance, a medium-size Dutch public sector consultancy firm.
- Senior consultant and partner at BMC, a large Dutch public sector consultancy firm.
- Consultant from Deloitte, a large international consultancy and consulting firm including public sector activities.
- Consultant from KPMG, a large international accountancy and consulting firm including public sector activities.

Researchers:

- Assistant professor of public sector economics and administration (and associate professor at the post master study in controlling) of the Free University of Amsterdam.
- Assistant professor of public sector economics and administration at the University of Twente (with a part-time job as a controller at one of the social benefits agencies).
- Full professor of public sector economics and administration at the University of Twente.
- Assistant professor of management accounting at the University of Groningen.

Consultants with a part-time job as researcher:

- Interim manager and consultant in the public sector and lecturer at the Free University of Amsterdam.
- Owner-director of small consultancy firm for applied research and teaching in the public sector, earlier active as public sector controller and as employee of the Dutch Audit Office.
- Senior consultant at consultancy firm GapGemini and full professor of accounting information systems at the Free University of Amsterdam.
- Dean of the faculty of Public Administration and Management at the University of Twente, earlier consultant at Coopers & Lybrand and part-time professor of financial management at the University of Groningen.

Consultants taking part in an expertise centre of their firm Next to two anonymous respondents:

- Director and manager respectively at the Department of Professional Practice of KPMG (expertise centre on auditing and consultancy) with a special interest for the public sector.
- Partner in public sector auditing and consultancy, as well as public sector expert with Ernst & Young.

Central government employees as propagators of accounting and management innovations:

- Senior staff member of the Ministry of the Interior and involved in accounting innovations for municipalities and provinces.
- Manager of the Public Information Service of central government and earlier active within the Ministry of Finance and involved in accounting innovations within central government.

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