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**When Old Meets New: Navigating Modern Management
Accounting Practices in Chinese SOEs**

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Five key words: Modern management accounting practices, state-owned enterprises, China, awareness, adoption

Purpose: This study explores the awareness and adoption of Modern Management Accounting Practices (MMAPs) in Chinese State-Owned Enterprises (SOEs).

Methodology: This study employs a qualitative research design, utilizing semi-structured interviews with employees from three Chinese SOEs to collect in-depth data.

Theoretical perspectives: This study is framed within Institutional Theory, utilizing both Old Institutionalism and New Institutionalism to analyze how entrenched traditional practices and external institutional norms affect MMAPs' adoption in Chinese SOEs.

Empirical foundation: Empirical data were gathered from interviews with managerial and accounting personnel in three Chinese SOEs.

Conclusions: The findings reveal that while there is theoretical awareness of Modern Management Accounting Practices (MMAPs) among the personnel in Chinese State-Owned Enterprises (SOEs), several cultural, institutional, and organizational barriers significantly hinder their full adoption.

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List of Abbreviations

ABC	Activity-Based Costing
BSC	Balanced Scorecard
CICPA	Chinese Institute of Certified Public Accountants
CIMA	Chartered Institute of Management Accountants
CMA	Certified Management Accountant
CVP	Cost-Volume-Profit
ICT	Information and Communication Technology
MAPs	Management Accounting Practices
MMAPs	Modern Management Accounting Practices
SOEs	Chinese State-Owned Enterprises
TC	Target Costing

1. Introduction

1.1 Background

The Chinese State-Owned Enterprises (SOEs) sector has developed significantly since the initiation of marketization reforms in 1978 (Lin et al., 2020). In this respect, the development of management accounting within Chinese SOEs reflects the marked change in China's economy from a centrally planned system to a more market-oriented one (Wu & Drury, 2007). This transformation can be seen as the shift from traditional cost control, efficiency, and internal financial reporting focused management accounting to Modern Management Accounting Practices (MMAPs) that are aligned with strategic management decision support and non-financial measures integration. According to Kaplan (1984), who pioneered the modern management accounting practices approach, advocates for an alternative perspective on it as he says that changes in the business environment dictate new approaches to doing things. Likewise, Cooper & Slagmulder (1997) endorse MMAPs like activity-based accounting (ABC), Balanced Scorecard (BSC) and Target Costing (TC) that organizations can use to improve competitiveness and operational effectiveness. While existing research has explored the adoption of MMAPs in Chinese SOEs (e.g., O'Connor et al., 2004; Firth, 1996; Wu et al., 2007), offering valuable insights into the early transition period. However, these studies are now dated because they were conducted during or shortly after China's initial economic reforms, meaning they need to be updated. Also, access to the latest research from Chinese databases is limited, so current trends have not been fully explored. Therefore, this study attempts to bridge this gap by investigating the contemporary awareness and adoption of MMAPs in Chinese SOEs. Meanwhile, in this study, 'MMAPs' refer to a group of techniques and tools designed to advance strategic decision-making and enhance organizational performance which comprise ABC, BSC and TC. This study will provide updated academic contributions and practical insights into improving competitiveness and efficiency in response to global economic changes by understanding challenges as well as opportunities within this new landscape.

The change of direction from the traditional to MMAPs in business is a critical transformation that signifies a larger trend towards strategic management and better decision making. For Chinese SOEs, this change is closely linked to the ongoing economic reforms and their unique operating environment. Traditional management accounting practices have historically been effective in stable manufacturing settings; however, they are increasingly becoming insufficient for handling today's turbulent business environment (Kaplan, 1984). It has been suggested that organizations should embrace MMAPs like Activity-Based Costing (ABC), Balanced Scorecard (BSC) and Target Costing (TC) to enhance global competitiveness and operational efficiency (Kaplan & Norton, 1992; Cooper & Slagmulder, 1997). In the particularized context of Chinese SOEs, the adoption of MMAPs may be seen as a phased, dynamic process that goes through several stages as explained meticulously by Wu et al. (2007). The first stage began with the initial phase of awareness and exploration in the late 1970's to early 1980's where SOEs started realizing the existence of MMAPs and how they applied within the China business environment. The introductory period set the stage for a growing interest in modern accounting practices. In addition, there was a decade of enthusiastic learning and attempted implementation of Western techniques with an eagerness to adopt and integrate these new practices into Chinese firms. However, this transformed with the third stage which marked an important turning point that came about from the mid-1980s to mid-1990s when there was growing doubt on Western management accounting systems being used in a careless manner. A time frame of reflection characterized by Chinese academicians and practitioners realizing that management accounting diffusion is contingent upon things like cultural fit, initial expectations not matching reality, cultural misalignment between western practices and China national culture made up this transition period. As it approached the end of 1990s, the Chinese accounting profession acknowledged the complexities inherent in transitioning to a full market economy. Hence, this recognition led to a new focus for finding out how management accounting practices could be located in the Chinese operational and cultural environment. Their research identified some factors which are market maturity progress of enterprise reform legal and bureaucratic systems, quality of management and accounting personnel in SOEs as critical determinants influencing the diffusion and practical application of management accounting. This phase represents a time of rethinking when there is a need to find a framework of management accounting that can suit the unique context of Chinese SOEs.

The backdrop for examining integration and impact MMAPs is provided by reform and modernization efforts within Chinese SOEs. These enterprises have historically played a critical role in China's economy (Nie, 2022), operating under the guidance of state directives and within a distinctly Chinese socio-political and economic framework. In contrast to China's older economic reforms, the modernization of SOEs has become an essential evaluation point for sustainable management practices amid an increasingly market-oriented economy (Chow et al., 1999). Through the perspective of management accounting practices, this study examines this transformation with an emphasis on the vital role played by MMAPs in facilitating strategic decision-making and operational enhancements within Chinese SOEs.

For instance, China's economy has grown immensely in the last ten years (Kroeber, 2018), thus creating new challenges and opportunities for SOEs operating in such a dynamic environment. Nevertheless, despite China having made significant strides towards market-oriented economy through wide-ranging economic reforms, there is still a big divide between these systems and those being pursued by many SOEs which continue to adopt conventional management accounting systems (Wu & Drury, 2007). The enduring reliance on traditional management accounting approaches contrasts sharply with the potential benefits that MMAPs could offer in today's economic context. By doing so, it raises questions concerning whether or not SOEs' management practices are in tune with China's rapidly changing business environment. This calls for a rethinking of management accounting practice which could be aligned better with the strategic and operational goals of a rapidly evolving economy (Chenhall, 2003; Otley, 1999). In view of the strategic importance of SOEs in China's economy combined with her unique socio-political setting, management accounting practices that can support these enterprises towards achieving their economic and social mandates are required (Tsamenyi et al., 2007).

1.2 Motivation

The motivation for this study stems from both personal experience and an academic interest in the strategic importance of management accounting in organizational performance. Additionally, we found that there is a significant research gap in the existing literature regarding the degree of employees' awareness and adoption of

MMAPs in Chinese SOEs, a critical area that remains underexplored. The inception of this research is closely tied to our academic pursuits and our cultural background, providing a distinct perspective to explore the field of management accounting in Chinese SOEs. Pursuing a graduate program in Sweden allowed us to appreciate the complexity and importance of management control systems, in stark contrast to the traditional management accounting practices prevalent in China. This academic exposure, highlighted by the works of Kaplan & Johnson (1987), who advocate for the strategic integration of management accounting practices, and Otley & Berry (1980), who emphasize the significance of management control systems in organizational performance, provided us with a comprehensive understanding of the potential of MMAPs to enhance strategic decision-making and operational efficiency.

This academic journey highlighted that there was a significant divide between advanced management accounting practices as discussed through Kaplan (2006), Ittner & Larcker (2001) and Otley (1999) and the traditional practices within Chinese SOEs where Chow et al. (2006) noted a significant gap in management accounting research within China stating that it was often seen as just being a supplement to financial accounting. This had perceptual effects on specialized educational programs development and restricted academia interest which mainly concerned financial accounting. Consequently, lack of rigorous field research in management accounting impeded its development and recognition by academia. This interval therefore ignited our interest in exploring what can stop MMAPs from being accepted by these companies especially in China as she rapidly transformed into an economic giant with her own socio-political peculiarities. On the other hand, Tho et al. (1998) argue about some factors behind the continued popularity of traditional management accounting practices in developing countries like these including limited exposure to new methods, lacking skilled professionals, and most importantly poor support from senior management. These factors are particularly relevant in the Chinese context, where traditional practices are deeply entrenched (Sulaiman et al., 2004). This reinforces the need for this study, which aims to explore the extent of awareness of MMAPs among Chinese SOEs and how this awareness, or lack thereof, affects its adoption. The contrast between the global discourse on management accounting, as demonstrated by scholars such as Emmanuel et al. (1990), explores the critical role of accounting

practices in shaping strategic and operational frameworks, and observable practices in China, posed a compelling research question:

What's the extent of the awareness¹ of Modern Management Accounting Practices (MMAPs) within Chinese State-owned Enterprises (SOEs) and how does the awareness affect the adoption of MMAPs?

Having observed the operations of SOEs in China, it became evident to us that there exists a substantial gap between the potential of MMAPs to drive strategic decision-making and operational efficiency, and their actual adoption within these entities. This observation aligns with findings from Li et al. (2000), who noted a pronounced deficiency in professional and academic institutions promoting management accounting research in China (as cited by Chow et al., 2006). Additionally, this also highlights a substantial research gap, underscoring the urgent need for more focused scholarly attention in this domain. This observation sparked a keen interest in exploring the extent to which MMAPs are adopted and integrated within Chinese SOEs, particularly in the context of China's rapidly evolving economic landscape.

Management accounting, endowed with the capability to shape strategic decisions through comprehensive financial and non-financial analysis, emerges as a vital element for achieving organizational excellence (Kaplan & Norton, 1996). This evolution from conventional accounting techniques to MMAPs epitomizes a shift towards a strategic, proactive stance in business management (Bhimani, 1994). Nevertheless, the distinct socio-political and economic backdrop of Chinese SOEs introduces unique challenges and prospects for integrating these contemporary methodologies. The ownership and governance structure of SOEs, intertwined with their critical role in the fabric of China's economy, bestow upon these entities a multifaceted mission that transcends simple profit generation to encompass broader socio-economic mandates. This multifunctional objective demands a specialized approach to management accounting, one that can seamlessly align the operational

¹ In this study, 'awareness' refers to the employees' knowledge of and perception about MMAPs, encompassing both their understanding of these practices and their insights into the applicability of these practices within their organizational roles.

pursuits of the enterprise with the expansive economic and social directives of the state (Luo, 2007).

This study employs a qualitative research methodology, utilizing semi-structured interviews with two interviewees from each of the selected Chinese SOEs across three industries to gather in-depth insights into the awareness and adoption of MMAPs. The objectives of this study are to:

- assess the level of awareness among employees.
- examine the degree to which Chinese SOEs have adopted MMAPs into their organizational processes.
- identify and analyze the challenges in adopting MMAPs.

1.3 Contributions

Primarily, this study offers empirical insights into the degree of awareness and adoption of MMAPs within Chinese SOEs. While extant literatures, such as Firth (1996), O'Connor et al. (2004), Wu & Drury (2007), and Wu et al. (2007) have provided theoretical frameworks and conceptual discussions on the evolution and potential advantages of MMAPs, this study advances the field by presenting concrete evidence from semi-structured interviews with frontline employees who are somewhat involved in the operational dynamics of these firms. This empirical grounding serves to bridge the theoretical-practical divide and enriches the academic understanding of the practical adoption of MMAPs in the unique organizational environment of SOEs in China. In addition, by highlighting the inconsistencies between widely accepted management accounting practices and actual practices observed in Chinese SOEs, the study prompted critical thinking about the applicability and adaptability of existing management accounting theories in a variety of cultural and institutional settings. In doing so, it stimulates the need for a context-based approach to management accounting research, advocating a more thorough understanding of the interactions between organizational practices, cultural norms, and institutional frameworks. Furthermore, the study highlights the importance of aligning management accounting practices with broader organizational goals and socioeconomic mandates, especially in the unique context of SOEs in China. By highlighting the strategic significance of management accounting in driving

organizational performance and competitiveness, the study contributes to a growing literature that recognizes the critical role that management accounting plays in shaping the trajectory of individual businesses and national economies.

Following this introduction, the paper conducts a comprehensive literature review, outlining existing theories and empirical findings related to management accounting practice, Chinese SOEs and the adoption of MMAPs. The theoretical framework provides the conceptual basis for analyzing how deep-rooted cultural and institutional factors shape the adoption of MMAPs in Chinese SOEs. Subsequently, the methodology section outlines the research design, data collection procedures, analytical techniques employed in this study and relevant ethical considerations. The empirical evidence section presents the findings derived from the analysis of interview data, followed by a discussion that interprets these findings within the theoretical framework. Finally, the conclusion synthesizes the key insights, discusses their implications, and offers directions for future research and managerial practice.

2. Literature review

2.1 Evolving Paradigms in Management Accounting

In order to adapt to the changing complexity of the modern business environment, the management accounting landscape has undergone a significant shift. Kaplan (1984) lays a foundational framework, critically analyzing the trajectory of management accounting practices (MAPs) from their traditional roots towards a more sophisticated application in contemporary contexts. He describes a shift from cost control and internal financial reporting—practices steeped in the manufacturing ethos of the early 20th century—to the role MAP had to take on to support strategic decisions and investigate non-financial metrics. Kaplan's groundbreaking argument argues for a paradigm shift in MAPs to fit the strategic, operational, and competitive needs of the modern enterprises.

In exploring the historical dynamics between financial accounting and management accounting, Richardson (2002) reveals a narrative of professional dominance in which financial accounting has historically eclipsed management accounting in terms of professional status, regulatory focus, and academic inquiry. This dominance is

attributed to the changing regulatory and business environment between 1926 and 1986, which sometimes hindered innovation and strategic consolidation of management accounting practices within organizations. However, Richardson illuminates periods of increased permeability between these domains, leading to significant advancements in managerial accounting. These instances of integration emphasized the strategic utility of managerial accounting in enhancing business strategy, operational efficiency, and competitive edge, gradually elevating its status within the professional and academic spheres.

Building on this discourse, Talha et al. (2010) scrutinize the evolution of management accounting amidst rapid technological and economic shifts, highlighting the limitations of traditional MAPs in keeping pace with these developments. Their examination foregrounds the advent of Total Quality Management (TQM), Activity-Based Costing (ABC), and the Balanced Scorecard (BSC) as critical innovations that address the intricacies of the contemporary business canvas. These tools epitomize a comprehensive approach to performance management, underpinning cost management, operational efficiency, and strategic congruence. Talha et al. (2010) posit that the acceptance of MMAPs is essential for firms aiming to sustain relevance and fortify competitiveness within the global and volatile business ecosystem.

2.2 Modern management accounting practices

The emergence of MMAPs is a reaction to a volatile business environment. As Enofe & Osagie (2023) suggests, this transformation has been brought about by the enlarged global marketplace, the ever-growing technology and changes in organizational structures that demand more sophisticated management tools. Furthermore, Yassin & Guindy (2017) states that traditional cost accounting is shifting its focus towards agility and strategic alignment in contrast to adopting innovative accounting techniques. In addition, Nita (2008) points out that there is a marked shift from traditional management control to performance management. This change has come about as accountants began aligning their practices with the long-term strategies rather than focusing on short-term financial measures which marked a change in the role of management accounting within organizations.

Maiga & Jacobs (2003) identifies modern practices like target costing, activity-based costing (ABC), and the balanced scorecard (BSC) were also seen as being indicative of this trend, because they integrated both financial and non-financial measures performance. Moreover, Fibírová (2008) adds that modern approaches to managing resources enable companies to gain competitive advantage through better use of strategy management and effective motivational instruments. For instance, both activity-based costing and Balanced Scorecards provide frameworks that go beyond the limitations of traditional cost accounting to provide activity-based views of organizational costs that enhance strategic planning (Narong, 2009).

For sustainable competitive positions, proactive cost management technique, target costing is necessary (Lee & Sullivan, 2023). It is especially efficient in coming up with new products and innovative designs since it increases the profitability of the product by setting a target cost (Samogorodskaya et al., 2019). Nevertheless, this requires successful implementation of strategies that are in line with business strategy and profit planning (Ansari & Bell, 1997). In so doing, activity-based costing provides better cost information and maximizes the effectiveness of cost reduction plans (Lee & Sullivan, 2023).

Activity-based costing (ABC) approaches represent a paradigm shift compared to traditional general overhead allocation methods such as labor hours or machine hours based on volume measures. Instead, ABC determines costs for products and services depending on their real consumption of resources thereby revealing actual organizational cost drivers. Besides challenging its predecessor by viewing activity costs as basis for resource appropriation, making it a critical tool for managers seeking to understand and control operational costs more effectively. Gupta & Galloway (2003) demonstrate that ABC enhances decision making by providing managers with detailed insights into the cost structure of individual activities and processes. This detailed breakdown allows for more precise cost management and helps identify inefficiencies and areas for process improvement, leading to significant cost savings.

The Balanced Scorecard (BSC) developed by Kaplan & Norton (1996), provides a comprehensive framework that extends beyond traditional financial metrics. It includes perspectives on customers, internal processes, and learning and growth. This

multifaceted approach ensures a balanced view of strategic measures and promotes a comprehensive view of both financial and non-financial performance factors. Khan (2012) discusses how the Balanced Scorecard can be instrumental in implementing organizational strategy by translating it into a set of actionable and measurable objectives. This capability makes the Balanced Scorecard an important tool for strategic planning, as it enables organizations to track their performance against strategic goals on a regular basis. Shao (2001) emphasizes that by focusing on multiple dimensions of performance, balanced scorecards can help organizations not only monitor outcome, but also manage drivers of future success. This approach encourages a forward-looking perspective, which is essential to maintaining a competitive advantage in a rapidly changing market.

2.3 Empirical insights on the adoption of MMAPs in Chinese SOEs

Chinese SOEs' movement towards MMAPs, is the critical shift as a result of both international partnerships and changing market dynamics. Firth (1996) conducted a study that involved surveying 370 SOEs, 432 Chinese partner firms, 456 foreign partnered Joint Ventures (JVs) firms and 535 foreign firms with the aim of exploring the diffusion of management accounting practices within the People's Republic of China. He emphasized the importance of JVs with foreign partners during this process. This diffusion is not a mere adoption but also adaptation or translations between international practices to fit into operational realities and cultural context of Chinese enterprises according to Firth (1996). The rate at which new practices are adopted was considerably higher among SOEs participating in JVs with international entities compared to those without JVs. Also, there exists positive correlation between these practices and firm size as well as level competition on one hand, faced by Chinese entities on another hand. The thrust of this publication is that foreign alliances played a vital role in introducing and legitimizing managerial accounting practices in an otherwise conservative financial reporting environment.

O'Connor et al. (2004) offer a seminal exploration into the adoption of Western management accounting and control systems in China's SOEs amidst the economic reforms of the late 20th and early 21st centuries. They found an increased use of a range of Western management accounting/controls in the SOEs through in-depth

interviews with managers at four SOEs and two of their joint ventures and a survey instrument from 82 other SOEs. The study highlighted three key factors enhancing this adoption: the proportion of employees on limited-term contracts, stock exchange listing, and the accessibility of training opportunities. These factors, reflecting the competitive and institutional landscape, facilitated a gradual shift towards market-oriented management practices within the historically planned economic framework.

Sulaiman et al. (2004) provide a comparative perspective by reviewing management accounting practices across several Asian countries, including China. The evidence reviewed suggests that the use of contemporary management accounting tools including Target Costing, ABC, and BSC is lacking in the four countries selected, while the use of traditional management accounting techniques remains strong. Their review of prior surveys reveals a striking finding: 92% of SOEs continue to employ standard costing for joint product costing, and 79% find Cost-Volume-Profit (CVP) analysis useful, whereas a mere 1% have adopted Activity-Based Costing (ABC). This stark contrast emphasizes the challenges of adopting contemporary management accounting tools, attributed to a lack of awareness, skill deficits, and a notable absence of incentive for change from traditional methods.

Wu & Drury's (2007) made an in-depth study on the various factors that affect MAPs adoption in SOEs and JVs under China's peculiar business climate, which include external pressures like market competition and regulatory frameworks as well as internal drivers such as strategic objectives. For instance, they found out that SOEs wanted to keep some traditional practices which have been practiced for many years instead of just following Western ways. Such Management Accounting Practices (MAPs) adoption and functionality can be attributed to the national and organizational cultures. Even though the global economic integration may lead to homogenization of MAPs at a conceptual level, their practical application and behavior patterns are significantly influenced by local cultural norms and management concepts. In SOEs, management practices dominated by loyalty, seniority, and trust tend to favor authoritarian leadership and personal relationships over scientific management. Given this culture of conformity to established norms and egalitarianism, it is not surprising then why the adoption of MAPs has been stagnant making innovation resistant especially within long standing SOEs conventionally oriented companies further still.

Furthermore, Wu et al. (2007) also explains how ownership structures influence the acceptance of Western MAPs whereby JVs especially those associated with foreign enterprises are more likely to accept them than other forms of organizations do. This trend highlights the divergence in international business standards and the accompanying pressure to align with global practices. In contrast, SOEs, which are deeply rooted in China's traditional economic system and influenced by hierarchical structure and government regulation, are wary of adopting Western MAP.

Based on empirical evidence, the expected future emphasis on management accounting practices suggests that SOEs are expected to continue to focus on traditional budget-related methods, with a slower rate of integration of advanced decision support systems. This expected trajectory not only reflects the ongoing evolution of China's business environment, but also highlights the enduring impact of institutional legacies and governance structures on the adoption and perceived utility of management accounting practices.

2.4 Challenges and Barriers to adoption

Cultural resistance is a huge barrier to the adoption of MMAPs in Chinese SOEs. It has its roots in the traditional organizational culture that characterizes these SOEs as having hierarchical structures and strictly observing the established procedures and norms (Chow et al., 1995). Contrary to this, traditional cultures are often for stability and consistency while MMAPs require continuous innovation with a high level of flexibility. Frequently, within such firms, cultural frameworks already present lead to employees who are reluctant in following new routines. The resistance of employees familiarized with old governance systems is likely going to be very strong against changing their ways of doing things differently from what they have been used to. Additionally, this opposition is fueled by power structures based on seniority found in most SOEs where decision making is highly centralized and junior employees may not possess institutions through which they can advocate for or put into practice new approaches (O'Connor et al., 2004).

Furthermore, bureaucratic inertia within these firms arises from rigid top-down decision-making processes that actually hinder efforts to introduce and sustain innovation. Also, these processes are usually slow at evolving and lack flexibility during implementation of new systems requiring a move away from traditional ways

of working. In many cases, bureaucracy is not only an administrative obstacle, but also a protective mechanism to protect the vested interests of powerful stakeholders within an organization (Brødsgaard et al., 2017).

A general lack of awareness and understanding of modern management accounting concepts among Chinese SOEs employees is also a significant issue. Managers' inadequate knowledge of management accounting, limited informatization in companies, and outdated methods of accounting are some factors causing this gap (Zhang, 2019). The traditional teaching and assessment methods in Chinese accounting education rarely use case studies, real-world applications, and critical thinking exercises to understand MMAPs, which further exacerbates the problem (Woodbine, 2007). Moreover, the education system emphasizes theoretical knowledge rather than practical application can also be a factor. As Rong-Ruey Duh et al. (2008) points out that the general lack of theoretical application and methodological limitations in modern management accounting research in China further hindered the development and understanding of these concepts.

The management strategy becomes more complicated due to the contradistinction between government policy and need for operational control in SOEs (Buckley et al., 2005). These institutional constraints, as well as the regulatory framework imposed by the government, favor traditional methods and stifle innovation, which might impede the development of modern management accounting concepts in China's SOEs (Skousen & Yang, 1988). Furthermore, a major barrier to the adoption of MMAPs is political interference and organizational restraints. The O' Connor et al (2006) analysis provides a depth of detail on how political considerations affect the design of organizations and management control systems in SOEs. Their research suggests that SOEs are guided by two mandates – economic objectives and political goals simultaneously. Consequently, these organizations are highly centralized where decisions made at top levels are mainly influenced by public policies rather than market forces. In essence this framework curtails managerial independence while stifling creativity since performance measurement systems within these organizations stress subservience to political needs rather than operating effectiveness.

3. Theoretical framework

3.1 Institutional Theory

This study adopts institutional theory as its overall theoretical framework to contextualize the adoption and integration of MMAPs in Chinese SOEs. Institutional theory holds that organizations are embedded in a broader institutional environment that includes regulatory structures, cultural norms, and social expectations, which have a significant impact on organizational behavior and practice (DiMaggio & Powell, 1983). Institutional theory also suggests that organizational behavior can be understood in terms of an isomorphic process in which organizations conform to social expectations and norms in order to gain legitimacy, access to resources, and guarantee of survival in their environment (Meyer & Rowan, 1977).

3.1.1 Old Institutionalism

The old institutionalism emphasizes the significance of social, political, and economical structures in shaping organizational behavior and social norms. This implies that organizations are a result of historical processes and are deeply ingrained into the fabric of their social context (Selznick, 1948). Additionally, the old institutionalism puts forward the concept of "institutional stickiness", which means that once they become part of an organizational structure, existing practices cannot be changed because they have become historically entrenched thereby creating vested interests among internal as well as external stakeholders. This resistance can be attributed to what Selznick (1957) referred to as "cooptation of leadership" whereby leaders and other key actors often oppose changes that would undermine their established roles and power relations. In like manner, Scott (2001) observes how institutions continue over time showing that when organizations adopt deep structures of practices it becomes very hard for them to change these practices. Therefore, this institutional stickiness might lead to MMAPs being hardly deployed since moving away from embedded traditional practices necessitates not only new management approaches to be executed but also vital transformation in organizational character and thinking pattern (Scott, 2001; Selznick, 1957). This view presents a clear understanding of the important role that SOEs play in the national economy of China

and how their management practices have been influenced by their history as government controlled entities.

3.1.2 New Institutionalism

New institutionalism, on the other hand, emphasizes symbolic and cultural aspects of organizational life, considering how organizations seek legitimacy and stability by conforming to institutional norms and expectations (Meyer & Rowan, 1977). The theory discusses three mechanisms of institutional isomorphic change: coercive, mimetic, and normative (DiMaggio & Powell, 1983). Coercive isomorphism involves adaptation due to legal and political pressures, where SOEs are compelled to align with governmental reforms that dictate economic objectives and business practices. This phenomenon is notably manifested in the enforced adoption of policies aimed at economic modernization and enhancing international competitiveness, a common strategy in state-directed economies where the government uses its authority to align SOEs operations with broader economic goals (Marquis & Raynard, 2015). The adoption of management practices in successful global enterprises, due to management uncertainty and the necessity to compete on an international level, has resulted in mimetic isomorphism. This often involves the integration of Western management accounting methods, which are perceived as superior and thus emulated (Powell & DiMaggio, 1991). Normative isomorphism results from professional pressures and the evolution of professional standards, as seen in the growing influence of international accounting standards and business education within China, which shapes the expectations and behaviors of SOEs managers (Burns & Scapens, 2000).

4. Methodology

4.1 Research Design

This study employs a qualitative research design to explore the perception and adoption of MMAPs by Chinese SOEs. Compared to quantitative methods that allow for critical reflection and evaluation (Sogunro, 2002), the use of qualitative methods is more appropriate for this study because it allows for in-depth research on complex, context-relevant issues. By focusing on qualitative data, the study aims to gain

detailed, rich insights into the complex dynamics and the adoption of MMAPs in Chinese SOEs.

Qualitative research is significant when studying organizational behavior and management practices because it helps researchers investigate experiences, perceptions, and interaction within the organization (Patton, 2002). This means that it tells us how things work or why people do what they do as pointed out by Patton (2002). Hence, this methodology is necessary for investigating the relationship between awareness and adoption of management accounting practices in Chinese state-owned enterprises. Additionally, flexibility forms the foundation of qualitative inquiry when dealing with complicated issues encountered during fieldwork. While quantitative designs tend to be more rigid, researchers using these approaches can easily refocus on some areas depending on their initial findings or newly emerged events thereby resulting in deeper insights (Maxwell, 2013). Such adaptability is crucial when studying organizational settings that are usually intricate and multi-levelled.

4.2 Selection of SOEs

The sample for this study was carefully selected from a large number of Chinese SOEs using opportunistic sampling methods, that is, the participants most easily accessible were selected (Czernek-Marszalek & McCabe, 2024). Details of respondents and companies are shown in *Table 1*. We used existing personal and professional networks to identify and connect with SOEs that were both accessible and relevant to MMAPs cognition and adoption research priorities. This kind of selection is particularly advantageous in this case because it overcomes potential barriers to entry, such as bureaucratic red tape and privacy concerns, which are common in high-risk organizational environments such as SOEs. The enterprises selected for this study were from different industries (tobacco industry, chemical industry, and water supply industry) according to the unique operating environment of each industry to capture a wide range of experiences and practices related to MMAPs awareness and adoption. This diversity is particularly valuable because it can examine similarities and differences across sectors, thereby enhancing the generality and depth of research (Palinkas et al., 2015). Such a data set can provide a more comprehensive analysis of the actual situation and challenges faced by SOEs in adopting MMAPs

and help us better understand the management practices of these enterprises. While this approach may be less systematic than purposeful sampling in terms of selection criteria, it effectively reflects a common scenario in business research - where access and availability often influence case selection.

This method recognized the limitations and opportunities presented by using existing network access organization settings. While it may limit the ability to generalize the findings across all Chinese SOEs, it allows an in-depth study of each selected organization, providing detailed insights into its specific context, management accounting practices, and the challenges of adopting MMAPs.

4.3 Data Collection

Data for this study were collected through six semi-structured interviews, which are ideal for gaining in-depth insights into the experiences and perspectives of individuals within SOEs. Each interview was conducted with selected employees from the selected Chinese SOEs that form our study sample. Given the nature of the SOEs selection, the respondents included senior managers and accounting professionals who are directly involved with or knowledgeable about the adoption and integration of MMAPs. To assemble our interview cohort, we leveraged our personal networks to initially contact three senior managers from each participating SOE. Subsequently, we requested these managers to facilitate further connections by referring us to an accountant within their respective departments. Each interview process was carefully orchestrated around a detailed interview guide (See *Appendix 1*), meticulously crafted based on extant scholars' findings to explore a range of key themes. These themes include the understanding of MMAPs, the actual adoption of MMAPs, the perceived benefits and challenges associated with these practices, and the critical role of cultural and organizational dynamics influencing their adoption. The guide was structured to prompt detailed responses while allowing for the natural flow of conversation, enabling respondents to elaborate extensively on their experiences. Furthermore, interview questions included both closed-ended and open-ended types. Such types of questions were aimed at gathering demographic data as well as measuring the participants' knowledge of budgeting, standard cost accounting, and cost-volume-profit analysis. Open-ended ones, however, sought to find out how the respondents viewed MMAPs in terms of their perceptions and experiences about it.

Additionally, these open-ended queries were tailor-made so that they were aligned with the idiosyncratic characteristics of each enterprise involved and the experience of those interviewed thus enabling more substantial probing into their viewpoints or even issues related to adoption or implementation of MMAPs.

The duration for each interview varied between thirty minutes to one hour depending on the individual being interviewed in order to ensure enough time was available to cover all material aspects while also respecting their time constraints (see details provided in *Table 1*). To provide clear and comprehensive answers during the responses, interviews are conducted in Mandarin which is a common language among all respondents. Following every session, interviews were audio-recorded after getting permission from those participating thereby observing ethical research principles. Subsequently, the software known as WPS Office transcribed them word by word. The transcription went through a careful translation phase, using a combination of translation software like Google Translate, as well as our own expertise, to translate the Mandarin responses into English. We used translation software to systematically convert all the transcripts and then verify the English meaning of each word. We aimed to ensure that all the subtleties of language and meaning were truly captured, thereby improving the reliability and analytical depth of subsequent analysis.

Table 1: Detail of interviewees

Interviewee	Company	Industry	Position	Experience	Interview date	Duration
Interviewee 1	Company A	Tobacco	Finance Director	15 years	2024-04-29	33 mins
Interviewee 2	Company A	Tobacco	Accountant	5 years	2024-04-30	38 mins
Interviewee 1	Company B	Chemical	Chief Accountant	30 years	2024-04-20	58 mins
Interviewee 2	Company B	Chemical	Accountant	5 years	2024-04-22	35 mins
Interviewee 1	Company C	Water supply	Accountant	6 years	2024-04-08	45 mins
Interviewee 2	Company C	Water supply	Accounting Manager	10 years	2024-04-08	38 mins

4.4 Data Analysis

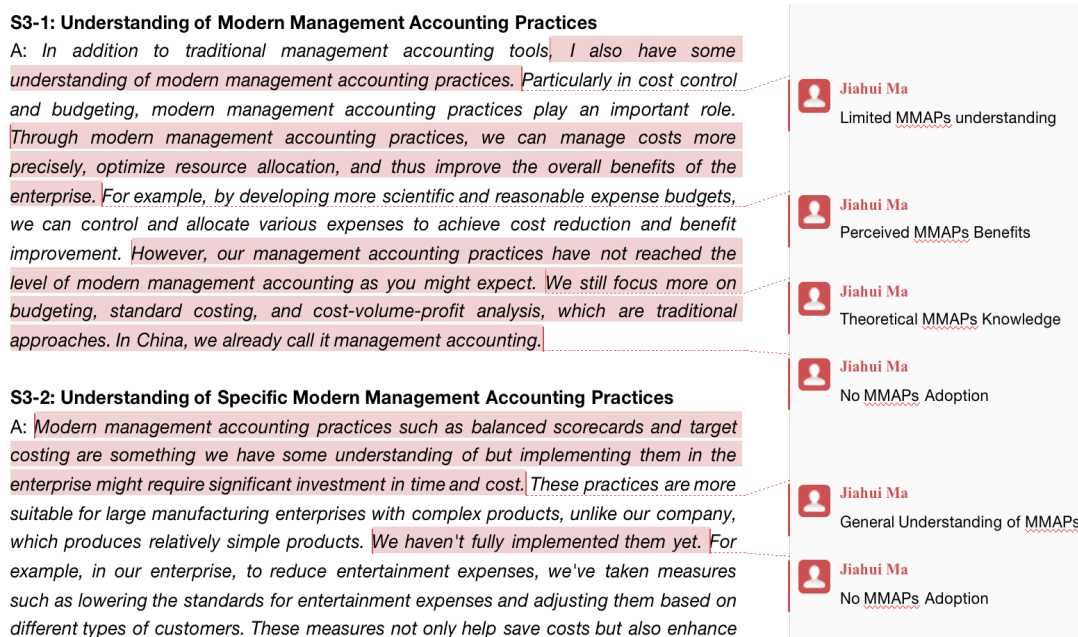
We used thematic analysis as our main tool to evaluate the qualitative data collected from semi-structured interviews for this study. As pointed out by Braun & Clarke (2006), thematic analysis helps to analyze patterns in the data more deeply and thoroughly. We chose this method as it is effective for spotting, interpreting, and presenting data patterns. It helped us understand the complex nature of how culture, institutions and organizations affect the adoption of MMAPs by Chinese SOEs.

According to Naim et al. (2023), the thematic analysis in this study is carried out through a step-by-step approach. Initially, the process of familiarization with the data began by writing each interview verbatim, and then reading it multiple times to gain understanding and start the coding process. This was followed by a systematic approach where first codes were identified through annotation of excerpts that contained key concepts relevant to research questions (see *Figure 2* for a coding example). These codes were then organized into broader topics by categorizing related codes together, analyzing how they fit into the overall data set and ensuring relevance to the research objectives. And then this process was followed by a careful review where topics are refined, merged, or eliminated to ensure that they accurately reflect underlying patterns between codes. Each theme was then clearly defined and named to ensure that a comprehensive narrative was provided, and that the essence of the data collected was summarized. Key themes identified in the analysis include the level of awareness of MMAPs, the impact of traditional tools, training, perceived benefits, and opportunities, and ultimately the level of adoption and challenges. The final stage involved developing a coherent narrative of analysis, integrating the topic with existing literature, structuring the findings to address the research question, and providing insightful explanations (see *Figure 1* for the thematic process).

Figure 1: Own representation of Braun & Clarke's (2006) six-phase framework for doing a thematic analysis



Figure 2: Example of how the authors coded the data.



4.5 Trustworthiness and authenticity

Draw on the guidelines outlined by Bell et al. (2022), ensuring trustworthiness in qualitative research involves addressing key criteria: credibility, transferability, reliability, confirmability, and authenticity. To ensure the credibility of this qualitative study on the adoption of MMAPs by SOEs in China, we employed triangulation of data sources. By integrating the perspectives of senior management and front-line accounting professionals, we were able to cross-validate the data. This enables us to enrich our analysis and strengthen the validity of our findings. The transferability of qualitative research involves providing enough detail to others to assess how applicable the findings are in other contexts (Bell et al., 2022). However, it is important to note that the research findings may not be directly applicable in other regions or settings across the world due to the specific regulatory framework and cultural environment associated with Chinese SOEs. Later, to ensure reliability, we documented the research process at every stage, from the initiation and choice of respondents to data collection and analysis. For confirmability, we adopted a reflective stance where we critically reflected on our own biases as a way of guaranteeing that they did not impact negatively on the analysis. For example, we utilized extensive quotes from interviews which were direct examples of how

conclusions were reached; therefore, findings closely matched what participants replied. Consequently, we demonstrated authenticity through accurately representing the diverse perspectives and experiences of participants in this study. We aimed to depict complexity within participant views by acknowledging diversity in their responses together with possible inconsistencies in data.

4.6 Ethical considerations

Maintaining ethical integrity is fundamental to this research, especially given the sensitive topics involved and the complex organizational environment. At every stage of research, we upheld the highest standards of ethical practice to ensure dignity and respect for all participants. To start with, informed consent was important in our involvement process. The study's purpose, their specific roles in the study and how we used procedures were explained to the participants. We also informed them of their rights such as, they had an option of withdrawing from the study at any given time without facing any negative consequences. Consent was recorded by means of a signed form after ensuring that they understood and voluntarily agreed to it. According to this document, all personal data should be confidentially maintained since it will only be used for academic purposes alone. For confidentiality reasons and anonymity issues related to disclosure of identities of participants or their private matters, we strictly adhered to these principles. We shared all electronic data (this included audio recordings and interview transcripts) within ourselves only. Hard copies like interview records were kept in restricted sections too. Upon transcribing any data collected during interviews privacy breaches could be avoided through anonymizing it. Therefore, the names of all six respondents and their respective organizations were represented by numbers and letters. In addition, given the unique environment of Chinese SOEs, respect for cultural norms was also crucial. The interview outline and pace were carefully designed to be culturally sensitive and tailor the interaction to the company's practices and values. This respect helped us to ensure that participants feel comfortable and safe throughout the study.

4.7 Limitations

Noble & Smith (2015) contend that qualitative research is frequently criticized for not being scientifically rigorous enough since its analytical process is unclear. Hence,

qualitative research makes the results appear as mere subjective opinions made vulnerable to researcher bias. According to Easton et al. (2000), the inherent subjectivity of qualitative research makes it difficult to avoid personal biases. Such bias becomes even more critical when interpreting participants' responses, since the accuracy of such findings depends increasingly on their honesty and subjective perceptions within an interview situation. Moreover, there are further limitations in using opportunity sampling methods to collect qualitative data from a limited number of SOEs. Firstly, this method makes data more accessible but restricts sample diversity. It potentially limits the generalizability across a wider variety of Chinese SOEs. Secondly, while these studied SOEs were useful for examining specific aspects of management practices, they represent only a small percentage of them which exist within China's numerous SOEs at present and may therefore not be fully indicative of the present complexity and changes. Lastly, this qualitative study sought to ascertain that findings obtained during interviews were valid by depending on how truthful participants were in answering questions. For instance, Nederhof (1985) raised issues about social expectation bias when individuals withhold information consciously or unconsciously so as to portray themselves positively. This can introduce a great deal of error into results that are being reported upon as well as undermine the credibility of collected data. Despite our efforts to maintain objectivity and safeguard the integrity of the study, the self-reported nature of the authors' opinions and participants' responses can unintentionally influence the results, highlighting the challenges inherent in qualitative research methods.

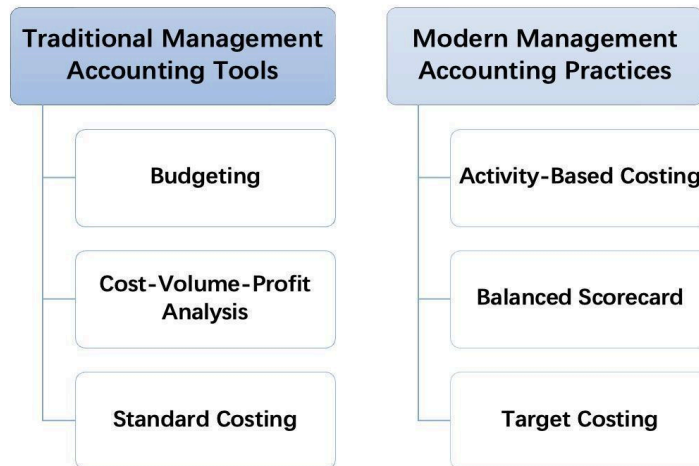
5. Empirical evidence & Analysis

Various levels of MMAPs awareness and adoption within Chinese SOEs are reflected by the evidence gathered empirically from interview transcripts. While several managers recognize the strategic benefits of MMAPs, traditional accounting methods² often prevail due to their familiarity and perceived reliability (*Figure 3* illustrates a clear exposition of what the study meant by MMAPs and traditional management accounting tools). Despite recognizing MMAPs' potential to improve

² The term 'traditional management accounting tools' as used here and subsequently refers to budgeting, standard cost accounting, and cost-volume-profit analysis.

decision-making, challenges like resistance to change, conservative organizational culture, and inadequate expertise create barriers to adoption. This section goes further into these matters for a more holistic understanding of awareness and adoption of MMAPs in SOEs.

Figure 3: Comparison of Traditional and Modern Management Accounting Tools



5.1 Awareness Level of MMAPs

In Chinese SOEs, the level of awareness among managers and employees concerning MMAPs plays a major role in determining how far they can go in adopting these strategies. Furthermore, it is evident from these interviews that despite managers having knowledge about MMAPs at the theoretical level; nonetheless, they do not understand them in practical terms yet. For instance, one manager with over fifteen years of experience in financial management stated,

"Although I am very familiar with traditional management accounting tools, my understanding of modern management accounting practices is quite limited."

(Company A, Interviewee 1)

This highlights a gap between familiarity with traditional tools and modern practices, which is indicative of the broader challenge in transitioning to MMAPs. Such limited understanding is often rooted in insufficient practical exposure to MMAPs due to ingrained training and reliance on traditional tools like budgeting and standard

costing. In addition, this interviewee expressed the colleagues' familiarity regarding the practical application of these practices,

"In our organization, the familiarity of accounting personnel with specific modern management accounting practices... remains at the theoretical concept stage and has not been fully implemented in practical applications."

(Company A, Interviewee 1)

Similarly, another interviewee who has six years' experience in the accounting department from Company C shared,

"In my experience, understanding of so-called modern management accounting practices such as ABC, BSC, and TC among my colleagues is quite limited. Only about 10% of my peers have even a basic understanding of these concepts, and even fewer understand them deeply enough to use them effectively in their work."

(Company C, Interviewee 1)

This situation highlights that the awareness of MMAPs remains low and keeps at a merely theoretical level not only found in individuals but among the accountant teams. This could be attributed to employees who have worked for many years often develop a deep comfort level with traditional practices and may be hesitant to adopt new approaches due to their complexity and the need for additional training. This aligns with the findings of Wu & Drury (2007), where accountants in SOEs are accustomed to using traditional management methods.

An interviewee from Company A, who worked nearly five years in accounting, highlighted,

"The concept of modern management accounting practices such as ABC, BSC, and TC is still quite novel in our setting. Most of our accounting team understands these concepts only at a theoretical level. We don't have a strong push to incorporate these MMAPs into our daily practices."

(Company A, Interviewee 2)

This reinforces the notion that while there may be some awareness of MMAPs, the actual integration into daily operations is minimal, suggesting a significant barrier in the adoption process. The Chief Accountant of Company B, which has over thirty years of experience in financial management, echoed this strengthening of theoretical knowledge, stated:

"In addition to traditional management accounting tools, I also have some understanding of modern management accounting practices. However, our management accounting practices have not reached the level of modern management accounting as you might expect. We still focus more on budgeting, standard costing, and cost-volume-profit analysis, which are traditional approaches."

(Company B, Interviewee 1)

This signifies an acquaintance with contemporary practices, but a persistent use of traditional tools as a result of organizational inertia or lack of adequate knowledge to effectively integrate MMAPs into their current systems. The shift towards modern practices in accounting can be terrifying for somebody who has been doing this work for decades especially when the present system appears satisfactory. The example of Company C also mirrors these issues in that they are aware but not applying substance. An accountant with six years' experience shared,

"I have an understanding of variable costing and activity-based costing. I learnt such courses in my college, but unfortunately, these aren't commonly applied in my day-to-day tasks. In practice, my work mainly revolves around traditional methods³."

(Company C, Interviewee 1)

Furthermore, this bigger problem reveals a theoretical gap between these SOEs and practical application thereof. For employees and managers who have spent many years in the field, sticking to tried-and-true methods is difficult to depart from due to

³ In this context, "traditional methods" refer to established accounting techniques that have been widely used in organizations for extended periods. Specifically, the interviewee mentions relying primarily on budgeting and standard costing.

insufficient exposure to new techniques resulting in an organizational culture resistant to change. According to one accountant from Company A,

"To be honest, my grasp on modern tools isn't all that strong. I know they're out there, and they're supposed to be really helpful for more strategic stuff, but I haven't got much real experience with them myself."

(Company A, Interviewee 2)

Even new employees with theoretical awareness of MMAPs can be limited in their practical application due to organizational priorities and lack of systematic training. This difference between knowledge and practice is prevalent in SOEs studied and highlights broader problems with Chinese state-owned enterprises that are deeply rooted in traditional practice.

Discussing the differences between traditional management accounting tools and MMAPs, the manager with more than fifteen years of experience in financial management explained,

"In my opinion, traditional management accounting tools are mainly used for financial reporting and monitoring, while modern management accounting practices focus more on providing decision support and management information to enterprises."

(Company A, Interviewee 1)

Another front-line employee from Company A, shared,

"The way I see it, traditional tools are about keeping the books right and managing costs, while the modern methods seem to be more about digging deeper—like, really getting into how we can drive the business forward and adapt to changes."

(Company A, Interviewee 2)

This highlights the perception that MMAPs is not only a financial tool, but also a key element of strategic planning and adaptability that allows SOEs to have a more

effective response to changing market conditions. A manager from Company B further distinguished between traditional and modern practices:

"Traditional management accounting is backward-looking; for example, when we do budgeting, we base it on the past two years' data and projections for the next two years. It looks at the past. Modern management accounting looks forward; it's based on future goals and development."

(Company B, Interviewee 1)

This comparison not only clarifies the proactive, future-oriented nature of MMAs but also illustrates that managers perceive a significant difference in approach, recognizing that surviving and thriving in today's competitive environment demands a departure from solely retrospective financial analyses. Similarly, managers in Company C highlight how MMAs such as the Balanced Scorecard and Activity-Based Costing transcend traditional cost control functions.

"In contrast, modern management accounting practices such as the Balanced Scorecard or Activity-Based Costing extend beyond mere cost control. They integrate strategic management aspects."

(Company C, Interviewee 1)

This indicates that MMAs facilitate a more integrated approach, linking financial performance with strategic objectives. Collectively, these statements collectively communicate that both managers and employees perceive modern management accounting practices as long-term, strategic, and forward-looking tools that go beyond financial numbers. Their perception demonstrates a fundamental understanding of MMAs as crucial for strategic planning and decision-making.

5.2 Traditional Tools Influence

In exploring the influence of traditional management accounting tools, empirical evidence suggests that all three companies significantly rely on traditional management accounting tools and have varying levels of awareness and preparation to adopt modern practices. Both Interviewees 1 and 2 in Company A emphasize the organization's high degree of utilization of traditional tools such as budgeting,

standard cost accounting, and performance measurement based on financial indicators. For instance, an interviewee stated,

"I am very familiar with traditional management accounting tools such as budgeting, standard cost accounting, and cost-volume-profit analysis. These tools are widely used in our organization."

(Company A, interviewee1)

In Chinese SOEs, traditional management accounting tools continue to dominate due to several factors. First, these organizations often prioritize stability and adherence to established processes (Fang & Ruan, 2023). As a result, there is a resistance to change, especially when it comes to fundamental aspects of financial management. Traditional tools such as budgeting, standard costing, and cost-volume-profit analysis have long been embedded in organizational culture (Sulaiman et al., 2004), making it difficult to deviate from established practices. In the absence of clear direction from senior management to adopt modern methods, employees default to the tools they are most familiar with, thus perpetuating the dominance of traditional methods. For instance, one interviewee stated,

"We don't have a strong push to incorporate these MMAPs into our daily practices."

(Company A, Interviewee 2)

This suggests that the organizations are generally satisfied with traditional management accounting tools and leaders are reluctant to explore new approaches, they are more focused on stability than innovation. Moreover, the reliance on traditional tools is perpetuated by a lack of exposure to MMAPs. Many employees, especially those with long tenure in the organization, are already trained in using traditional methods. The lack of structured training programs or incentives to adopt MMAPs further reinforces the status quo. An interviewee stated,

"In my department, the accountant's familiarity with the specific modern management accounting practice is still in the theoretical concept stage and has not been fully implemented in practical application."

(Company A, Interviewee 1)

Furthermore, Chinese SOEs typically exhibit a bureaucratic character which leads to complex decision-making processes (O'Connor et al., 2004; Brødsgaard et al., 2017). This inertia of bureaucracy is likely to slow down the adoption rate for new practices. As a result, SOEs prefer to keep using traditional methods even if they may not be effective in today's dynamic business environment. Sometimes big changes like moving towards MMAPs require stakeholders' buy-in and may need approvals at higher levels within organizational structure. For instance, an interviewee stated,

"The adoption of MMAPs is slowed down by the layers of approval processes and resistance from established leadership."

(Company C, Interviewee 2)

The entrenched hierarchical structures and resistance to change pose significant barriers to the adoption of MMAPs. As a result, the organization continues to prioritize stability and familiarity over the innovative approaches.

When contrasting traditional tools with MMAPs, it is clear that the former is deeply ingrained in organizational culture and processes. Traditional tools are considered reliable and familiar, as they provide a sense of security and predictability in financial management. Employees are used to using these tools because they have been trained to rely on them in their daily work. In contrast, MMAPs are often perceived as unfamiliar and complex, especially among employees with limited exposure to them. An interviewee made comment about MMAPs,

"Modern management accounting sounds fancy to us."

(Company B, interviewee 1)

While MMAPs have the potential for more sophisticated analysis and strategic decision-making, their adoption requires significant investment in training and organizational change. This transformation could prevent organizations from exploring MMAPs, especially when traditional tools have been recognised as sufficient for their operational needs. Furthermore, the perceived reliability of traditional tools may outweigh the potential benefits of MMAPs in the eyes of

decision-makers. Without clear evidence of the superiority of MMAPs or a successful business case for their adoption, organizations may be hesitant to invest resources in transitioning to new practices. As evidenced by an Interviewee,

"If modern management accounting is not done well, leaders may not be willing to adopt it."

(Company B, interviewee 1)

5.3 Training

Evaluating the training related to MMAPs in three Chinese SOEs, the interviews highlight a mixed landscape of educational experiences and a clear call for enhanced training programs. The varying degrees of training provided to employees have significant implications for the adoption of MMAPs across these enterprises. For instance, a senior financial manager from Company A disclosed a notable deficiency in formal training:

"Although I have not received specialized training or education on modern management accounting practices, I am willing to improve my knowledge and skills in this area through self-learning and training courses."

(Company A, Interviewee 1)

This statement reveals a proactive attitude towards learning MMAPs but also emphasizes the lack of coercive isomorphism for specialized training in these advanced accounting practices. Echoing this sentiment, another employee of the same company, reflecting on their training experience, noted,

"I haven't received much training specifically on modern management accounting practices. Most of my learning has been on-the-job and focused on traditional methods. We need a stronger foundation in accounting principles and more advanced training to truly accept and benefit from these sophisticated management tools."

(Company A, Interviewee 2)

This highlights significant gaps in formal training programs for MMAPs within organizations, suggesting that the learning process is largely dependent on individual initiatives rather than structured educational efforts. Reliance on on-the-job learning and traditional approaches alone creates a gap between theoretical awareness and practical adoption of MMAPs. Therefore, the training program in the enterprise does not fully address the knowledge gap. These statements illustrate how the training focus remains skewed towards traditional tools. This situation likely stems from the historical reliance on these methods for financial reporting, budgeting, and cost control, which has created the inertia not to adopt MMAPs. The lack of comprehensive training programs and structured guidance further reinforces this inertia.

In contrast, Company B seems to offer a more structured approach to training, as one interviewee suggested:

"I have also received education and training on modern management accounting practices, and relevant courses are arranged for us."

(Company B, Interviewee 1)

This structured training suggests that Company B may have the potential to better integrate these practices. Differences in the level of training of transnational enterprises can greatly affect their respective ability to effectively adopt and benefit from MMAPs. In Company C, the training experience varies between basic and incomplete knowledge. As one employee pointed out,

"We learnt what activity-based accounting is."

(Company C, Interviewee 1)

This shows some level of specific MMAPs education. However, another employee highlighted the limitations of their training:

"I received training on activity-based accounting, however, I didn't learn what a balanced scorecard is."

(Company C, Interviewee 2)

This reveals an approach that is partly used for MMAPs education, where certain tools are introduced, without a comprehensive framework that encompasses a broader set of key MMAPs components.

These observations highlight instances where certain employees exhibit positive behavior when seeking knowledge, but the overall approach to MMAPs training is generally lacking in consistency and comprehensiveness across three Chinese SOEs. Such inconsistency in the quality and extent of training likely hampers employees' readiness and capability to effectively implement MMAPs in their daily activities. Consequently, employees and managers may remain confined to the comfort zone of traditional management accounting tools, thereby limiting their understanding of MMAPs and their perception.

As highlighted by O'Connor et al. (2004), the availability of training plays a critical role in facilitating the transition to modern management accounting practices. Training is essential as it fosters absorptive capacity, which denotes the ability to acquire, assimilate, and apply relevant knowledge regarding appropriate innovations (Cohen & Levinthal, 1990). Without sufficient and targeted training resources, employees are more likely to continue using outdated methodologies. However, on the other hand, there are underlying reasons why comprehensive training has not been prioritized. One primary factor is the limited investment in learning resources, often driven by financial constraints or a lack of strategic foresight (Kaplan & Johnson, 1987). Additionally, some top managers may perceive advanced training as unnecessary, particularly if they believe that traditional tools are sufficient, especially in less complex business environments. The perceived simplicity of business operations may diminish the perceived need for MMAPs, thereby reducing the incentive for substantial training programs. As Maina et al. (2004) highlighted, a 'no need for change' attitude can be a significant factor, often rooted in the belief that traditional tools adequately meet organizational requirements.

5.4 Perceived Benefits and Opportunities

Throughout the interviews, it was evident that respondents have a widespread awareness of the potential benefits of MMAPs. However, while acknowledging the existence of these benefits, their responses also reflected superficial familiarity and

failed to capture the specific advantages offered by MMAPs. The core of these advantages is that MMAPs can go beyond the limitations of traditional financial reporting and provide decision makers with a panoramic view of organizational performance and strategic priorities. As Interviewee stated,

"MMAPs is more focused on providing decision support and management information to enterprises."

(Company A, Interviewee 1)

This acknowledgment highlights the strategic value that MMAPs can bring to an organization, which can provide actionable insights for decision makers. Moreover, MMAPs are recognized for their forward-looking nature, which enables businesses to respond effectively to change. This aligns with the perspective of Shao (2001), emphasizing the importance of a forward-looking approach in sustaining competitive advantage. For instance, one interviewee stated,

"Modern management accounting is a more comprehensive and forward-looking management tool."

(Company A, Interviewee 1)

Additionally, Interviewee 2 from Company C emphasized the role of advanced technology in providing deeper insights and facilitating long-term strategic alignment.

"Modern tools integrate advanced technology to provide deeper insights and foster long-term strategic alignment."

(Company C, Interviewee 2)

While the acknowledgment of technology's importance reflects a basic awareness of the modernization aspect of MMAPs, the interviewee believes that MMAPs is synonymous with modern technology, focusing more on the benefits of technology rather than the advantages of MMAPs itself. The advantages of modern technologies are illustrated, but a deep understanding of how MMAPs can transform technological advances into strategic advantages is lacking.

Beyond the recognized benefits, there is also recognition of the opportunities that MMAPs present to organizations. Interviewee 2 from Company B emphasized the importance of aligning with global practices,

"Modern management accounting practices look forward as they are based on global standards and development."

(Company B, Interviewee 2)

This recognition of global standards highlights the interviewee see MMAPs not only as an accounting practice, but also as a strategic tool for their organizations' future success in an increasingly global environment. By recognizing the importance of global standards, which implicitly acknowledged the need for organizations to evolve their accounting practices to remain competitive on a global scale. Another significant opportunity lies in the area of cost optimization and resource allocation. As interviewee emphasized that,

"Through modern management accounting practices, we can manage costs more accurately and optimize resource allocation, thereby improving the overall efficiency of the enterprise. For example, through Activity-Based Costing we can more accurately understand the costs related to specific activities."

(Company B, Interviewee 1)

This view is consistent with the findings of Gupta & Galloway (2003), where MMAPs enables more precise cost management and helps identify areas of inefficiency for cost savings. By reference to ABC as an example suggesting a deeper level of understanding, Interviewee 1 from Company B appeared to have a greater understanding of the potential benefits of MMAPs.

However, most of the interviewee's acknowledgment seemed to be more from theoretical knowledge rather than practical experience or deep understanding. The response by the interviewee showed an abstract knowledge on how important MMAPs is but not how it could be used in any organizational set up. This chasm shows their limited grasp with MMAPs thereby exposing the disparity between conceptual knowledge and operational reality. Hence, though respondents admitted to

some of the advantages obtainable through implementing MMAPs, their answers were mainly general instead of being substantive in nature. In a nutshell, they relied on half-baked information and stereotypes rather than actual facts. Most times, their responses were hesitant about MMAPs showing lack-of-confidence in its understanding or application. For instance, an interviewee stated,

"My understanding of modern management accounting practices is relatively limited."

(Company A, Interviewee 1)

5.5 Adoption Level and Challenges

5.5.1 Adoption Level

The adoption of MMAPs among three Chinese SOEs remains a complex issue characterized by varying degrees of theoretical understanding and practical adoption. Interviews show that while most accountants have a conceptual understanding of MMAPs (e.g. ABC, BSC and TC), there is virtually no practical adoption. According to the manager from Company A,

"The familiarity of accounting personnel with specific modern management accounting practices such as ABC, BSC, and TC remains at the theoretical concept stage, and has not been fully implemented in practical applications."

(Company A, Interviewee 1)

This theoretical knowledge of MMAPs is in stark contrast to the lack of practical adoption, which shows that familiarity alone is not enough to be practical. In these SOEs, it is clear that their integration is still at an early stage. As Interviewee 2 from Company A pointed out,

"There's been some discussions about moving towards more modern accounting practices, kind of updating how we do things around here. But it's all still very much in the discussion phase."

(Company A, Interviewee 2)

This presentation reflects the preliminary nature of MMAPs adoption efforts in SOEs, where discussions about MMAPs are taking place, but practical adoption remains elusive. An employee from Company C similarly noted,

"Currently, our organization has not adopted any modern management accounting practices such as ABC, TC, or BSC."

(Company C, Interviewee 1)

Despite recognizing the value of MMAPs, Company C remains rooted in traditional tools. However, there has been some proactive discussion and preliminary planning regarding the integration of performance management and risk management frameworks. Yet, these initiatives are still *"in the nascent stages, and the actual implementation has been gradual and cautious"* (Company C, Interviewee 1). This deliberate pace reflects an organizational culture that emphasizes careful assessment and incremental change. As a result, while Company C has initiated preliminary discussions towards adopting MMAPs, the adoption degree remains particularly limited, highlighting the company's strategic preference for gradual progress rather than rapid, transformative change.

In Company B, where adoption remains rooted in theoretical concepts and limited, the Chief Accountant shared,

"Our management accounting practices have not reached the level of modern management accounting as you might expect. We still focus more on budgeting, standard costing, and cost-volume-profit analysis, which are traditional approaches. We already call it management accounting."

(Company B, Interviewee 1)

This Chief Accountant acknowledged a gradual shift over the past decade toward what is now referred to as "management accounting," but actual adoption of advanced tools remains superficial, shared,

"I know something about this, but specifically in the financial aspect, we haven't really used the balanced scorecard much SOEs used to primarily focus on accounting for transactions, but in the past decade, with rapid development

in China, we have shifted more towards what you call management accounting."

(Company B, Interviewee 1)

Although there's an awareness of the strategic value MMAPs offer, the pace of their adoption is hindered by traditional methods that still dominate decision-making processes.

The adoption degree of MMAPs in the selected three SOEs remains at an elementary level, consistent with the findings of Sulaiman et al. (2004) and Wu and Drury (2007). These studies found that the use of contemporary management accounting tools in Chinese SOEs was limited, as these enterprises sought to preserve long-standing traditional practices. However, it is striking that almost 20 years later, the adoption of MMAPs in state-owned enterprises is still similar to the levels observed two decades ago. This indicates a consistent adherence to traditional methods and resistance to change, indicating a deep organizational culture that favors familiarity over transformative change.

5.5.2 Challenges

A significant challenge that contributes to this theoretical-practical divide is the absence of clear organizational directives and targeted training initiatives. In Company A, another employee noted,

"We don't have a strong push to incorporate these MMAPs into our daily practices, nor do we have the relevant instructions and training that require us to do so, so I don't know how to use these tools to improve our business processes."

(Company A, Interviewee 2)

This lack of directives reflects a broader issue within the enterprise, where the limited institutional support and absence of comprehensive training resources prevent employees from developing practical skills to adopt MMAPs effectively. The issue is worsened by absence of supportive technological infrastructure and management accounting information platforms as observed by Chief Accountant from Company B,

"There's a lack of technology and data systems."

(Company B, Interviewee 1)

High adoption costs represent another significant barrier, which includes not only the direct financial outlay, but also the time required for organizational change and the learning associated with the new approach. As one manager noted,

"Implementing them in the enterprise might require significant investment in time and cost."

(Company B, Interviewee 1)

Similarly, one employee from Company C shared,

"We have mainly focused on maintaining traditional practices because of our existing infrastructure and the costs of transitioning to new systems."

(Company C, Interviewee 1)

This recognition emphasizes that the adoption process demands substantial resources and strategic foresight to ensure a smooth transition.

Change has been resisted because adopting MMAPs requires a cultural change across departments and a willingness to move away from entrenched traditional processes. This means that the collaboration with various departments and through a change in mindset is of critical for adoption to be effective, as the chief accountant of Company B said,

"It requires cooperation from everyone, for instance, if the finance department isn't cooperating or those involved in internal processes aren't willing, it won't be effective. Additionally, changing traditional mindsets is challenging."

(Company B, Interviewee 1)

Adopting MMAPs would require a relatively large-scale rearrangement that maybe seen as risky and shrouded in uncertainties especially in SOEs according to an employee from Company C,

"There is also a cultural resistance to change. Implementing MMAPs would require a significant transformation in our current processes, which is often viewed as a risk with uncertainties."

(Company C, Interviewee 1)

Another interviewee from Company C also acknowledged that:

"The transition appears daunting due to our existing frameworks and the scale of required change."

(Company C, Interviewee 2)

The transition to sophisticated management accounting systems like MMAPs involves more than just training; it necessitates a comprehensive cultural shift. As that manager from Company C noted,

"It would require a fundamental shift in our organizational culture and processes, which is particularly challenging due to the inherent risks and uncertainties of altering long-standing practices in a SOE context."

(Company C, Interviewee 2)

Due to this, there are serious challenges inherited from entrenched organizational inertia and traditional processes which makes it difficult for MMAPs adoption. Furthermore, such reluctance indicates cultural conservatism which prefers maintaining status quo practices even though they may be archaic as changing long-established operational models are perceived as risky.

The unwillingness to adopt MMAPs may come out because they appear inappropriate for particular situations. This perceived lack of suitability, as reflected in the responses from Company B Interviewee 1,

"These practices are more suitable for large manufacturing enterprises with complex products.... We haven't fully implemented them yet."

(Company B, Interviewee 1)

Similarly, Interviewee 2 admitted,

"Perhaps, due to the nature of our products⁴, these modern methods may not be particularly suitable."

(Company B, Interviewee 2)

An entrenched belief is being expressed from this standpoint, that MMAPs are too complex and need a lot of resources to support them; hence they are not suitable for organizations with simple product lines or operations. What this also means is that the company still relies on conventional management accounting methods like budgeting, standard costing as well as cost-volume-profit analysis. The notion derives from deeply rooted habits within the organization where people prefer staying in their comfort zones rather than risking for something better. In other words, adopting MMAPs becomes difficult owing to such organizational inertia, or resistance to change (as discussed above). This usually results from a combination of familiarity with existing practices, perceived financial constraints and lack of strategic foresight. Little reason exists in many instances for senior managers to overhaul dated systems if they believe current methods serve their operational requirements (Sulaiman et al., 2004).

Also worth mentioning here is the large-scale nature of the required transformations accompanied by a conservative culture prevalent in an organization which makes it even more difficult to adopt MMAPs. Most often such practice finds its roots in a risk-avoidance attitude aimed at maintaining stability and incremental improvements but not going through any major changes. As one interviewee remarked,

"Our organizational culture favors a conservative approach to significant changes."

(Company C, Interviewee 1)

highlighting how deep-rooted these attitudes are. Cultural conservatism often prevents the development of practical expertise necessary for adopting MMAPs, as employees are conditioned to rely on existing processes. This reliance is further exacerbated by

⁴ The product manufactured by Company B involved a diverse range of sectors including new chemical materials, special chemicals, agricultural chemicals, petroleum processing and refining, rubber tires, and chemical equipment. The nature of these products is strategic and often confidential, especially those potentially intended for military use.

entrenched traditional practices, which act as barriers to modernizing management accounting practices. As the manager in Company C stated that

"The primary barriers include a lack of familiarity with modern practices among staff and entrenched traditional processes that are resistant to change."

(Company C, Interviewee 2)

The lack of familiarity with modern methodologies like ABC and BSC is particularly problematic because successful adoption requires not just understanding their theoretical frameworks but also applying them effectively within specific organizational contexts. Therefore, the adoption of MMAPs is viewed as a disruptive process that challenges long-standing practices, making organizations apprehensive about moving beyond incremental improvements.

This challenge is exacerbated by conservative business models, especially those associated with state-owned military enterprises in which customer service is less important than price control, and consistent production outputs. One interviewee explained that,

"The balanced scorecard emphasizes customer service, which may not be very applicable to state-owned military enterprises like ours, where we are the sole producer and have pricing control."

(Company B, Interviewee 1)

These SOEs are generally unwilling to shift from conventional business metrics towards customer-centric metrics or methodologies. Company C is faced with similar challenges although they recognize the theoretical potential benefits of MMAPs,

"A tangible shift towards these modern practices hasn't been initiated."

(Company C, Interviewee 2)

Lack of expertise is still an emerging problem. From junior employees to senior managers, these SOEs face a wide range of problems caused by the skills gap. At the management level, as pointed out by a senior manager from Company A, there is a

noted deficiency in professional management accounting personnel capable of driving the adoption of MMAPs.

"The main challenges we face ... include a lack of professional management accounting personnel."

(Company A, Interviewee 1)

This lack of skilled personnel is mirrored by observations from less experienced employees who acknowledge significant gaps in their own qualifications and understanding of advanced accounting techniques. As pointed out,

"One of the major challenges we face is the overall level of professional expertise among our accounting staff. To be honest, there's a noticeable gap in professional knowledge ... including myself."

(Company A, Interviewee 2)

The seasoned Chief Accountant from Company B also recognized this significant challenge, stating that:

"There's difficulty in the need for personnel quality and consciousness development."

(Company B, Interviewee 1)

This suggests that the current training and development paradigms are insufficient for fostering the necessary skills and innovative thinking required for MMAPs. An employee from Company C similarly shared,

"Many employees and managers lack the necessary skills to shift to more sophisticated systems."

(Company C, Interviewee 1)

These observations align with academic insights from Maina et al. (2004) and Haldma & Lääts (2002), who emphasize that the scarcity of qualified accountants severely impedes management accounting change. As well as Wu et al. (2007), which point out that the general lack of advanced accounting knowledge limits the diffusion of

innovative practices within Chinese SOEs. The prevalent use of outdated and traditional methods is often perpetuated by a training system that fails to address modern demands, thereby reinforcing a cycle of educational and professional inadequacy.

6. Discussion

6.1 Entrenched Practices and Resistance to Change

Interviews with managers and employees of three Chinese SOEs indicate that there is a significant gap between MMAs theory and practice. While managers demonstrated some proficiency with traditional tools, such as budgeting and standard costing, they showed limited knowledge of MMAs, such as activity-based costing (ABC) or Balanced Scorecard (BSC), which are strategic orientated. This gap can be explained by old institutionalist theory, which illustrates deep-rooted institutional arrangements that resist change. The familiarity of traditional management accounting tools in these three SOEs reflect their long history and the cultural background in which they operate. Here, accounting methods such as standard costing and budgeting do not just exist as a form of cultural operation. Rather, they serve as conservative pillars to ensure continuity and certainty in the risk-averse environment typical of SOEs, where changing entrenched practices usually meets considerable opposition. In addition, sticking to traditional tools may be seen as a sign of conservatism, and they are skeptical of modern MMAs or see it as redundant, even though MMAs may lead to better results for the organization. These sophisticated tools have the potential to improve decision-making and operational efficiency, but they remain only in terms of theoretical awareness, so practice may face significant obstacles, as evidenced by interviews with Chinese SOEs with in-house training. This situation is not just a preference for familiar practices but reflects a deeper aspect of these SOEs' reluctance to change the status quo, where predictability and control take precedence over the possible benefits of innovation and strategic vision.

In these three SOEs, employees lack training and education programs that would enable them to acquire the skills needed to adopt advanced management accounting techniques. This lack of educational support is not just an oversight but indicates a

wider institutional framework that is biased towards maintaining stability and predictability of business processes over ongoing professional development (Burns & Scapens, 2000). As a result, this lack of information and skills leads to reliance on outdated practices and decreases the probability for acceptance of more complex accounting methods. This risk aversion is further enhanced by not being willing to invest in the required training and development i.e. heavy caution about the direct and indirect costs of implementing new technologies (Otley & Berry, 1980). Besides, retraining staff to take advantage of these advanced tools in management accounting involves a significant financial commitment as well as essentially a major cultural shift within the organization. This usually falls on deaf ears when traditional leaders who are skeptical about such changes obstruct progress (Burns & Scapens, 2000). Changes that challenge established conventions present particular difficulties and are often harder to implement than those which merely conform or build on extant practice (Burns & Scapens, 2000). Moreover, SOEs follow hierarchical lines which means they are bureaucratic in nature hence respect for status and seniority are highly emphasized. Moreover, the hierarchical and bureaucratic nature of SOEs emphasizes respect for status and seniority, essentially resisting changes that require reconfiguration of power dynamics or control mechanisms (Wu et al., 2007; Baird et al., 1990). This resistance is rooted in an institutional context, discussed in detail in *Section 6.2*, where the value of stability and predictability trumped the potential gains of efficiency or innovation. The challenge of adopting new approaches is again compounded by the hierarchical and often slow decision-making process, as multiple levels of approval and consensus are required, each with its own vested interest in maintaining the status quo.

As Pierson (2000) discusses, the concept of 'institutional stickiness' provides a valuable insight by which to examine resistance to the adoption of MMAPs by state-owned enterprises studied in the tobacco, chemical, and water supply industries. This resistance is deeply rooted in the simplicity of its business model and the stability of its operations, so these factors naturally discourage innovation and justify the low opportunity cost of maintaining traditional practices. These characteristics create an environment in which the inertia of existing systems and processes is reinforced and preferences for established methods are retained despite the existence of potentially more efficient alternatives.

Company A is located in the heavily regulated tobacco industry and benefits from minimal competition and stable demand. This has created an environment where existing traditional accounting practices are rarely questioned. In this context, we can see the stickiness of institutions because such practices are deeply entrenched and supported by regulatory protection and market stabilization. It is usually thought that in such an environment, adoption is not necessary but rather a hindrance to decision making. This perspective is underpinned by the predictability of the market as strategic vision and agility are less urgent hence favoring an established manner of control and predictability through existing accounting methods (Burns & Scapens, 2000). In a similar way, it has been argued that Company B in the chemical industry benefits from strict regulations due to its product nature, thus leading to conservative operations. Moreover, institutionalized stickiness within this sector increases with reliance on long-term stable production processes as well as health safety and environmental compliance. These considerations have led to a perception that existing accounting methods sufficiently meet regulatory and security priorities thereby reducing the desire to adopt complicated and disruptive MMAs (Otley, 1980). The third case of study is on Company C which operates as a public welfare enterprise in water supply. It provides basic public services and demonstrates strong institutional stickiness as it does so. Notably, the traditional practices that the sector has relied on for many years have been accentuated by its relentless concentration on reliability and public accountability, which also followed its having stable demand. The significance and simplicity of water services tend to diminish the value attached to incorporating more convoluted management accounting innovations (Covaleski et al., 1996).

Due to the limited competition faced by SOEs, MMAs often seem as if they are just extra complications in decision-making rather than valuable strategic investments. This is confirmed by the environments within which these companies operate quite predictably, where forward thinking and agility are not priorities. Hence, conventional accounting tools stressing control and predictability still dominate resulting into less incentive to encourage companies investing in advanced accounting systems (Granlund & Lukka, 1998). Therefore, this conservative institutional stickiness may hamper strategic flexibility while obstructing operational efficiency organizationally within this changing economic climate. Those SOEs' resistance to change has strong cultural and historical foundations reflecting an enduring preference for maintaining

the status quo rather than pursuing efficiency improvements or strategic insight (Dillard et al., 2004). This situation highlights the challenges these SOE's face in adopting innovative practices amidst a highly resistant environment to change.

6.2 Normative Influence on the Adoption of MMAPs

The compliance to the theoretical knowledge of MMAPs by the managers and employees in Chinese SOEs indicates a receptive attitude towards new ideas. Nevertheless, China's unique national culture means that the effects of particular management accounting practices may differ considerably compared with findings obtained elsewhere or in other countries (Chow et al., 2006). In Chinese culture, knowledge and education are highly respected. As Chen (2005) authored, Confucianism considers education as a crucial aspect of self-improvement. The values have been deeply rooted in Chinese society thereby contributing to a learning-oriented cultural setting. This has majorly influenced Chinese behavior within SOEs where an environment has been created whereby, they appreciate new skills and knowledge. Generally, this cultural disposition towards continual learning and professional growth creates an atmosphere where it is inherent for employees and managers to embrace new ideas and concepts, especially those that are advancements in their area of specialization such as MMAPs. Furthermore, education is highly esteemed in Chinese culture not only because of its intrinsic value but also because it enhances one's professionalism abilities and career prospects (Underwood et al., 2002). People actively seek opportunities for learning and skill acquisition as a means of personal and professional advancement. This cultural tendency toward continuous learning leads individuals to accept innovative management approaches such as MMAPs.

Although Chinese SOEs employees are theoretically receptive to new ideas because cultural norms value education and self-improvement, hierarchical communication norms and respect for authority may hinder the actual implementation of these ideas. This leads to a gap between theoretical understanding and practical implementation. Chinese culture places a strong emphasis on respect for authority and hierarchical structures, as Chow et al. (2001) suggest that compared to the USA, Chinese nationals may be more willing to accept imposed high-performance standards, reflecting cultural tendencies to respect authority and adhere to hierarchical structures. The hierarchical nature of Chinese organizational culture may result in employees being

willing to accept performance directives from superiors, even if these directives are imposed without consultation. In this context, employees often obey the instructions of their superiors without questioning (Snell, 1999), reflecting a normative tendency to respect authority. As evidenced by the interview, the instructions from superiors may prioritize theoretical understanding over practical implementation. Consequently, the lack of proactive endorsement or involvement from senior management in the practical adoption of MMAs may lead to resistance, limiting the integration of these practices into daily operations.

In Chinese cultural context, collective harmony and cohesion are more important than individual success (Chow et al., 2000). As a result, decision-making processes and performance evaluation frameworks often prioritize the overall effect. Under such circumstances, it may be difficult to use MMAs which tend to emphasize individual contribution and responsibility. For example, while applying responsibility accounting entails breaking large organizations down into centers of responsibility each with authority and responsibility assigned to a department head (Khatun, 2011). Interviews have shown that employees in SOEs may be more conservative, following the Chinese customs of keeping with collective norms over advocating for or actively getting involved in individual-oriented initiatives that focus on recognizing outstanding performance. This all-in-one approach not only shapes the organizational culture but also influences the significance and acceptability of MMAs. On the other hand, it could appear as a deviation from existing norms of collaboration and teamwork. Consequently, sticking to traditional management accounting tools by SOEs might also reflect their wider cultural inclination towards collectivism as well as one unit mentality in these organizations.

The idea of job security is deeply ingrained in the traditional management practices of Chinese SOEs (Luo & Zhang, 2009; Qian et al., 2015). For example, jobs in Chinese SOEs are often referred to as “iron rice-bowls”, which means that employees enjoy relatively stable employment and welfare benefits within the organization (He et al., 2018). This stability and long-term commitment encouraged the employees’ loyalty and stability. Nevertheless, it may also serve as a barrier to embracing new approaches, particularly in emerging fields such as MMAs. Employees generally prefer time-honored procedures and routines found in conventional management norms hence their skepticism towards adoption of new management accounting

practices (O'Connor et al., 2004). The introduction of MMAPs could disrupt ongoing work processes with resultant need for staff training on new skills thereby creating increased workload which those who have been used to iron rice-bowl-like jobs may deem unnecessary. According to Wu & Drury (2007), heads of SOEs often seek to reduce shortcomings by incorporating specific practices that are in line with the local ones which have already been established. They are afraid that these forms of longer employment will not allow any changes associated with other new methods since they think that they will only put their jobs at risk or even complicate them unnecessarily. Therefore, for this reason, MMAPs require a different mindset rather than just skills, the mindset might seem as being against the principles instilled by "iron rice bowl" culture held within the Chinese organizations. When viewed from this perspective, unchanged and long-term practices entail more than just a plus; it is seen as a right, a vital aspect in labor relations within China's SOEs. Therefore, resistance frequently greets the introduction and implementation of such systems as MMAPs given that they involve more than mere changes in working procedures, but they stand for essential alterations in organizational values and security net offered by an organization. Such changes may encounter considerable resistance from employees who perceive them as unnecessary risks that could destabilize their work environment.

According to DiMaggio & Powell (1983), organizations in the same field tend to converge over time, adopting similar practices and structures to gain legitimacy and cope with uncertainties. This process, known as normative isomorphism, highlights the role of professional training and certification in standardizing management practices across organizations. This convergence is significantly influenced by the educational systems that instill and spread professional norms across industries. Granlund & Lukka (1998) specifically highlight the crucial role that university education plays in establishing these organizational norms, which guide professional behavior and expectations.

On one hand, as educational and professional institutions advance, they play a crucial role in embedding and spreading modern management accounting knowledge, progressively influencing the managerial perspectives within SOEs (Burns & Scapens, 2000). In China, however, there is a notable gap in the educational

curriculum for accounting students, particularly in the area of management accounting. Chow et al. (2006) found that only an average of 2.36% of the total required credits for undergraduate accounting students are allocated to management accounting courses. This minimal exposure to management accounting at the educational level reflects a broader professional norm that emphasizes technical accounting skills over strategic and managerial capabilities. Without a strong foundation in management accounting, professionals may struggle to contribute effectively to strategic decision-making processes. MMAPs typically require accountants to interpret complex data, such as Balanced Scorecards (BSC), in a way that is driven by strategic direction. If the education system emphasizes technical skills rather than strategic and managerial skills, this capacity will not be fully developed. As a result, this educational focus indirectly shapes the strategic capabilities of SOEs and can lead to decisions relying more on traditional indicators and less on comprehensive, strategy-oriented analysis.

On the other hand, key organizations like the Chinese Institute of Certified Public Accountants (CICPA) have had a significant influence on the development of accounting practice norms and standards, guiding the field of expertise and shaping the practices of these firms. However, despite the significant impact of the CICPA, there is still a significant gap in the professional accounting field in China: there is a lack of a separate professional designation equivalent to that in Western countries (Chow et al., 2006). For instance, the Chartered Institute of Management Accountants (CIMA) in the United Kingdom and the Certified Management Accountant (CMA) certification in the United States prepare accountants with skills in strategic management, risk analysis, and financial management, bridging the gap between financial accounting and strategic business management (CIMA, 2024; IMA, 2024). These national institutions are often aligned with dominant international trends and legislation, and they are often key channels for the diffusion of global practices into national contexts (Granlund & Lukka, 1998). However, professional norms in China, influenced heavily by the existing educational framework and regulatory standards, focus predominantly on technical accounting skills. The CICPA administers qualifications that emphasize mastery of traditional accounting practices with little emphasis on broader strategic issues such as strategic management, organizational change, and Information and Communication Technology (ICT). This focus reflects

an educational and professional normative framework that prioritizes technical proficiency over strategic and managerial competence (Chow et al., 2006). This emphasis on traditional education deeply influences the ability of accountants to engage with and apply advanced management accounting practices effectively. Empirical evidence shows that, due to the lack of education in this area, the understanding and practical application of MMAPs among accountants in three SOEs in China still remain at the theoretical level. This lack of comprehensive management accounting education means that professional accountants in China might be less equipped to tackle complex strategic challenges, resulting in a reliance on outdated practices and a slower adaptation to advanced management practices.

7. Conclusion

7.1 Conclusion

This study examines the awareness and adoption of modern management accounting practices (MMAPs) within China's state-owned enterprises (SOEs), revealing a complex landscape shaped by cultural, institutional, and organizational dynamics. The findings show that there is some level of understanding of MMAPs on general terms among management and accounting staff in these studied SOEs, but this knowledge is usually superficial without practical skills or knowledge. In spite of the appreciation for strategic benefits accrued from such tools like activity-based accounting (ABC) and Balanced Scorecard (BSC), this awareness is largely superficial with little comprehension or application in practice. This can be attributed to the lack of systematic training among three SOEs. Moreover, interviews demonstrated that managers are aware of benefits associated with these practices, yet it is evident that there is a significant gap between theory and practice when it comes to implementing them. This has resulted from deeply entrenched traditional practices which are reinforced by hierarchical organizational structures and cultural focus on stability and control rather than innovation. The continued use of traditional management accounting tools demonstrates a strong resistance to change that is supported by institutional stickiness that favors existing practices over new, potentially disruptive alternatives. This study applies old institutionalism and normative isomorphism theory to express how historical, cultural, and normative forces work together to

impede the adoption of MMAPs. The findings suggest that while there is a theoretical understanding of the benefits of MMAPs, practical adoption is limited by current institutional environments and cultural norms, including traditional Chinese management norms that prefer well-established routines and procedures, and an educational and professional norm that prioritizes technical proficiency.

7.2 Contributions

This study contributes to both academic knowledge and practical understanding in several ways. First, it adopts contemporary and in-depth insights into MMAPs within SOEs in China, thereby providing an updated perspective on management accounting practices for the management of transition economies. Second, applying the theoretical framework to explain the slow adoption of MMAPs and the application of integration enriches the discourse on the impact of institutional and cultural factors in shaping organizational behavior in accounting practice. Lastly, by contextualizing management accounting within the specific framework of Chinese national and corporate culture, this research provides depth to our understanding of the localized ways in which management accounting practices are practiced globally.

7.3 Future research directions

Therefore, there is room for future research. First, broadening the sample size and diversifying it to encompass a wider range of SOEs across various sectors and regions within China would enhance the generalizability of the results. Second, conducting longitudinal studies would be invaluable in tracing the evolution of management accounting practices over time, thereby identifying long-term trends and shifts within SOEs. Lastly, undertaking detailed case studies of individual SOEs that have successfully integrated MMAPs could serve as instructive examples, providing practical roadmaps for other enterprises in the sector.

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9. Appendices

Appendix 1 - Interview Guide

Section 1: Respondent Background

1. Position and Role:

- What's your current role and position within the organization?
- How many years of experience do you have in this field?

Section 2: Traditional Management Accounting Tools

2. Familiarity and Use:

- How familiar are you with traditional management accounting tools such as budgeting, standard costing, and cost-volume-profit analysis?
- Can you provide examples of how these tools are applied in your daily operations?

Section 3: Modern Management Accounting Practices (MMAPs)

3. Awareness and Understanding:

- What is your understanding of modern management accounting practices like Activity-Based Costing (ABC), Balanced Scorecard (BSC), and Target Costing (TC)?
- Are these practices currently being used in your organization? If so, how?

4. Integration and Application:

- What efforts have been made to integrate MMAPs into your organization's operations?
- Can you describe any specific projects or initiatives that have utilized these practices?

Section 4: Comparative Analysis

5. Differences Between Traditional and Modern Tools:

- In your view, what are the key differences between traditional management accounting tools and modern practices?

Section 5: Organizational Impact and Changes

6. Benefits and Challenges of MMAPs:

- Do you think modern management accounting practices (MMAPs) are more effective than traditional tools in solving the challenges your organization faces?
- What do you think is the importance of management accounting practices in your organization's overall decision-making process?

7. Training and Education:

- Have you received any specialized training in modern management accounting practices?
- Do you think your organization would benefit from further investment in training and development related to modern management accounting practices?

Section 6: External Influences

8. Government Policies and Regulations:

- How do government policies and regulations influence the adoption of management accounting practices in your organization?

9. Corporate Culture and Leadership:

- How does the corporate culture and leadership style within your organization influence the adoption of modern management accounting practices?

Closing

10. Additional Insights:

- Are there any other comments or insights you would like to share regarding the management accounting practices within your organization?

Appendix 2 - Message to respondents before formal interview

尊敬的受访者，你好！我们是在瑞典隆德大学攻读会计与金融硕士学位的学生。我们的研究主题旨在探索中国国有企业（SOEs）中现代管理会计实务（MMAPs）的演变格局，具体研究这些实践的认知程度和采纳情况。

本研究的目的是深入了解现代管理会计实务如何被整合到中国国有企业的战略和操作框架中，以及识别影响其采纳的因素。此研究旨在为学术知识和实践见解做出贡献，这些见解可能有助于进一步开发和优化国有企业中的管理会计实践。

作为本研究的受访者，您的参与对本研究至关重要。凭借您在中国国有企业工作的广泛经验和洞察力，您的贡献将提供全面的视角以审视管理会计实践在该领域的当前状态和未来轨迹。

请放心，提供的所有信息将被严格保密，仅用于学术目的。任何共享的数据都将被匿名处理，以保护受访者和受访者所在组织的身份。

随后您将收到一份采访提纲，为了更高效地进行采访，请您仔细阅读并准备好回答其中的问题。谢谢！

Dear interviewee, we are students pursuing a Master's degree in Accounting and Finance at Lund University in Sweden. Our research topic aims to explore the evolving landscape of modern management accounting practices (MMAPs) in Chinese state-owned enterprises (SOEs), specifically examining the level of awareness and adoption of these practices.

The purpose of this study is to gain a deeper understanding of how modern management accounting practices are integrated into the strategic and operational framework of Chinese SOEs, as well as to identify the factors that influence their adoption. This study aims to contribute to academic knowledge and practical insights

that may help further develop and optimize management accounting practices in SOEs.

As an interviewee in this study, your participation is essential. With your extensive experience and insights from working in Chinese SOEs, your contribution will provide a comprehensive perspective to examine the current state and future trajectory of management accounting practices in this field.

Please be assured that all information provided will be kept strictly confidential and used for academic purposes only. Any data shared will be anonymized to protect the identity of the interviewee and the interviewee's organization.

You will then receive an interview guide. In order to conduct the interview more efficiently and effectively, please read it carefully and be prepared to answer the questions. Thank you!