This is the authors’ final peer reviewed (post print) version of the item published as:


Available from Deakin Research Online:

http://hdl.handle.net/10536/DRO/DU:30036057

Reproduced with the kind permission of the copyright owner.

Copyright: 2011, Emerald Group Publishing
ANTECEDENTS AND
CONSEQUENCES OF COST INFORMATION USAGE IN DECISION MAKING

Michael S. C. Tse

ABSTRACT

The value of a cost-management initiative rests its ability in producing new and/or more accurate cost information for decision making. As such, insights on antecedents and consequences of using different types of cost information in decision making are important in evaluating cost management initiatives. Behavioral research paradigm offers researchers a framework to interpret relationships between uses of different types of cost information and individuals' behaviors. This chapter presents a review of behavioral studies on cost information usage in decision making published in 1998-2007. Findings of the review shows that using different types of cost information in decision making have significant impacts on individuals' behaviors and uses of cost information are likely to be moderated by various human, system, and market factors.

Keywords: Activity-based costing; behavioral research; cost information; cost management; decision making.

INTRODUCTION

Advocates of contemporary cost-management initiatives often argue that the value of a cost-management initiative rests on its ability in producing new and/or more accurate cost information (Cooper & Kaplan, 1988; Kaplan & Anderson, 2004; van der Merwe & Keys, 2002). A cost-management initiative that is capable of generating new and/or more accurate cost information creates value by enabling individuals to use the information to improve their decision performance. The argument is made under an implicit assumption that individuals are able and willing to use all available information in their decision-making processes. If this assumption does not hold, then the validity of the argument, and ultimately values of contemporary cost-management initiatives are questionable (Babad & Balachandran, 1993; Cheatham & Cheatham, 1996; Pizzini, 2006).

Given the importance of individuals' uses of cost information in determining values of cost-management initiatives, the question on values of cost-management initiatives cannot be answered without developing an understanding of when and how different types of cost information are used in individuals' decision-making processes. A research paradigm that is popular among management accounting researchers studying individuals' uses of different types of cost information in decision making is behavioral research paradigm (Callahan, Gabriel, & Sainty, 2006; Haynes & Kachelmeier 1998; Solomon & Trotman, 2003; Sprinkle, 2003). Behavioral research paradigm is a functionalist paradigm that focuses on behaviors of individuals (Dychman, 1998; Morgan, 1980). Grounded in the traditions of psychology and experimental economics, behavioral researchers predominantly use the experimental method to examine how stimuli such as accounting information influence individuals' behaviors in different settings. Behavioral research paradigm offers researchers a framework to examine and understand the relationships between accounting information and individuals' behaviors (Callahan et al., 2006; Haynes & Kachelmeier 1998; Koonce & Mercer 2005; Kwok & Sharp 1998; Maines, Salamon, & Sprinkle, 2006). Applications of the paradigm enable researchers to develop insights on antecedents and consequences of using different types of cost information in decision making (Birnberg, Luft, & Shield, 2007; Sprinkle; 2003).
This chapter presents a review of behavioral studies on uses of cost information in decision making. The objective of this chapter is to investigate how prior studies contribute to our understanding on antecedents and consequences of using different types of cost information in decision making. In particular, this chapter seeks to identify factors that influence cost information usage in decision making and effects of using different types of cost information on individuals' behaviors.

The remainder of this chapter is organized as follows: The second section presents the methodology for the review. The selected studies are reviewed in the third section. Discussion on findings of the review and concluding comments are made in the fourth section.

METHODOLOGY

Studies reviewed in this chapter were selected by reviewing 20 accounting journals for the period 1998-2007. The review period was chosen for two reasons. First, the beginning of this period, 1998, marked the 10th anniversary of the formal introduction of the Activity-Based Costing (ABC) model by Robin Cooper and Robert Kaplan. The ABC model played an important role in shaping cost-management theories and practices in the 1990s (Anderson, 2007). However, the usefulness of early studies of the ABC model in understanding the consequences (behavioral or otherwise) of adopting the model was limited as implementation of the model was a recent phenomenon for its users when the studies were conducted (Gosselin, 2007; Kaplan, 1998). By selecting 1998 as the starting year, early studies on uses of activity-based cost information were excluded from the review. Second, all journals reviewed in this chapter are active throughout the period. As such, the period provided a better basis for cross-journal analysis in publication patterns.

The list of journals reviewed in this chapter was determined on the basis of the journals' status and relevance to the topic area. The journals were grouped into six categories. The first category included five journals, namely Accounting, Organizations and Society, Contemporary Accounting Research, Journal of Accounting & Economics, Journal of Accounting Research, and The Accounting Review. These five journals were consistently ranked as the premier accounting journals (Bonner, Hesford, Van der Stede, & Young, 2006). The second category consisted of four journals specialized in management accounting: Advances in Management Accounting, Cost Management (formerly Journal of Cost Management), Journal of Management Accounting Research, and Management Accounting Research. Third, two journals specialized in behavioral accounting research, namely Advances in Accounting Behavioral Research and Behavioral Research in Accounting were included in the list as their specializations were relevant to the topic area. In addition, nine accounting journals in North America, Europe, and Australasia (three from each region) were included in the list as they represented high-quality research publications in the three regions'! Accounting Horizons, Journal of Accounting, Auditing & Finance, Review of Accounting Studies, Accounting and Business Research, British Accounting Review, European Accounting Review, Abacus, Accounting, Auditing & Accountability Journal and Accounting & Finance. A list of journals reviewed in this chapter is presented in Table 1.
The author selected papers for inclusion to the review by reviewing abstracts of all articles published in the above journals throughout the survey period. A study was selected for review if the study applied behavioral research paradigm to investigate relationships between uses' of cost information and human behaviors. In this chapter, cost information was broadly defined as information on cost of resources consumed in generating organizational outputs (i.e., goods and services). It included information on both ex-ante cost targets and ex-post allocated costs. The types of relationships investigated included antecedents of using cost information in decision making as well as the operational and/or behavioral consequences of using cost information in decision making. A study was considered as a behavioral study if it was based on positivist social science theories such as psychological theories and its unit of analysis was individuals rather than organizations (Dyckman, 1998; Williams, Jenkins, & Ingraham, 2006). Discussion papers and commentaries of studies in the area were consulted in the review but were excluded from the count of studies in the area.

As shown in Table 2, 20 behavioral studies on uses of cost information in decision making were found in the review. The vast majority of the studies were published in premier journals (N= 9) and journals specialized in management accounting (N = 8). Surprisingly, none of the high-quality journals published any studies in the area during the review period. The numbers of studies published in each year of the review period was fairly stable. It varied from 0 to 5 with a mean of 2 and standard deviation of 1.33. Studies were published in every year within the review period except for the year 2000.
REVIEW OF BEHAVIORAL STUDIES ON USES OF COST INFORMATION IN DECISION MAKING

Uses of Activity-Based Cost Information

As pointed out in the second section, the ABC model played an influential role in cost-management theories and practices (Gosselin, 2007; Lee, 2003). Consequently, a large proportion of behavioral studies on uses of cost information in decision making focused on understanding the behavioral implications of using activity-based cost information (cost information provided by ABC-based cost-management system) in decision making.

One stream of research investigated impacts of using activity-based cost information on decision performance. The objectives of this stream of works were to test whether activity-based cost information could lead to better managerial decisions (Lee, 2003; Sprinkle, 2003) and to understand how different contextual factors would affect the usefulness of activity-based cost information in decision making.

Drake, Haka, and Ravenscroft (1999) and Harrison and Killough (2006) studied interactions between factors within organizations and uses of activity- based cost information. Drake et al. (1999) studied the effects of incentive structures on decision making with activity-based cost information and volume-based cost information and found that users of activity-based cost information were more sensitive to change in incentive structure. The users of activity-based cost information changed from best performers to worst performers when the incentive structure changed from group-based incentives to tournament-based incentives. Harrison and Killough (2006) investigated effects of presentation format and users' decision commitment on decision making with volume-based cost
information and activity-based cost information. Unlike other studies in this area, this study measured both efficiency and effectiveness of the decision-making process and decision time was adopted as a measure of decision-making efficiency. Findings of the study showed that activity-based cost information could improve decision outcomes without any negative effect on decision-making efficiency. Users’ decision commitment could also improve quality of decision but its effect was less significant when activity-based cost information was used in decision making.

The effects of external environment on the usefulness of the activity-based cost information were studied in Cardinaels, Roodhooft, and Warlop (2004). This study examined the interactive effects of market feedbacks and cost information on decision performance. Users of activity-based cost information were found to be superior to users of volume-based cost information in generating profit at a competitive market environment irrespective of the quality of the available market feedbacks.

As argued in Gosselin (1997), knowledge of organizational activities and ir links to production outputs could be beneficial to an organization even when ABC-based cost-management system was not implemented in the organization. Dearman and Shields (2001) examined the relation hip between individuals’ knowledge structures and their decision performance with volume-based cost information. It was found that decision performance was higher when individuals had activity knowledge structures. Findings of the study echoed with Kaplan’s call to defer studies of the adoption of ABC model until it was better understood by its users (Kaplan, 1998) as activity knowledge structures could only be acquired after having certain level of exposure to ABC-based cost-management systems.

The decision to adopt management accounting innovation like the ABC model was influenced by multiple factors and was not made on the basis of technical merits of the innovations alone (Lapsley & Wright, 2004). While the usefulness of activity-based cost information in decision making was considered as an evidence on merits of the ABC model (Lee, 2003), human factors also played an important role in decisions regarding the adoption of the model in organizations (Alcouffe, Berland, & Levant, 2008; Briers & Chua, 2001). Another stream of behavioral studies on uses of activity-based cost information focused on antecedents of using activity-based cost information in decision making. The objective of this stream of works was to understand the factors that would influence individuals’ willingness to support the use of activity-based cost information in decision making.

Snead, Johnson, and Ndede-Amadi (2005) investigated the question from a functionalist perspective and argued that users’ willingness to use activity-based cost information in decision making was determined by their expected outcomes on decision making from its usage. The outcomes of using activity-based cost information on decision making could be either favorable or unfavorable and users made their judgments on expected overall outcomes on the basis of probabilities of different possible outcomes.

Findings of the study showed that participants were willing to support the use of activity-based cost information if expected overall outcomes from its usage were favorable.

In comparison, Fennema, Rich, and Krumwiede (2005) argued that users’ willingness to use activity-based cost information in decision making was driven by expected outcomes on users themselves rather than expected outcomes on decision making. It was suggested that users’ willingness to support the use of activity-based cost information depended on changes in profitability of their business units calculated with the information. The users would support the use of activity-based cost information if their business units appeared to be more profitable through the use of the information and vice versa. Moreover, the negative effect on users’ supports resulting from negative
changes in profitability of business units was stronger than the positive effect on users' supports resulting from positive changes in profitability. The hypothesized relationships between levels of users' supports and changes in profitability were partially supported by findings of the study.

While Snead et al. (2005) and Fennema et al. (2005) argued that users' supports to uses of activity-based cost information were driven by outcomes of the uses, Jermias (2001) suggested that behavioral factors also played a key role in determining users' willingness to use activity-based cost information in decision making. Decision on the choice of cost information utilized in decision-making process was strongly influenced by users' ex-ante commitment to the existing cost-management system. It was found that: individuals who were committed to existing volume-based cost-management system had higher level of resistance to the use of activity-based cost information in decision making when negative feedbacks on outcomes from the use of volume-based cost information were presented to them.

An implicit assumption in most studies on uses of activity-based cost information was the superiority of activity-based cost information over volume-based cost information. Activity-based cost information was assumed to be superior to volume-based cost information in terms of accuracy. This assumption was adopted in Briers, Chow, Hwang, and Luckett, (1999); in a way different from other studies in the area. The study examined the moderating effects of different types of feedbacks on decision performance when volume-based cost information was used in decision making. Activity-based cost information was used as a benchmark in the design of research instrument rather than a test variable of the study. Participants' performances in the study were determined by comparing their outcomes against a set of theoretically optimal outcomes that were calculated with activity-based cost information. The study found that individuals who received other forms of feedbacks in addition to financial outcome feedback would generate outcomes that were closer to the ones generated with the use of activity-based cost information.

A side effect of the widespread adoption of the assumption on superiority of activity-based cost information was the lack of interest in studying factors that would influence the accuracy of activity-based cost information. Heitger (2007) was one of few studies that examined this issue. The study investigated the effects of providing historical cost information on estimation of activity costs for costing system with multiple cost pools and found that historical cost information could improve the accuracy of individuals' cost estimate even when the provided information contained biases. Findings of the study showed that accuracy of activity-based cost information should not be taken for granted and could be improved through uses of other cost information.

**Use of Cost Information Associated with Other Cost-Management Initiatives**

While behavioral researchers showed strong interests in uses of activity based cost information in decision making, behavioral issues in uses of cost information associated with other cost-management initiatives in decision making were not overlooked. Akter, Lee, and Monden (1999) investigated the interactive impacts of target cost information types and levels of attainability on cost reduction performance. The study found that interactive effects of target cost information types and levels of attainment were significant only when individuals' levels of acceptances to cost targets were taken into account. Findings of the study showed that individuals' attitudes toward cost targets played a key role in determining the effectiveness of target costing systems.

In response to the call for adoption of total quality management (TQM) concept in organizations, Anandarajan and Viger (2001) and Viger and Anandarajan (1999) studied the impacts of using quality cost information in pricing decisions. Unlike many other studies on uses of cost information in decision making, the two studies focused on differences in decision outcomes rather than quality of
decision outcomes. It was argued that any change in pricing decisions resulting from the use of quality cost information, irrespective of the directions of changes, were beneficial. Quality cost information was found to be influential to pricing decisions in the two studies but its influences were moderated by controllability of the quality costs and market conditions.

Waller, Shapiro, and Sevcik (1999) revisited the absorption versus variable costing debate by investigating the effects of market feedbacks on pricing decisions made with cost information from the two systems. It was found that effects of market feedbacks superseded effects of cost information from the two systems in pricing decisions in the long run.

Use of Cost Information at Large

Behavioral studies on uses of cost information in decision making were not limited to uses of cost information associated with specific cost-management initiatives. Behavioral implications of using cost information at large (without reference to any specific cost-management initiative) in decision making was also a major area of studies in its own right.

Internally generated information like information on idle resources could be used to facilitate managerial decision making. Buchheit (2003, 2004) studied the implications of providing information on idle resources to individuals on decision making. Buchheit (2004) examined the impacts of providing information on idle resources on pricing decisions and found that individuals who receive information on idle resources would set lower selling prices than the ones who do not receive the same information. Buchheit (2003) investigated the effects of providing information on idle resources on levels of committed resources. Findings of the study showed that individuals who receive information on levels of idle resources consistently set lower levels of committed resources irrespective of the market trends.

Vera-Munoz (1998) presented an interesting case on how knowledge in one discipline could reduce individuals’ ability to use information that was grounded in another discipline. The study examined how prior accounting knowledge influence the use of opportunity cost information. It was found that individuals who had higher level of accounting knowledge were more likely to ignore opportunity cost information in decision making.

While most behavioral studies on uses of cost information in decision making focused on uses of cost information for making decisions in manufacturing and downstream operating activities, Booker, Drake, and Heitger (2007) was an exception. It presented a study on how cost information influence research and development activities. The study found that individuals who receive specific cost information could produce more cost-effective designs without reduction in product features. Another area of interest is relationships between competitive market and uses of cost information. Bloomfield and Luft (2006) viewed market as a source of information and examined how individuals’ sense of responsibility for the cost information influence their uses of -market feedbacks. It was found that individuals who had higher sense of responsibility for the cost information were less effective in using market feedbacks to correct errors in cost estimates.

In comparison, Callahan and Gabriel (1998) and Krishnan, Luft, and Shields (2002) considered market as a source of differences and investigated uses of cost information in different types of market. Both studies found that uses of cost information were influenced by the type of market where participants were operating. Krishnan et.al. (2002) studied the quantity of cost information collected for decision making in different types of market and found that individuals collected the largest quantities of cost information in monopoly market and the lowest quantities in duopoly market. Callahan and Gabriel (1998) examined the interactive effects of cost information accuracy and types
of market on decision making. Findings of the study showed that the use of accurate cost information could lead to better managerial decisions in market where cost leadership strategy prevails but had no impacts on quality of decisions in market where participants compete through product differentiation.

DISCUSSION AND CONCLUSION

Behavioral studies on uses of cost information in decision making advanced our understandings on antecedents and consequences of using cost information in decision making. With regard to antecedents of using cost information in decision making, individuals’ biases (Fennema et al., 2005; Jermias, 2001; Snead et al., 2005; Vera-Munoz, 1998) and market structures (Krishnan et al., 2002) were found to be influential to decisions on types and quantities of cost information used in decision-making processes. Individuals’ biases acted as a factor that individuals would take into accounts in making decisions on types and quantities of cost information used in decision-making processes. Biases could be introduced by individuals’ prior knowledge (Vera-Munoz, 1998), ex-ante commitments to particular cost-management initiatives (Jermias, 2001) as well as expected returns from using the cost information for individuals (Fennema et al., 2005; Snead et al., 2005). On the other hand, market structure influenced individuals’ cost information needs in its capacity of a contextual variable (Krishnan et al., 2002). Individuals made decisions in accordance to the market structures where organizations were operating (Fig. 1).

Fig. 1. Antecedents and Consequences of Cost Information Usage in Decision making.

As discussed in the previous section, most studies on consequences of using cost information in decision making were related to cost-management initiatives like ABC and target costing. A common theme of these studies was to prove the usefulness of a cost-management initiative by comparing decisions made by individuals who used cost information associated with the cost-management initiative in question and those who used cost information produced by traditional volume-driven costing systems. In most cases, using cost information associated with specific cost-management initiatives in decision making led to better managerial decisions. However; effects of cost information on decision making were moderated by contextual factors within and outside organizations (Tables 3 and 4).
Contextual factors with organizations can be broadly classified as human factors and system factors. With regard to uses of cost information in decision making, moderating effects of two types of human factors, namely knowledge (Dearman & Shields, 2001; Vera-Munoz, 1998) and individuals’ commitment (Akter et al., 1999; Bloomfield & Luft, 2006; Harrison & Killough, 2006) were examined in prior studies. Individuals’ knowledge of and/or commitment to a particular type of cost information were found t6 be influential not only to their effectiveness in using that particular type of cost information but also to their effectiveness in using other types of cost information. In comparison, four types of system factors were investigated in studies on uses of cost information, namely cost information presentation format (Harrison & Killough, 2006), cost information precision (Booker et al., 2007), costing system complexity (Heitger, 2007), and incentive structure (Drake et al., 1999). All of them were found to have significant impacts on effectiveness in using cost information in decision making. Harrison and Killough (2006) investigated the interactive effects between human (individuals’ commitment) and system factors (cost information presentation format) but the effect was found to be insignificant.

<table>
<thead>
<tr>
<th>Cost Information</th>
<th>Antecedent(s)</th>
<th>Finding(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fennema et al. (2005)</td>
<td>Activity-based product cost</td>
<td>The negative effect of increase in cost on individuals’ support to use of activity-based cost information is greater than the positive effect of decrease in cost.</td>
</tr>
<tr>
<td>Heitger (2007)</td>
<td>Activity cost estimate, Historical standard cost, Number of cost pools, Initial cost belief</td>
<td>Individuals’ ability to produce cost estimate improves when historical cost information is provided and their initial cost beliefs are incorrect. Improvements on individuals’ accuracy of activity cost estimate are higher when there are multiple cost pools.</td>
</tr>
<tr>
<td>Jermias (2001)</td>
<td>Activity-based product cost</td>
<td>Individuals’ resistance to use of activity-based cost information is higher when they have committed themselves to alternative costing system. Difference in levels of individuals’ resistance is larger when they receive negative feedbacks.</td>
</tr>
<tr>
<td>Krishnan et al. (2002)</td>
<td>Product cost</td>
<td>Individuals’ requirements on product cost accuracy differ under different market structure. Individuals demand more accurate product cost when market becomes more competitive.</td>
</tr>
<tr>
<td>Sned et al. (2005)</td>
<td>Activity-based product cost</td>
<td>Individuals’ willingness to use activity-based cost information depends on likelihood and attractiveness of expected outcomes of using activity-based cost information.</td>
</tr>
<tr>
<td>Vera-Munoz (1998)</td>
<td>Opportunity cost</td>
<td>Individuals use less opportunity cost information in decision making when they have high level of accounting knowledge and the decision is a business decision.</td>
</tr>
<tr>
<td>Cost Information</td>
<td>Decision Outcome(s)</td>
<td>Moderating Factor(s)</td>
</tr>
<tr>
<td>--------------------</td>
<td>---------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td><strong>Akter et al. (1999)</strong></td>
<td>Target cost</td>
<td>Product cost</td>
</tr>
<tr>
<td><strong>Anandarajan and Viger (2001)</strong></td>
<td>Quality cost</td>
<td>Product price</td>
</tr>
<tr>
<td><strong>Bloomfield and Luft (2006)</strong></td>
<td>Project cost</td>
<td>Cost-estimation error</td>
</tr>
<tr>
<td><strong>Booker et al. (2007)</strong></td>
<td>Product cost</td>
<td>Focus on product cost, Product feature</td>
</tr>
<tr>
<td><strong>Brier et al. (1999)</strong></td>
<td>Volume-based product cost</td>
<td>Profit</td>
</tr>
<tr>
<td>Author(s) and Year</td>
<td>Cost/Activity</td>
<td>Profit</td>
</tr>
<tr>
<td>--------------------</td>
<td>---------------</td>
<td>--------</td>
</tr>
<tr>
<td>Callahan and Gabriel (1998)</td>
<td>Product cost</td>
<td>Profit</td>
</tr>
<tr>
<td>Cardinaels et al. (2004)</td>
<td>Activity-based product cost</td>
<td>Profit</td>
</tr>
<tr>
<td>Dearman and Shields (2001)</td>
<td>Product cost</td>
<td>Profit</td>
</tr>
<tr>
<td>Drake et al. (1999)</td>
<td>Activity-based product cost</td>
<td>Profit</td>
</tr>
<tr>
<td>Waller et al. (1999)</td>
<td>Product cost</td>
<td>Product price</td>
</tr>
</tbody>
</table>

Receive information on cost of idle capacity. Profit increases when information on cost of idle capacity is available and the market demand is declining in the long run, vice versa. Individuals set lower product price when information on cost of idle capacity is available.

When an organization adopts cost leadership strategy, profit increases when more accurate product cost information is provided. Profit increases when activity-based cost information is provided. The effect of providing activity-based cost information on profit is less significant when market feedback is informative.

Profit increases when individuals have (a) activity-based costing knowledge content or (b) activity knowledge structure. Profit increases when activity-based cost information is provided in conjunction with group-based incentives.

Profit increases when activity-based cost information is provided. Decision commitment is positively associated with profit when activity-based cost information is provided. Provision of quality cost information leads to reduction in product price. The effect of quality cost on product price is higher when (a) level of market competition is high or (b) elasticity of product demand is high.

When market feedback is available, difference in product price due to use of variable costing in preparation of cost information does not persist in the long run.
The effects of factors external to organizations, in particular markets, oil effectiveness of using different types of cost information in decision making was another focus of studies in the area. The effects of markets on uses of cost information were multifaceted. First, markets provide feedbacks that could be used in conjunction with other types of cost information in decision making (Briers et al., 1999; Cardinaels et al., 2004; Waller et al., 1999). Second, the effectiveness of a particular type of cost information varied in different market structures (Anandarajan & Viger, 2001; Buchheit, 2004; Callahan & Gabriel, 1998; Krishnan et al., 2002). Third, individuals reacted to cost information differently when market trends change (Buchheit, 2003; Krishnan et al., 2002).

An obvious omission in prior studies was the lack of study on interactive effects of factors within and outside organizations on adoption and uses of cost information in decision making. No study reviewed in this chapter had attempted to test how the two types of factors interact. A possible explanation for this omission was the types of theories used to explain the effects of these factors. Despite calls for combining psychological and economic theories in behavioral research (Callahan et al., 2006; Moser, 1998), most behavioral researchers still preferred to use one or the other in their studies. As with most studies in the area, studies that investigate the effects of factors within organizations on uses of cost information in decision making used psychological theories to explain the effects of these factors. In contrast, economic theories were often used to explain the effects of market on uses of cost information in decision making. Combination of psychological and economic theories in future studies will enable researchers to provide explanations on how interaction of factors within and outside organizations influence adoption and uses of cost information in decision making.

ACKNOWLEDGMENT

The author would like to thank Zahirul Hoque, Janek Ratnatunga, Luisa Lombardi, Luckmika Perera, the editors, and the reviewers for their helpful comments and feedbacks.

REFERENCES


**Statement of Purpose and Review Procedures**

*Advances in Management Accounting (AIMA) is a professional journal whose purpose is to meet the information needs of both practitioners and academicians.* We plan to publish thoughtful, well-developed articles on a variety of current topics in management accounting, broadly defined.

*Advances in Management Accounting* is to be an annual publication of quality applied research in management accounting. The series will examine areas of management accounting, including performance evaluation systems, accounting for product costs, behavioral impacts on management accounting, and innovations in management accounting. Management accounting includes all systems designed to provide information for management decision making. Research methods will include survey research, field tests, corporate case studies, and modeling. Some speculative articles and survey pieces will be included where appropriate.

AIMA welcomes all comments and encourages articles from both practitioners and academicians.

**Review Procedures**

AIMA intends to provide authors with timely reviews clearly indicating the acceptance status of their manuscripts. The results of initial reviews normally will be reported to authors within eight weeks from the date the manuscript is received. Once a manuscript is tentatively accepted, the
prospects for publication are excellent. The author(s) will be accepted to work with the corresponding Editor, who will act as a liaison between the author(s) and the reviewers to resolve areas of concern. To ensure publication, it is the author's responsibility to make necessary revisions in a timely and satisfactory manner.

Editorial Policy and Manuscript Form Guidelines

1. Manuscripts should be type written and double-spaced on 8 1/2” by 11” white paper.

   Only one side of the paper should be used. Margins should be set to facilitate editing and duplication except as noted:

a. Tables, figures, and exhibits should appear on a separate page. Each should be numbered and have a title.

b. Footnote should be presented by citing the author's name and the year of publication in the body of the text; for example, Ferreira (1998); Cooper and Kaplan (1998).

2. Manuscripts should include a cover page that indicates the author’s name and affiliation.