



AICPA Invitation to Submit Management Accounting Research Proposals and Grant Proposal Guidelines

Initial Research Project:

- **Non-financial performance measures**
- **Integrated financial and non-financial performance reporting systems**

June 1, 2006

About the AICPA

The American Institute of Certified Public Accountants is the national, professional organization for all Certified Public Accountants. Its mission is to provide members with the resources, information, and leadership that enable them to provide valuable services in the highest professional manner to benefit the public as well as employers and clients.

Management Accounting Research

Over 140,000 CPAs, over 40% of the AICPA membership, practice the profession in business and industry. These members serve in a wide range of capacities in publicly held, privately owned and not-for-profit organizations. Their responsibilities in those organizations have become increasingly broad over time, encompassing strategy execution, performance management and value creation activities, in addition to traditional financial and management accounting and reporting functions.

For more than a decade the AICPA has supported practice-based research in management accounting topics. The primary activity has been in developing Management Accounting Guidelines in collaboration with the Society of Management Accountants of Canada (CMA-C). These Guidelines have encompassed a wide range of topics in the areas of Strategy, Management, and Measurement, including titles such as *Evaluating Performance in Information Technology*, *Integrating Social and Political Risk into Investment Decisions* and *Measuring and Improving the Performance of Corporate Boards*.

The AICPA is committed to extending its support of research in the management accounting profession by funding academic research that will advance the body of knowledge, provide thought leadership, and advance management accounting practice.

Broad Objectives of the Research

In recent decades there have been many new developments in the areas of strategic management, performance measurement, enterprise risk management and internal controls.

Executive management, board members, audit committee members, investors, lenders and other stakeholders in our increasingly knowledge-based, intangible asset driven economy have a need for critical information about the drivers of strategic success and potential threats to achieving the strategic objectives of the organization that extends beyond traditional financial statements and disclosures.

On a related front, the AICPA has worked to develop enhanced financial reporting concepts that embrace the development and disclosure of the type of information being demanded and continues to support the Enhanced Business Reporting Consortium whose task is to facilitate the development of an Enhanced Business Reporting framework,

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leveraging the input of participants from around the world with the common objective of improving the functioning of capital markets.

As pressure intensifies from both internal and external parties for reporting on strategy selection and execution, critical business drivers and potential threats to success, the management accounting profession needs to continue to improve its ability to provide meaningful, relevant and reliable information for management and investment decision making.

It is at this intersection of management accounting and financial reporting that the AICPA would like to focus this initial round of what is intended to be an ongoing program of academic research. Guidelines for submission of proposals follow.

Invitation to Submit Proposals: Initial Project

For this initial research project the AICPA seeks proposals for research relevant to:

1. Purposes of supplementing financial measures with non-financial performance measures.
2. Non-financial performance measure selection, validation of measures and outcomes, and reporting.
3. Effectiveness of systems for internal and external reporting that integrate both financial and non-financial performance measures.

Although specific research questions have not been identified, it is expected that in addition to the broad objectives of advancing practice, providing thought leadership and advancing the body of management accounting knowledge, the research would provide direction and stimulate the identification of further research questions that would lead to the development of best practices.

Research Methodology

All types of research methods are acceptable (e.g., archival, experimental, survey, field, analytical) if properly justified by the researcher. The proposal should contain a full description of the proposed method (or methods) and the rationale for the choice of method.

The AICPA seeks to have the research completed by July 31, 2007 and a practitioner version of the findings completed by August 31, 2007 for publication in the AICPA's *Journal of Accountancy*. Research proposals should reflect methodologies that can be conducted in compliance with this schedule.

The AICPA will endeavor to provide access to member company personnel and data through communication of the selected research proposal in its BusIndNews e-newsletter for members in business and industry. However, access and participation in the research

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process will be solely at the discretion of the individual member and their employing company.

Publication of Research Results

Researchers will prepare a professional final report, an academic paper aimed at publication in a major academic journal, and a practitioner version of the findings suitable for publication in the AICPA's *Journal of Accountancy*.

The *Journal of Accountancy* is a teaching magazine for the accounting profession with a readership of more than 550,000 decision-makers or influencers in corporations, institutions and CPA firms. Over 44% of *JofA* readers work in businesses in positions from staff accountant to chief financial officer. While the AICPA intends for the findings to be published in the *Journal of Accountancy*, all articles submitted must meet editorial guidelines, and be subject to editorial review processes established by the *JofA*.

It is also expected that the researcher will present practitioner relevant findings in an AICPA web seminar, webcast, conference or other member forum. The researcher agrees to acknowledge the AICPA's support in any publications or presentations arising from the AICPA-funded research.

Guidelines for the Submission of Proposals

Proposals should be submitted electronically, and contain the following information:

- Discussion of the expected contribution of the research and how the research will address the AICPA's objectives.
- Abstract of research objectives and clearly defined research questions.
- Brief summary of relevant background theory and prior empirical research related to the proposed research question(s).
- Description of research method(s) that will be used to address the research questions.
- Timetable with milestones timed to ensure completion of research by July 31, 2007.
- Data requirements, including how confidentiality will be preserved as required.
- Brief statements of particular qualifications of the researcher(s) that relate to the requirements of the project and a current CV.
- A proposed budget for producing the research and reports and at least quarterly reporting on progress in attaining the milestones and on budget expenditures.

The level of detail provided should be determined by an overall proposal length of 5-15 pages.

Funding

The AICPA is prepared to invest up to \$50,000 in this initial year and will fund the following costs incurred in connection with the research:

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- Faculty stipends in an amount appropriate to the research proposed.
- Payments for research assistance and administrative support for tasks defined in the project budget
- Travel, transportation and other costs and expenses incurred in connection with the data collection process.
- Other reasonable costs associated with the research project.

Overhead or administrative charges that may be charged by a researcher's institution will not be paid by the AICPA.

Researcher's Professional Obligations

The researcher will comply with all relevant laws and regulations in conducting this research and preparing the required reports, including "human subjects" approval if required by his/her university's rules. The researcher and his/her university will defend and hold the AICPA harmless as to any claims arising from his/her conduct and reports under this grant. The researcher warrants that the report will constitute original research, that he/she will take the active lead in that research, and that the research will adhere to the finest professional standards. AICPA retains the right to reject reports and recover its entire financing if the researcher breaches these conditions. The researcher is an independent contractor, not an employee or agent of the AICPA.

Proposal Deadline

Research proposals must be received by **August 31, 2006**. It is anticipated that the selection process will be completed by **September 15, 2006**. AICPA prefers electronic submissions. If you wish to submit in writing please provide three copies. Please reference: AICPA RFP 2006. Please contact Kenneth Witt by email if you have questions.

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