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Determinants for the role of the finance function:
An empirical study of organisations in the Netherlands

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Abstract

This study empirically examines to what extent the role of the finance function is influenced by finance activities and organisational factors. Based on a sample of 105 organisations situated in the Netherlands, this explanatory study finds mixed evidence that organisations who are confronted with factors which literature claims to be driving the necessity for finance to change towards a business partner role, have indeed adjusted their emphases on this role. Evidence shows that respondents do not believe that traditional tasks and responsibilities for finance become less important when importance for non-traditional tasks and responsibilities increases. Distinct differences are visible in the statistical significance of determinants for each finance role. While business control, organisational size, decentralisation and maturity are influencing finance as business partner, finance as scorekeeper is mostly influenced by the importance placed on the finance specific activities. Furthermore, organisations operating in the financial services and public sector place significant more important towards finance as business partner than organisations operating in the product & services sector. Moreover, this study finds evidence that organisations classified into the growth phase of the organisation life-cycle place significant less importance on finance as a business partner than mature organisations. The evidence obtained by this study provides partial support for the claim in prior literature that certain finance activities and organisational factors evolve finance as business partner. This thesis upholds modern advice stating that finance should support the organisation as business partner, but refines this advice by denoting in which situations this role is more or less desirable.

Keywords: finance function, role theory, business partner, scorekeeper.

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1. Introduction

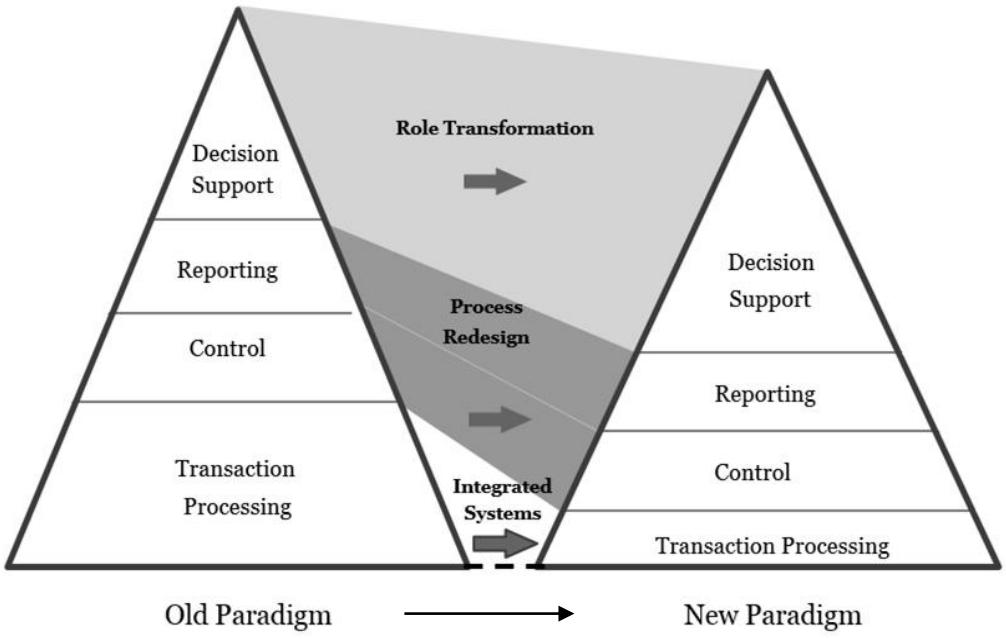
1.1 Background

It is becoming increasingly important for finance functions to contribute value to today's organisation. Internal customers expect an advancing stream of valuable information. Not only figures, but also explanation and advice. Due to technological development and innovation, the amount of available financial information has increased dramatically. All this complicates the goal of the finance function, to provide insights in a comprehensive and understandable way. Furthermore it is expected of the finance function to become increasingly more involved in the strategic decision making process of the organisation (PricewaterhouseCoopers (PwC), 2015a). Besides technological development and innovation, a rapid changing business environment and an increasing competitive environment are reasons why companies are putting more pressure and responsibility on the finance function (Chang, Ittner and Paz, 2014). Leading to an increase in challenges and role shifting for the finance function. This research classifies the finance function as every department and activity which is under the supervision and responsibility of the Chief Financial Officer (CFO). Simply explained, individual divisions (e.g., accounting, business control, treasury), taken as a whole, make up the finance function.

The role which finance undertakes in today's organisations is a high-placed topic in studies conducted by consultancy firms (e.g., PwC 2015a), professional associations (e.g., ICAEW, 2011) and academic literature (e.g., Burns and Baldvinsdottir, 2005; Chang et al., 2014; Graham, Davey-Evans & Toon, 2012; Hoe, 2009; Lambert, and Sponem, 2012; Polak, Robertson and Lind, 2011;). The role hereby, is the level of contribution of the finance function towards decision making support and strategic involvement.

Chang et al. (2014) states, in order to get a better understanding on the changing role of the finance function, further quantitative research is needed. The importance of research on this topic is described by Hoe (2009): "Significant changes in external market conditions have resulted in operations placing greater demands on the finance function. Traditional finance departments are increasingly expected to deliver more value and be more proactive in supporting the organisation's overall strategies. Unfortunately, many finance departments are not yet ready to meet such challenges."(p.1). The changes described by Hoe (2009) were also denoted earlier by Burns and Baldvinsdottir (2005). They state that due to substantial development in information technology, traditional tasks and activities performed by finance, such as reporting and processing data, can nowadays be done with much less employees than in prior decades. Meaning finance functions either need to shift focus towards alternative tasks and activities, or else gradually becoming marginalised (PwC, 2015a). This paradigm shift is illustrated in Figure 1.

Figure 1: Transformation of the finance function



Due to previous stated changes, the role which finance functions are performing in organisations is changing. Historically, the role of the finance function and departments within, is described as scorekeeping or bookkeeping with a focus on certain finance activities, such as reporting, control type issues, routine financial analyses and accounting (Burns and Baldvinsdottir, 2005; Graham et al., 2012; Hoe, 2009; Sathe, 1984). Literature in this field of study has denoted the changing role of the finance function from scorekeeper or bookkeeper to being a business partner (e.g., Graham et al., 2012; Hoe, 2009; PwC, 2015a; Windeck, Weber and Strauss, 2015), with a business orientation, being active in decision making support and setting strategic directions. Several studies conducted by academics (e.g., Chang et al., 2014; ten Rouwelaar and Bots, 2008; Zoni and Merchant, 2007), consultancy firms (e.g., PwC, 2015a) and professional associations (e.g., ICAEW, 2011) argue that a variety of factors have caused the need for finance function to shift from a scorekeeping role towards a business partner role. Several case studies (e.g., Burns and Baldvinsdottir, 2005; Järvenpää, 2007; Lambert and Sponem, 2012) have documented changes which individual finance divisions or departments have made in response to environmental and organisation specific factors. However, broad-scale quantitative studies (e.g., Chang et al., 2014) suggest a large number of organisations have not clearly expanded the role of their finance function. The research of Chang et al. (2014) provides mixed evidence as to why organisations who face greater complexity, globalisation, competitive intensity and other factors, did not have undertaken these role shifting. Two possible conclusions can be drawn from these contrary findings, either previous quantitative studies could not explain the gradual diffusion towards a business partnering role or not all organisations have the need for finance to become a business partner (Lambert & Sponem, 2012).

1.2 Research objective

The captivating questions related to the evolving role of finance functions as well as limited empirical evidence concerning the extent to which finance activities (e.g. accounting, control, reporting, risk management and treasury) and organisational factors (e.g. size, decentralisation, globalisation, industry) are related to the role of finance are the most compelling impulses to conduct this research. As such, this study is an attempt to examine the relation between different finance activities and organisational factors and the role of the finance function for organisations in the Netherlands. In light of this reasoning, the following research question is formulated:

What types of finance activities and organisational factors influence the role of the finance function for organisations in the Netherlands?

1.3 Findings

Based on survey data of 105 organisations situated in the Netherlands, this explanatory study empirically examines to what extent the role of the finance function is influenced by finance activities and organisational factors. This study investigates two finance function roles which are widely discussed in academic literature: scorekeeper and business partner. This study finds mixed evidence that organisations who are confronted with factors which literature claims to be driving the necessity for finance to change towards a business partner role, have indeed adjusted their emphases on this role. The results of this thesis shows that traditional tasks and responsibilities for finance do not become less important when importance for non-traditional tasks and responsibilities increases. Finance as business partner is positively influenced by business control, organisational size, decentralisation and maturity, while a scorekeeper role for finance is mostly influenced by the importance placed on finance specific activities. The results show that organisations operating in the financial services and public sector place significant more important towards finance as business partner than organisations operating in the product & services sector. Moreover, this study finds evidence that organisations classified into the growth phase of the organisation life-cycle place significant less importance on finance as a business partner than mature organisations.

1.4 Relevance

The importance of this research can be divided into practical and academic relevance. Several descriptive studies conducted by consultancy firms (e.g., PwC, 2015a) and professional associations (e.g., ICAEW, 2011) denoted the practical importance of research on this topic. The practical relevance of this study results from insights about which factors influence the role of the finance function and contribute to a business partner role for finance. On basis of the evidence provided by this study, CFO's and Finance managers working for organisations in the Netherlands can interpret if their finance function supports decision making, helps to sets strategic directions and facilitates continuous organisational improvements at the desired level.

Within this line of reasoning, not all organisations have the need for finance to become a business partner. Based on the provided evidence, CFO's and Finance managers could interpret if contextual factors distinctive for their organisation create the need to transform their finance function or not.

This master thesis extents the finance and accounting literature in threefold. First, this study identified the two most common mentioned roles, scorekeeper and business partner, for the finance function in relevant literature. When comparing previous studies regarding this topic, there are various ways in classifying the role of finance in organisations. Different studies use multifarious terminology and dimensions defining finance function roles. This research contributes to the existing literature by empirically examining the influence of finance activities and organisational factors on the two most commonly mentioned roles for finance in prior literature. Second, this research contributes to the existing literature in this field of study by analysing the role of finance at finance function level, in contrast to most studies which look at department or finance activity level (e.g., Burns and Baldvinsdottir, 2005; Graham et al, 2012; Polak et al., 2011; Zoni and Merchant, 2007). This statement is confirmed by the ICAEW (2011) after their broad review of studies about the finance function: "A great deal of academic work has been carried out on the role of individual management accountants, performance management systems and particular financial management techniques. Case studies looking across organisations are also plentiful. However, studies at the finance function level of analysis appear to be limited." (p. 12). Third, most of the literature in this field of study is based on qualitative research in the manner of case studies and interviews, therefore missing a quantitative underpinning. Broad scale quantitative studies, who empirically examined how various factors relate to the role of finance, appear to be limited. This thesis is one of the first to shed empirical light on the influence of different finance activities and organisational factors on the role finance caries out for organisations situated in the Netherlands.

1.5 Outline

The remainder of this study is organised as follows. The literature review section starts with addressing several relevant theories to interpret the influence of the different finance activities and organisational factors on the role of the finance function. Second, the concept of role and the most frequent mentioned roles performed by finance in relevant literature are discussed. The last part of the literature review contains the finance activities and organisational factors which, according to prior literature, influence the role of the finance function. Section three describes the research methodology, data analysis, the measurement of variables, data collection and the sample used in this study. Empirical results about the influence of determinants on the role of the finance function are presented in section four. Section five offers the discussion of the results as well as theoretical and practical implications. The conclusion of the main results, the limitations of this study and recommendations for further research are provided in section six.

2. Literature Review and Hypotheses

2.1 Theoretical perspectives

This thesis examines the influence of different finance activities and organisational factors on the role of the finance function. At first, as a starting point of this research, several relevant theories are addressed to interpret the influence of the different finance activities and organisational factors on the role of the finance function. Although there is a wide variety of theories which could possibly underpin the issues related to the role of finance, extant literature (e.g. Burns and Baldvinsdottir, 2005; Byrne and Pierce, 2007; Ezzamel and Burns, 2005; Maas and Matejka, 2009 and ten Rouwelaar and Bots, 2008;) employs (1) agency, (2) institutional and (3) contingency as relevant theoretical frameworks to scrutinise the relation between different finance activities and organisational factors and the role of finance.

2.1.1 Agency theory

An agency relationship originates when shareholders (principals) hire organisation executives or managers (agents) in order to delegate rights, tasks and responsibilities to them. The relationship between principals and agents is regulated in a mutuality agreed-upon employment contract which specifies all the rights, tasks and responsibilities assigned to managers (Baiman, 1990). Nonetheless, such contract can hardly govern and regulate all personal incentives of managers (agents). This complication lies at the heart of the agency theory. The main assumption in the principal-agency theory is that both managers and shareholders are assumed to be self-motivated. The primary objective of shareholders is to maximize their wealth. The interest of shareholders (principals) is probably disparate to those of managers (agents) who plausibly own less shares of the organisation and prefer to serve their own interest at costs of shareholders (Baiman, 1990).

Literature in this field of study has denoted the changing role of the finance function from scorekeeper or bookkeeper to being a business partner (e.g., Graham et al., 2012; Hoe, 2009; Windeck, Weber and Strauss, 2015; Wolf, Weißenberger, Wehner and Kabst, 2015) with a business orientation, being active in decision making support and setting strategic directions. This proactive involvement of finance in decision making and setting strategic direction could be interpreted as limitation towards managers' agency and a restriction of their freedom (Ezzamel and Burns, 2005). Johnston, Brignall and Fitzgerald (2002) found that operational managers are sceptical of management accountants seeking to gather information, monitor or interfere in the decision making process. The more involved management accountants or other finance professionals become, which requires managers to justify decisions, to more plausible it is that competition between managers and involved finance personnel increases (Armstrong, 1985). Wolf et al. (2015) found that higher involvement of controllers in the decision making process leads to better organisational performance. This finding confirms the overall image in the literature that finance as business partner can be of added value for the overall organisation.

The arguments and findings of Armstrong (1985) and Johnston et al. (2002) are contrary towards the findings of Wolf et al. (2015) and imply agency problems. The added value of involved finance personnel (Wolf et al., 2015) diminished by the sceptical attitude of management (Johnston et al., 2002) and the suggested increase competition between managers and involved finance personnel (Armstrong, 1985) can be interpreted as agency costs. These agency costs arise from different incentives of shareholders (principals), which pursuit maximized wealth, and managers (agents) who feel threatened by the involvement of finance in decision making.

Organisations but also managers could profit from the increasing involvement of finance in the decision making process. The concept of business partnering means a regular interaction between finance and managers, whereas managers being customers of finance business partnering support, delivering in-depth, finance based insights (Hopper, 1980). Contrary, a reaction from managers is likely with finance gathering and monitoring information or interfere in the decision making process (Johnston et al., 2002), whereby some managers can feel a limitations towards their own agency and experience a restriction of their freedom. In order to enhance this concept, this study incorporates agency theory as a theoretical perspective.

2.1.2 Institutional theory

Institutional theory is a theoretical perspective on the deeper and more widened aspects of social structures. Institutional theory considers the processes by which structures such as rules, norms and routines become established as guidelines for social behaviour and is often used to understand how organisational behaviour is influenced by the environment and wider social forces. The consensus view in the literature around institutional theory is that organisations and people tend to continuously adjust their behaviour to the institutionalised norms and values of their environment so that their behaviour and actions become legitimated and accepted (DiMaggio and Powell, 1983).

Looking at the institutional environment of finance professionals, one can see that academics (Burns and Baldvinsdottir, 2005; ten Rouwelaar and Bots, 2008; Windeck, Weber and Strauss, 2015; Zoni and Merchant, 2007), consultants (PwC, 2015a), and professional associations (ICAEW, 2011) support the evolution of finance as business partner. As a result, the business partner role evolved to a legitimate template for finance functions who increased their involvement in organisational decision making. This legitimised role is outlined by various actors, including rules, norms and routines. Along this line, several studies incorporated institutional theory to examine the involvement of finance as business partner.

Burns and Baldvinsdottir (2005) used institutional theory as a tool to explore the dynamics of role(s) change. They suggest that institutional theory is an approach which views finance professionals (i.e. management accountants) as considerably more than employees who report and inform about financial figures in a rational way. According to Burns and Baldvinsdottir

(2005), an institutional approach underlines the importance of institutions, along with related actors such as habits, norms, rules, routines and culture. They denote that to study finance' (i.e. management accounting) role change is to study institutional change, more as ongoing process than as endpoint.

Along similar lines, Goretzki, Strauss & Weber (2013) drew upon institutional theory to analyse the business partner role of finance professionals (i.e. management accountants). In their paper, Goretzki et al. (2013) focused on the institutional work carried out by a new CFO who supported evolvement of finance professionals towards a business partner role. The findings of their study illustrate that three related types of institutional work were carried out to support the evolvement of the role of management accountants: "(1) Legitimising the new "business partner" role, (2) constructing the management accountants' role identities and (3) linking the intra-organisational level with an institutional environment in which external actors aim to achieve changes in the management accountants' role on a broader societal level." (p. 43). These findings suggests that the role of finance professionals could be influenced by different institutional actors who support role change for the finance function.

Although this research examines the role of the complete finance function rather than analysing at department level (e.g. Burns and Baldvinsdottir 2005; Goretzki et al., 2013), incorporating institutional theory as a theoretical lens can be of added value to help explain the relation between finance activities and organisational factors and the role of finance. Institutional theory claims that organisations and people tend to continuously adjust their behaviour to the institutionalised norms and values of their environment so that their behaviour and actions become legitimated and get approval (DiMaggio and Powell, 1983). In light of this view, managers but also finance personnel, do not fully control the nature and timing of their decisions. Their framework of actions is restricted by institutional constraints, which could therefore limit the possibility for finance the take upon a business partner role because such behaviour may be less desirable due to established rules, norms and cultural values. The objective is not test different actors or underlying claims concerning the institutional theory but rather adopt it as a theoretical lens to enlarge the scope and possibility for interpreting the results.

2.1.3 Contingency theory

The contingency theory claims that there is no 'best' way to structure, design or lead an organisation, because it depends upon situational factors (Tosi & Slocum, 1984). For most organisations, the process of adjusting to a dynamic environment is enormously complex, compromising a tremendous amount of decisions and behaviours at different levels (Miles, Snow, Meyer & Coleman, 1978). The identification of situational variables potentially influencing the role of finance can be traced back to the original contingency frameworks exploited within organisational theory (Chenhall, 2003). Early theorists such as Burns and Stalker (1961), Lawrence and Lorsch (1967), Thompson (1967), Perrow (1970) and Galbraith

(1973) focused on the impact of environment and technological developments on organisational structuring. Morgan (2007) provided a framework with the main ideas and conditions underlying the contingency theory:

- "Organisations are open systems that need thoughtful management to satisfy and balance internal needs in order to adapt to environmental complexity."
- "there is no 'best' way to structure and design an organisation. The most suitable form depends on the kind of nature of the organisation or the environment."
- "Different approaches to management may be necessary to perform different tasks within the same organization."
- "Management must be concerned, above all else, with achieving good fits and alignment."
- "Different types or natures of organisations are needed in different types of environments." (p. 42).

Related to influence on finance, several studies (e.g Byrne and Pierce, 2007; Chang et al., 2014; Chenhall, 2003) link the influence of different contingency related factors on the role of the finance function. Chenhall (2003) provided a critical review of contingency-based studies related to management control systems in the finance and accounting literature. According to Chenhall (2003), the nature of the environment, technology, size, structure, strategy and national culture are the most commonly assessed contingency factors in the finance and accounting literature. In light of this reasoning, Byrne and Pierce (2007) argue that several commonly mentioned contingency factors in prior literature, such as size, technology, environmental uncertainty and culture, could influence the role of management accountants within the finance function. Further evidence supporting the claim that contingency factors influence the role of the finance function may lie in the findings of Chang et al. (2014), who found that decentralisation, size, organisational change as well as culture influence the role of finance.

All things considered, organisations are managed, structured and designed differently because of the nature of the organisation and the environment. To fully understand how finance activities and organisational specific factors are influencing the role of the finance function, the basic assumptions of the contingency theory are an important stipulation, stating that there is no all-embracing role for finance because this varies due to the nature of the organisation and the environment it operates in. With this in mind, this study incorporates the contingency theory as a theoretical perspective in examining the influence of finance activities and organisational specific factors on the role of the finance function.

In conclusion, (1) agency, (2) Institutional and (3) contingency are the theories used as theoretical perspectives for this study. The intention of this research is not to formally test these theories but rather adopt them as a sensitising mechanism to interpret the results.

2.2 The role of the finance function

In line with contingency theory, significant changes in external environment conditions have prompted calls by consultancy firms (e.g., PwC, 2015a), academics (e.g., Hoe 2009; Lambert & Sponem 2012; Windeck et al., 2015) and professional associations (e.g., ICAEW, 2011) for finance functions to move beyond traditional reporting, accounting, control and compliance responsibilities (Chang et. al., 2014). According to Hoe (2009) and Rouwelaar (2007), finance functions should focus greater attention towards value-added activities such as strategic involvement, process improvement and improved decision support. The traditional role of the finance function has primarily been concerned with reporting, control type issues, routine financial analyses and processing data (Burns and Baldvinsdottir, 2005; Graham et al., 2012; Hoe, 2009; Sathe, 1984). However, finance functions are challenged to alternate the role they carry out in organisations. The remainder of this section is concerned with the issue of examining which roles prior literature has identified for the finance function and by which factors the role of the finance function is determined. First, the concept of role is discussed as a foundation in exploring different roles of the finance function.

2.2.1 The concept of role

Earlier research in this field of study can be broadly defined into two main categories. The first category of studies, especially with a focus on the management accounting and business control within the finance function, have focussed on studying individual characteristics when defining which role is carried out by finance professionals. These characterises are based on skills at personal level. Byrne and Pierce (2007) argue that a number of personal characteristics such as organisational knowledge, IT skills, communication skills, technical skills, and flexibility help explain management accountant roles. Lambert and Sponem (2012) demonstrate that behaviour at individual level is close related towards the role management accountants play in organisations. These studies take characteristics and behaviours at individual level as the concept of role for divisions within the finance function. However, this research seeks to examine which role the complete finance function carries out.

The second category of studies examined tasks and activities performed by the finance function, to help explain the role finance carries out. De Loo, Verstegen and Swagerman (2011) distinguished the role of the management accounting division inside the finance function based on coherent combinations of activities. Zoni and Merchant (2007) argue that certain tasks and activities which imply the level of controller involvement in strategic- and operating decision making can be seen as the role of the control division. Graham et al., (2012) suggest the role of the controller has not transformed, but enlarged, with 'forward-looking' elements which focus on the whole organisation. These 'forward-looking' elements, in the form of activities, have not replaced traditional tasks of the finance function but completed them. Chang et al. (2014) determined the role of the finance function by a set of activities which are divided into roles. Tasks used to identify the roles of the finance function are: Measuring performance; meeting fiduciary/statutory reporting requirements; driving cost reduction; continuous process

improvement; aligning finance with business; compliance and control; supporting growth; enterprise risk management and information integration. In conclusion, the concept of role can based on the literature be seen as a set of characteristics at individual level or as a set of tasks, activities which together form the role of the finance function. This study follows Zoni and Merchant (2007), De Loo et al. (2011) and Chang et al. (2014) and examines the role of the finance function as a set of activities.

2.2.2 Different roles of the finance function

Two group of roles carried out by finance functions are commonly highlighted in the literature: The role of scorekeeper and the role of business partner. Currently, many labels are used to define these two groups.

Scorekeeper

Labels used for the first group are Scorekeeper (Graham et al., 2012; Järvenpää, 2007; PwC, 2015a), Watchmen (Verstegen et al., 2007), Corporate Policeman (Hartmann and Maas, 2011) Gatekeeper (Smith, 2015) and Bookkeeper (Maas and Matejka, 2009). Characteristics of a scorekeeper type of role are low strategic- and decision-making involvement with a more backward looking focus on reporting and accounting (Graham et al., 2012). The scorekeeper role must "ensure the financial data of the firm is accurate and that internal control practices comply with procedures and the company's policy" (Sathe, 1984, p. 31). Burns and Baldvinsdottir (2005) describe traditional tasks and focus areas of finance as mainly being transaction processing, reporting and a 'clerical' type of financial management (e.g., cash- flow analyses, budgeting and variance analyses).

Several benefits can be tied to the scorekeeper role for the finance function. First, the role of scorekeeper ensures accurate financial information and reporting about organisational activities (Maas & Matejka, 2009). Second, because of a 'outsider' perspective (Sathe, 1984), a scorekeeper role remains finance functions to be independent, thereby avoiding any conflict of interests. Remaining independent creates emphasis on the integrity of financial reporting, which leads to a robust control environment (Sathe, 1984).

However, several risks are commonly highlighted for finance functions who tend to have a scorekeeping perspective. First, the risk with a scorekeeping focus is that, finance may act as an 'outsider, therefore making any in advanced analyses and advice hard to achieve (Sathe, 1984). The second negative aspect of the 'outsiders' perspective is the difficulty in creating in-depth organisational insights for finance stakeholders. Leading to organisations not being able to jump into new business opportunities due to a lack of financial argumentation. Third, Carr and Tomkins (1998) noted that companies with a robust financial control style and over-reliance, have undermined the commitment towards international competitiveness and proactive strategic decision-making. To counter this, companies with a strong financial control style

should enlarge the traditional role performed by finance functions with strategic decision-making support (Carr and Tomkins, 1998).

Business Partner

Labels used to define the second role for the finance function are Strategic Partner (Chang et al., 2014; Howel, 2006), Business Partner (Byrne and Pierce, 2007; Goretzki et al., 2013; Hartmann and Maas, 2011; Järvenpää, 2007; Windeck et al., 2015, Wolf, Weißenberger, Wehner and Kabst, 2015). Co-Leader (Schulmeyer and Brettel, 2013) and Business Advocate (Indjejikian and Matejka, 2006). Characteristics of a business partner role are high strategic- and decision-making involvement with a business oriented focus (Graham et al., 2012). Strategic involvement and the need for CFO's, and thus finance functions, to use their financial expertise, is becoming more important in today's business environment to help identify new opportunities for corporate growth (Mellon, Nagel, Lippert and Slack, 2012). Chang et al. (2014) classified the strategic partner role based upon a set of activities, namely, strategic direction, board interaction and decision support. Strategic direction is defined as "the extent to which the finance function helps to set strategic directions and imperatives for the organisations". Board interaction is defined as "the extent to which the finance function presents performance metrics and works closely with directors". Decision support is operationalised as "the extent to which the finance function presents most of quantifiable data to support decision making" (Chang et al., 2014, p. 23).

A business partner role for the finance function can be tied to several benefits. First, the role of business partner creates strategic partnerships between the finance function and the overall organisation, which emphasises implementing and refining emerging strategies (Howell, 2006). The second benefit associated with a business partnering role for finance is the contribution to decision making (Granlund & Lukka, 1998a). The third benefit is the focus on business orientation, in contrary towards the 'outsiders' perspective of scorekeeping (Sathe, 1984), business partnering creates in-depth organisational insights which can help exploit new opportunities.

By contrast, several negative aspects are commonly highlighted in the literature around business partnering. Strategic and decision involvement of finance in other business units (BU) can stifle management initiatives and creativity (Sathe, 1984), because managers and their work routines are affected by the introduction of finance as business partner due to strong and frequent interactions (Byrne and Pierce, 2007). Strong and frequent interactions would reduce managers' own agency (Ezzamel and Burns, 2005). Windeck et al. (2015) raise the question as to why managers should accept finance as a business partner and reduce their own power. They note that the introduction of the finance business partner might thereby be more complicated than anticipated, stating there seems to be an absence of understanding in the reaction of managers towards the introduction of finance business partnering.

Comparing both roles

When the benefits and risks are compared, there seems to be a conflict between the two roles. This phenomenon occurs because scorekeeping and business partnering are, to some extent, contradictory to one another. This conflict of roles is raised by Maas and Matejka (2009). They denote that increased emphasis on certain activities and responsibilities can lead to conflict of roles, which is a consequence of tension between being a service provider (i.e., business partner) to BU managers versus a traditional role for finance (i.e., scorekeeper) with emphasis on control and compliance and the integrity of financial reporting (Maas and Matejka, 2009). This statement is confirmed by Lambert and Sponem (2012), implying a conflict between the role of 'corporate policeman' and the role of 'active participant' in the decision making process. Lambert and Sponem (2012) raise the question as if management accountants are capable in effectively executing both roles at the same time. One role requiring a degree of involvement and the other role a degree of independency. This research seeks to examine the relationship of involvement (business partner) versus independency (scorekeeper) for the finance function and by which factors this relationship is determined. The similarity of almost every article is that the extremes of roles can be defined from a 'scorekeeping' (administrator) to 'business partner' (strategic partner) role. Therefore, these two roles are used in this study. A comprehensive summary of the most important characterises for both roles is stated in Table 1.

Table 1: Characteristics, benefits and risks for finance function roles

	Role Finance function	
	Scorekeeper	*Business partner*
Characteristics	• Independent from organisation; • Reporting past performance; • Focus on bookkeeping and a robust control environment; • Transaction processing; • Reactive.	• Involved with organisation; • High level of decision making support; • Focus on strategic involvement; • High level of financial planning and analysis; • Proactive.
Benefits	• Accurate financial information and reporting; • High integrity of financial reporting; • Robust control environment.	• Locating and implementing emerging strategies; • Active contribution to decision making; • Creates in-depth organisational insights which can help exploit new opportunities.
Risks	• Hard to achieve in-advanced analysis; • Difficult to create in-depth finance related organisational insights, which leads to finance stakeholders not able to jump into new business opportunities; • Undermined commitment to international competitiveness.	• Can stifle management initiative and creativity; • Can create conflicts between management and finance function.

2.3 Hypotheses development

In the last decade, prior academic literature (e.g. Byrne and Pierce, 2007; Chang et al., 2014; Cooper and Dart, 2009; Hartmann and Maas, 2011; Zoni and Merchant, 2007) has provided ample support for the assertion that finance activities and organisational factors influence the role finance has within organisations. Based on the evaluation of the most commonly mention determinants for the role of finance in relevant literature, hypotheses are formulated.

2.3.1 Distribution of finance activities

Prior research in this field of study propounds the view that the role of the finance function can be influenced by the importance placed on certain finance activities (e.g. Chang et al., 2014; Polak et al., 2011; Zoni and Merchant, 2007). The distribution of importance placed towards finance activities can affect the role of the finance function within an organisation. Studies at finance function level (e.g. Chang et al., 2014) and finance department level (e.g. Burns and Baldvinsdottir, 2005; Graham et al., 2012; Polak et al., 2011; Zoni and Merchant, 2007) provided support for this view. The finance function exists of several departments who all perform a different nature of activities. Not every finance function is compelled in the same way. However, several activities (departments) are commonly highlighted in the literature as part of the finance function. ICAEW (2011) build a finance function framework, presenting the common finance activities and their reciprocal relationships. Finance activities presented in this framework are: Accounting, funding, compliance, management & business control and strategy & risk. Weaver and Weston (2008) categorised four main activities for the finance function: Control; treasury; taxes; internal audit. Control in this categorisation includes accounting and reporting activities. Chang et al. (2014) examined the relation between finance activities and different roles of the finance function. Their study uses the following finance activities as a determinant for the role of the finance function: Tax and treasury; compliance and control; shared services; performance management. The compliance and control classification includes accounting and internal audit. Desai (2008) states that the finance functions of global corporations have opportunities in three categories of activities, namely: financing; risk management; capital budgeting. Comparing these three activities with other discussed finance activities, it can be concluded that Financing and capital budgeting are comparable with treasury. All literature above considered, several similarities can be found in the classification of finance activities. Based upon the studies of Chang et al. (2014), Desai (2008), professional literature by Weaver and Weston (2008) and the study conducted by ICAEW (2011), The following financial activities are examined as a determinant for the role of the finance function for this research:

- Business Control;
- Treasury;
- Risk Management;
- Accounting;
- Reporting;

Due to a rapid changing business environment and an increasing competitive environment, managers tend to urge (business) controllers to increase their business orientation and provide relevant information to support decision making (Lambert and Sponem, 2012; Sathe, 1984). Along similar lines, Zoni and Merchant (2007) denote controllers are at least somewhat involved in an organisation's operating and strategic decision making process due to situational factors, suggesting controllers tend to take on a business partner role within the finance function. Graham et al. (2012) denotes the role of the business controller has enlarged, with a focus on the complete organisation. This new organisational oriented focus has not replaced traditional tasks of the controller but completed them, implying an increasing degree of business partner activities for the controller. Similar, Burns & Baldvindottir (2005) and Järvenpää (2007) found an increasing business orientations for management accountants, which implies an increasing business partner role[1]. In light of the above reasoning, the following hypothesis is formulated:

H1: Organisations with a larger importance placed on business control are more likely to attach greater importance to a business partner role for the finance function.

2.3.2 Organisational characteristics

Organisational size

There has been an inconclusive debate in prior literature about the influence of organisational size on the role of the finance function. On one hand it can be suggested that finance function within smaller organisations tend to have broader responsibilities because of limited management resources, which leads to finance staff taking an active role in strategy formulation and decision making process (ICAEW, 2011). On the other hand, due to limited resources for smaller organisations, finance functions must use all of their resources to perform most necessary activities, leaving involvement in strategy formulation and decision making at the bottom of the priority list. Several studies empirically tested the influence of organisational size on the role of the finance function. Chang et al. (2014) found that organisational size has a significant positive influence on the reporting, compliance, and internal control/risk management (RCCR) role. Two possible conclusion can be drawn from these findings. The RCCR role of the study of Chang et al. (2014) is composed of reporting, compliance, control and risk activities. A focus on reporting and compliance should suggest, based on the characteristics of a scorekeeper role in Table 1, a positive relationship between a larger organisational size and a scorekeeper role. On the other hand, a focus on control and risk activities should suggest,

[1] Management accountant and business controller are both functions which have similar responsibilities and perform comparable activities. Business controller and management accountant can thus be seen as the same function. This research therefore classifies business controller and management accountant under the business control division. This classification is in line with prior research of Rouwelaar (2007) and Weber (2011).

based on the characteristics of a business partner role in Table 1, a positive relationship between a larger organisational size and a business partner role for finance. Further evidence supporting a positive relation between organisational size and finance as business partner may lie in the findings of Cooper and Dart (2009), who provided empirical evidence that business partnering becomes less important as size of the organisation diminishes. Contrary, the importance placed on more traditional roles, such as financial and accounting management, have a tendency to increase when size decreases. Cooper and Dart (2009) note herewith that larger organisational have more resources available to focus more on analytic and strategic activities without derogation of traditional finance activities, whereby smaller organisations need almost all off their resources to execute traditional finance activities. Also, larger organisations tend to be more complex, creating the need for specialists contributing to decision making (Sathe, 1983), suggesting larger organisations tend to have more business partnering focus. Considering all mentioned arguments, the available evidence seems to suggest that larger organisational tend to emphasise more focus on business partnering than small and medium sized organisations. Leading to the hypothesis:

H2a: Larger organisations are more likely to attach greater importance to a business partner role for the finance function than smaller organisations.

Decentralisation

The finance and accounting literatures implies that differences in decentralisation can have a significant influence on the role of the finance function. Chenhall's (2003) study reflects that decentralised organisations more often use formal budgeting and planning. This finding implies that a higher level of decentralisation leads to a more formal and robust control environment, which suggest decentralisation enlarges a scorekeeper role for the finance function. In contrast, Zoni and Merchant (2007) argue that higher forms of operating interdependency between departments often require more financial expertise because cost assignment issues such as cost allocation and transfer pricing are more difficult to interpret, leading to greater involvement for controllers in non-traditional roles. Their empirical results provide only partial support for these arguments, finding that decentralisation is only positively related with controller involvement in operational decision-making, implying only one aspect of a business partner role is influenced by decentralisation. Goretzki et al. (2013) found that decentralising of the management accounting functions leads to the acceptance from operational management for finance as business partner, suggesting that decentralisation creates the opportunity for finance to become a business partner. Burns and Baldvinsdottir (2005) claim that decentralisation drives the need for management accountants to increase their business orientation. Along similar lines, Granlund and Lukka (1998a) argue that role of management accountants is influenced by an increasing decentralisation of the management accounting function. Such development tends to evolve the role of management accountants from 'bean-counting' to a 'controller of operations' (Granlund and Lukka, 1998a), implying that decentralisation evolves the role of management accountants from scorekeeper towards

business partner. Empirical evidence provided by ten Rouwelaar and Bots (2008) provided support for these claims, demonstrating a significant positive relation between decentralisation and business controller involvement in strategic decision making. All above arguments considered, this research follows the supporting evidence of Granlund and Lukka (1998a), Burns and Baldvinsdottir (2005), Zoni and Merchant (2007), Goretzki et al. (2013) and ten Rouwelaar and Bots (2008) which leads to the hypothesis:

H2b: Organisations with higher levels of decentralisation are more likely to attach greater importance to a business partner role for the finance function.

Environmental uncertainty

There is a rapidly growing literature, both descriptive (PwC, 2015a) and academic (Byrne and Pierce 2007; Chang et al., 2014) studies, claiming that environmental uncertainty is an important influence factor on the role of the finance function. Zoni and Merchant (2007) found a negative relation between environmental change and controller involvement in management decision support, suggesting a negative effect of environmental uncertainty on a business partner role for finance. However, these results were not significant, therefore not justifiable to assume any relationship on forehand. Evidence for a positive relation between environmental uncertainty and business partnering is borne out by the research of Byrne and Pierce (2007), who suggest that environmental uncertainty influences the role of management accountants, especially in smaller organisations. Management accountants in smaller organisations tend have more organisational knowledge and are more directly influenced by environmental changes (Byrne and Pierce, 2007). Organisations facing higher levels of environmental uncertainty make greater use of a broad scope, resulting in broader responsibilities for the finance function. Furthermore, organisations operating in higher uncertain environments are characterised by greater finance adaptability, leading to closer involvement of finance in other functions of the organisation (Chenhall, 2003; ICAEW, 2011). Evidence supporting these arguments may lie in the findings of Chang et al. (2014), who found a positive relation between organisational change and a strategic (business) partner role for finance, implying that organisations which operate in a higher uncertain environment tend to emphasise more importance for finance to be a business partner. All things considered, this research follows the findings of Byrne and Pierce (2007), Chenhall (2003), Chang et al. (2014) and ICAEW (2011), thereby assuming a positive relationship between environmental uncertainty and business partnering on forehand:

H2c: Organisations operating in higher uncertain environments are more likely to attach greater importance to a business partner role for the finance function.

Globalisation

Globalisation is commonly quoted as a determinant which transforms the finance function. Organisation operating globally face significant reporting and compliance challenges because

of differences in regulations and financial reporting standards (ICAEW 2011). Especially translation and differences between the Generally Accepted Accounting Principles (GAAP) and the International Financial Reporting Standards (IFRS) (Lindsay, 2007). Solely presuming this arguments suggest that globalisation could increase a scorekeeping role for finance due to the a enlarged focus on reporting and compliance. By contrast, operating globally increases the adversity of tracking and processing financial information and widens operational and financial risks which need to be identified and managed (Hagigi & Sivakumar, 2009). Globalisation can therefore present finance functions with significant strategic challenges, constraining finance to evolve and take upon new tasks and responsibilities. On these grounds, one can argue that a higher level of globalisation tends to evolve finance into a business partner role, thereby supporting management decision making, providing inputs to set strategic direction and creating insights for continuous process improvement. Burns and Baldvinsdottir (2005) denoted, based upon case studies, that globalisation is one of the key drivers for the change of the evolving role of finance and especially management accounts. Along similar lines, ICAEW (2011) denotes globalisation as an important influence factor the role finance plays in an organisation. The underlying argument in favour of these findings is that global competition drives finance professionals to increasingly take on a business supporting role (Sorenson, 2008). In conclusion, the prominent view in the literature seems to suggest that high levels of globalisation tend to steer finance towards a business partner role, leading to the following hypothesis:

H2d: Organisations operating globally are more likely to attach greater importance to a business partner role for the finance function.

2.3.3 Industry influence

According to prior literature in this field of study, industry influences the role of the finance function. Hoe (2009) states due to significant changes in external market conditions, the finance function is forced to change. Along similar lines, Chang et al. (2014) investigated the influence of industry on the role of the finance function. ICAEW (2011) notes industry is an influence factor on the positioning of the finance function. A global survey conducted by McKinsey (2009) measures different roles for the finance function categorised by industry. Considering the role of the finance function is influenced by market sector conditions according to Hoe (2009) and industry according to (McKinsey, 2009), ICAEW (2011), Chang et al. (2014), industry is used as a determinant in this research. To control for bias, this study uses the industry allocation of SIC, creating the possibility whereas industry is controllable for further research on this topic. The study of McKinsey (2009) found that CFO's in the manufacturing industry are significantly more likely to be so called 'value managers' than CFO's in the finance service sector, whereby tasks and characteristics of value managers can be described as identifying new business opportunities, with a high involvement on operational and strategic decision making process. The majority of finance staff from organisations active in the financial service industry tend to focus more on transaction processing (McKinsey, 2009).

In their research, Chang et al. (2014) found a significant positive relation between organisation operating in the financial sector and the importance placed on a RCCR role for the finance function. Two possible conclusion can be drawn from this finding. The RCCR role of the study of Chang et al. (2014) is composed of reporting, compliance, control and risk activities. A focus on reporting and compliance should suggest a positive relationship between the financial sector and a scorekeeper role for this research. Contrary, based on the evidence provided by Desai (2008) as well as Zoni and Merchant (2007), a focus on control and risk activities should not suggest a positive relationship with a scorekeeping role on forehand, but rather with a business partner role. control and especially risk management are core activities in the financial sector due to the nature of business activities. This study therefore assumes a positive relationship between the financial sector and a business partner role for the finance function on forehand. Based on above stated arguments, financial service firms are not excluded[2]. Above debate considered, the following hypothesis is formulated:

H3a: Organisations operating in the financial sector are more likely to attach greater importance to a business partner role for the finance function than organisations in other sectors.

Regarding organisations active in the public sector, one plausible argument suggesting that public organisation place less importance on finance as business partner is because most public organisations are funded by government. Being tied to government expenditure means resources are scarce, which implies that finance functions only have resources to execute traditional finance activities. Evidence supporting this argument may lie in the findings of Chang et al. (2014), who found a significant negative relation between organisations in the government/non-profit sector and their importance placed on a strategic partner role for finance. Along similar lines, ten Rouwelaar and Bots (2008) provided further supporting evidence for a negative relation between being active in the public sector and the importance placed on finance professionals being involved in management decision making. On the basis of the evidence currently available, it seems fair to suggest that a negative relationship between the public sector and business partner role for the finance function can be expected on forehand. Resulting in the following hypothesis:

H3b: Organisations operating in the public sector are more likely to attach less importance to a business partner role for the finance function than organisations in other sectors.

[2] Chava and Purnanandam (2010) excluded financial firms in their research because of likely structural differences towards the rest of the sample. Considering that capital structure or equivalent items are not measured in this study, it is not necessary to exclude them.

2.3.4 Summary of hypotheses

Based upon the review of roles played by the finance function as well as determinants which influence these roles, the following summary of hypotheses is compiled:

Table 2: Summary of hypotheses

Subject	*Effect on roles*	*Literature*
Effect of a higher importance placed on business control related activities on the role of the finance function	+ (Business Partner)	Burns and Baldvindottir (2005); Graham et al. (2012); Järvenpää (2007); Sathe (1984); Zoni and Merchant (2007)
Effect of a larger organisational size on the role of the finance function	+ (Business Partner)	Sathe (1983); Cooper & Dart (2009); Chang et al. (2014)
	- (Business Partner)	ICAEW (2011)
	+ (Scorekeeper)	Chang et al. (2014)
Effects of decentralisation on the role of the finance function	+ (Business Partner)	Burns and Baldvinsdottir (2005); Granlund and Lukka (1998a); Goretzki et al. (2013); Zoni & Merchant (2007); ten Rouwelaar and Bots (2008)
	+ (Scorekeeper)	Chenhall (2003)
Effect of environmental uncertainty on the role of the finance function	+ (Business Partner)	Byrne & Pierce (2007); Chang et al. (2014); PwC (2015a).
	- (Business Partner)	Zoni & Merchant (2007)
Effect of globalisation on the role of the finance function	+ (Scorekeeper)	ICAEW (2011); Lindsay (2007);
	+ (Business Partner)	Burns and Baldvinsdottir (2005); ICAEW (2011); Sorenson, 2008
Effects of being active in the financial sector on the role of the finance function	+ (Business Partner)	Chang et al. (2014)
	+ (Scorekeeper)	McKinsey (2009)
Effect of being active in the public sector on the role of the finance function	– (Business Partner)	Chang et al. (2014); ten Rouwelaar and Bots (2008)

3. Research design

The aim of this research is examining the influence of different situational determinants on the role of the finance function. Following Chang et al. (2014), this research takes the complete finance function rather than individual divisions as unit of analysis, hereby answering the call of ICAEW (2011) after their broad review of studies about the finance function. The term 'finance function' in this study refers to every department and activity which is under the supervision and responsibility of the Chief Financial Officer (CFO). Because this research examines the influence of different situational determinants on the role of the finance function, it can therefore be described as an explanatory research type (Hair, Black, Babin, Anderson & Tatham, 2006). This master thesis research is cross-sectional, because it measures a dependence relationship in one point of time (Hair et al., 2006). This section first addresses the research method and sketched plan of the statistical method of analysis. Second, the specifications of the model are elaborated. Third, the measurements of the variables used in the model are discussed. Fourth, the process of data collection is described. Finally, the sample of this study is presented.

3.1 Methods

3.1.1 Survey method

Over the past decade, many qualitative methods were used in prior literature concerning this topic, mostly in the form of case studies (Burns & Baldvinsdottir, 2005; Lambert & Sponem 2012; Goretzki et al., 2013) and in-depth interviews (Granlund & Lukka, 1998a; Byrne and Pierce, 2007). Due to the complexity of defining roles for individuals, departments or functions, a qualitative approach in the form of case studies and in-depth interviews fits the research situation well, especially in the initial phase of exploring the concept. However, at some point each research topic reaches the moment when explanatory research is necessary to further understand the underlying concepts. The major disadvantage of both case studies and in-depth interviews is the constraint to make inferences about the relation and effect of different determinants and the role of the finance function. Therefore, this research seeks to build upon earlier quantitative studies (e.g., Chang et al., 2014; Hartmann and Maas, 2011; Zoni and Merchant, 2007) to deepening the quantitative underpinning around this topic.

An quantitative oriented cross-sectional research design needs a relative large sample size to meet the required research standards (Hair et al., 2006). Because this research examines roles of finance functions in organisations, it is unlikely to find secondary data which can be used as main source of analysis. Due to the unlikeliness of finding secondary data, another method for data collection should be employed. In order to gather a relative large amount of data, based on real world observations (empirical data), this research follows prior literature in this field of study (e.g. Chang et al., 2014; ten Rouwelaar and Bots, 2008; Yazdifar & Tsamenyi, 2005; Zoni and Merchant, 2007) and generates data by survey. A major advantage of a survey approach is

the possibility to generate a large amount of data in a short period of time with relatively low costs (Kelley, Clark, Brown, & Sitzia, 2003). Another substantial advantage for this study employing a survey method, is because of the possibility to conduct the survey with support of a global service firm, creating an opportunity to collect data which is normally inaccessibly for scientific research. Furthermore, the support of the global service firm to carry out the survey enlarges the possibility to meet required number of respondents. Moreover, surveys are designed to generate a snapshot of the examined subject at a specific point in time (Kelley et al., 2003), which fits the cross sectional research design of this study adequately. In addition, the aim of this study is make to inferences about the influence of different finance activities and organisational factors on the role of the finance function based on a relatively large amount of quantitative data. This makes a survey method more suitable than case studies or interviews.

In line with the research of Chang et al. (2014), this study carries out the survey to generate data from respondents in the function levels of CFO, finance manager and senior- level finance professional. This target group is the so-called unit of observation. The data is generated by only one respondent per organisation. Following ten Rouwelaar and Bots (2008), the scope of this research is narrowed down to organisations with at least fifty full-time equivalents (employees) because of the likelihood that small organisations do not have a finance function at all, or else severely limited. Moreover, the scope of this research is narrowed down to organisations with at least fifty full-time equivalents in order to scale down to pre-determined population, which increases the generalisability of the results.

Considering that respondents approached for this research belong to the network of PricewaterhouseCoopers, the sampling strategy chosen for this research can therefore be described as convenience sampling, which is a non-random sampling technique. Cross sectional research designs are in keeping with non-random sampling (Gerring, 2012). The advantage of convenience sampling is that it selects the sample based on accessibility and proximity to the researcher, enlarging the possibility to generate a sufficient amount of data (Hair et al., 2006). The largest disadvantage of non-random sampling in comparison with random sampling is the generalisability of the results on the entire population due to sampling bias. Sampling bias occurs because with non-random sampling it is very unlikely to select a fully representative sample for the entire population. In order to reduce some form of sampling bias, the sampling frame is composed with close notice towards the population.

3.1.2 Method of analysis

Several quantitative methods of analysis (e.g. logistic regression, correlation analysis, Mann-Whitney analysis, multiple regression) were employed in prior literature concerning this topic (Chang et al., 2014; Cooper and Dart, 2009; ten Rouwelaar and Bots, 2008; Yazdifar and Tsamenyi, 2005; Zoni and Merhant, 2007). Due to the explanatory nature of this study, logistic and multiple linear regression are more applicable as main methods of analysis than Mann-Whitney analysis and correlations analysis, due to their enhanced statistical power to create a

deepened quantitative underpinning. Because both roles examined in this research are related to one another (Maas and Matejka, 2009; Lambert and Sponem 2012), logistic regressions is therefore less applicable than linear regression. In light of this reasoning, this study follows Chang et al. (2014) and ten Rouwelaar and Bots (2008) and uses multiple regression as a method of analysis. An advantage of multiple regression is its flexibility. Independent variables can both be categorical or numeric and interaction between independent variables can also be included. Furthermore, multiple regression can evade non-optimal combinations of predictors. In addition, cross-sectional research is often conducted with multiple regression analysis (Hair et al., 2006). All of the above is of great value for a method of analysis due to the variety of determinants mentioned in the literature review. In line with Chang et al. (2014) and ten Rouwelaar and Bots (2008), the type of regression model that is used in this research is ordinary least-squares (OLS) regression[3]. An advantage of OLS regression is that it minimizes the sum of the squared error between the values of the dependent variables and the model's predictions for these values (Hair et al., 2006).

Before conducting an OLS regression, first several assumption need to be fulfilled. An important part of these assumptions is based on univariate analysis. The data is checked for potential skewness applying an analysis of the descriptive statistics, such as mean, median and standard deviation. On forehand, it is expected that the independent variable firm size is left-skewed (Chang et al., 2014, ten Rouwelaar and Bots, 2008). Therefore a logarithm is used to adjust the data.

In order to create valid and reliable results, each construct variable is based on at least three different measurements. As a validity check, principal component analysis (PCA) is used to identify how much the measurements are related within each construct (Chang et al., 2014; ten Rouwelaar and Bots, 2008). Only measurements with a high loading for one single component without significant cross loadings are used in constructing the variables.

3.2 Model specification

To test the effect of finance activities and organisational factors on both roles of the finance function, the following OLS regression model is constructed based on comparative models used in prior literature (e.g. Chang et al., 2014; ten Rouwelaar and Bots, 2008):

$$ROLE(it) = \alpha 0 + \beta 1\ DISTRIBUTIONFINANCE(it) + \beta 2\ ORGANISATIONALCHARACTERISTCS\ (it) + \delta 3\ INDUSTRY(it) + \beta 4\ CONTROLVARIABLES(it) + \varepsilon(it)$$

In detail:

[3] The OLS regression analyses are performed with the statistical program SPSS due to prior work experience of the researcher with this statistical program.

$$ROLE(it) = \alpha 0 + \beta 1\ BCONTROL(it) + \beta 2\ REPORT(it) + \beta 3\ ACCOUNT(it) + \beta 4\ RISKM(it) + \beta 5\ TREASURY(it) + \beta 6\ SIZE(it) + \beta 7\ \text{DECENTR}(it) + \beta 8\ \text{GLOBAL}(it) + \delta 9\ P\&S(it) + \delta 10\ FS(it) + \delta 11\ PUB(it) + \phi 12\ GROWTH(it) + \phi 13\ MAT(it) + \phi 14\ REVIVAL(it) + \phi 15\ DECLINE(it) + \varepsilon(it)$$

Due to the probability of multicollinearity between the predictor (independent) variables (Farrar & Glauber, 1967), the regression models are also performed separately for each group of predictors, using block-wise selection. Each time excluding two of the three explanatory variable groups, leading to the following regression models:

$$ROLE\ (it) = \alpha 0 + \beta 1\ DISTRIBUTIONFINANCE(it) + \beta 2\ CONTROLVARIABLE(it) + \varepsilon(it) \quad (1)$$

$$ROLE\ (it) = \alpha 0 + \beta 1\ ORGANISATIONALCHARACTERISTCS\ (it) + \beta 2\ CONTROLVARIABLE(it) + \varepsilon(it) \quad (2)$$

$$ROLE\ (it) = \alpha 0 + \delta 1\ INDUSTRY(it) + \beta 2\ CONTROLVARIABLE(it) + \varepsilon(it) \quad (3)$$

Variables which do not contribute to the prediction in each block are removed using backward elimination. This action eliminates unnecessary predictors, thereby simplifying the data and improving predictive accuracy (Hair et al., 2006).

3.3 Measurement of variables

3.3.1 Dependent variables

The dependent variable in this research is the role of the finance function. As concluded in the literature review, both roles of the finance function defined in this study are 'Scorekeeper' (*SCOKEEP*) and 'Business Partner' (*BUSIPART*). Two different set of questions assess the importance placed by respondents for each role. Each set of questions consists of activities distinctive for each role, which are measured based on a continuous scale from 1 (unimportant) to 5 (critical)[4]. This research measures the two roles separately because of the conflict of roles raised by Maas and Matejka (2009) and Lambert and Sponem (2012).

Business partner

A business partner role for the finance function is measured based upon the following activities: Aligning finance with business; support management decision making; providing input and help to set strategic directions; creating continuous process- and organisational improvement (Chang et al., 2014; Zoni & Merchant, 2007). These items reflect to the level in which the finance function acts as strategic advisor as well as financial expert to support decision making. These

[4] This study measures both roles of the finance function as two separate constructs of activities which have been discussed as typically for each role in prior academic literature. The reason for asking activities instead of roles is to reduce the impact of potential bias due to the prestige of roles. It is plausible to assume that one finance role has a higher social desirability for respondents than the other (Chang et al., 2014).

characteristics are identified in prior literature as typical for a business partner role. After conducting a PCA with varimax rotation containing all of the role importance items, one measurement for a business partner role is extracted from the construct due to a low loading (< 0,4) for the business partner component, with all the other items loading high on only one component (> 0,6). The concerning item with a low loading is 'Aligning finance with organisation', which is deleted from the construct. Testing the reliability of the construct business partner with the remaining three measurements through Cronbach's Alpha test indicates an acceptable level of reliability (0,75) according to Nunnally (1978).

Scorekeeper

The second set of activities assess the importance placed by a scorekeeping role for finance, these are: Measuring and monitoring financial information; meeting reporting requirements; leading finance-related compliance and strengthening internal control; executing transactional processing (Burns and Baldvinsdottir, 2005; Chang et al., 2014; Graham, Davey-Evans & Toon, 2012). After conducting a PCA with varimax rotation containing all of the role importance items, one measurement from the scorekeeping role construct had a low loading (< 0,4), with all the other items concerning the construct loading high on only one component (> 0,6). The concerning item with a low loading is 'leading finance-related compliance and strengthening internal control'. However, testing the reliability of the construct scorekeeper with the remaining three measurement items through Cronbach's Alpha test indicates a poor level of reliability (0,5) according to Nunnally (1978). Assessing the scorekeeping construct through Cronbach's Alpha test shows that the highest Cronbach's Alpha (0,67) is obtained if the item 'executing transactional processing' is deleted from the construct. Due to the relatively low sample size (105) for conducting PCA, this study follows the Cronbach's Alpha indication, thereby deleting item 'executing transactional processing' from the scorekeeping construct.

Both set of question capture activities related to the finance roles defined for this research[5]. Based upon the rated activities by respondents, the standardised mean scores per role are calculated. Both role measurements are performed separately in the regression model with the same predictor variables. This creates clear insights in patterns of statistical significant determinants of each finance function role. This is in line with prior research on this topic (e.g., Chang et al., 2014; ten Rouwelaar and Bots, 2008). As a convergent validity check, this study examines the importance placed for the two role constructs solely grounded literature, before adjustment based on the PCA and Cronbach's Alpha. On forehand, it is expected that the determinants influencing both adjusted role construct have corresponding influence on the role constructs solely based on prior literature.

[5] See Table 1 'Characteristics, benefits and risks for both roles played by finance functions' for a comprehensive overview.

3.3.2 Independent variables

The explanatory variables which determine the role of the finance function can be divided into 3 main categories, namely:

Distribution of finance activities

The determinant 'distribution of finance activities' is an umbrella of five independent variables, which indicates the distribution of finance activities within the finance function. Following Chang et al. (2014), the distributions of finance activities is measured based on a ratio scale for each finance activity in the range from 1-5. The value between 1-5 indicates the level of importance placed by respondents towards each activity within the finance function. This measurement gives clear insights about the importance for each of the finance activities and how this affects the role of finance within an organisation. The finance activities used for this research are based upon the literature review and are stated below:

- Business Control (*BCONTROL*);
- Reporting (*REPORT*);
- Accounting (*ACCOUNT*);
- Risk Management (*RISKM*);
- Treasury (*TREASURY*);

Company characteristics

The influence of organisational characteristics is measured by four independent variables:
Organisational size (*SIZE*) is measured by the logarithm of turnover (Carpenter and Sanders, 2002).
Decentralisation (*DECENTR*) is constructed by three indicators, measured on continuous scales ranging from 1 (totally disagree) till 5 (totally agree): (1) employees have autonomy to do their work, (2) employees participate in the decision-making process, (3) employees have the autonomy to search for problem solutions outside their own department (Chen & Huang, 2007). Conducting PCA with varimax rotation containing all the measurement items which belong to the constructs of independent variables, all the decentralisation items load high on only one component (> 0,7) Testing the reliability of the construct decentralisation through Cronbach's Alpha test indicates an acceptable level of reliability (0,76) according to Nunnally (1978).
Environmental Uncertainty (*ENV*) is constructed based on three measurements. The first measurement is market growth. This measurement is based upon the research of Chang et al. (2014), who followed Sutton (1991), which found that the growth rate within a certain industry is positively related to environmental uncertainty. As such, growth rate captures information about environmental uncertainty. Therefore growth rate is used as a measure of environmental uncertainty. Market growth is measured based on a continuous scale ranging from 1 (none or low market growth) till 5 (high market growth). The second measurement for environmental uncertainty (*ENV*) is organisational change (Chang et al., 2014). Organisational change is

measured based on continuous scale ranging from 1 (no major changes within the past five years) till 5 (major changes within the past year). The third measurement for environmental uncertainty (*ENV*) is the level of competitiveness. This measurement is based upon the study of Zoni and Merchant (2007). The level of competitiveness is measured ranging from 1 (low levels of competition) till 5 (high levels of competition).

After conducting a PCA with varimax rotation containing all the measurement items which belong to the constructs of independent variables, one measurement for environmental uncertainty is extracted from the construct used by Chang et al. (2014) due to a low loading (< 0,5) for this component. The concerning item with a low loading is 'market growth'. Testing the reliability of the construct environmental uncertainty with and without the 'market growth' measurement through Cronbach's Alpha test indicates both poor levels of reliability (0,175 with and 0,25 without). According to Nunnally (1978), a Cronbach's Alpha higher than 0,7 is necessary to create a reliable construct. Hence, the construct of environmental uncertainty is not performed in the regression analysis, hypothesis 2c is therefore not statistically tested.

Globalisation (GLOBAL) is measured by the ratio of foreign sales to total sales (e.g., Carpenter, 2004).

Industry

Prior studies suggest that industry influences the role of the finance function (e.g. Byrne and Pierce, 2007; Chang et al., 2014; Zoni and Merchant, 2007). The independent variable category industry is based upon the classification of Standard Industrial Classification (SIC). Respondents were asked to fill in their industry based on the classification of SIC, these are: Agriculture, Forestry and Fishing; Mining; Construction; Manufacturing; Transportation, Communication, Electric, Gas and Sanitary Service; Wholesale Trade; Retail Trade; Finance, Insurance and Real Estate; Services; Public Administration. Determining the industry of organisations based on the classification of SIC controls for bias. The classification of industry is controllable for further research because it can be implemented into ORBIS. Since industry has a qualitative nature, dummy variables are used to implement different industries into the regression model. The SIC industry classification exists of ten main categories. Considering the fact that N-1 categories need to be included (Chang et al., 2014; ten Rouwelaar and Bots, 2008), this creates nine independent variables in the regression model, whereby each variable needs at least 10 observations, but preferably 15 or 20 (Hair et al., 2006). This statement is confirmed by the study of Chang et al. (2014), performing their regression analyses with the smallest region category containing 16 observations. In order to reduce the amount of respondents needed, the classification filled in by respondents is converted into three main groups to create less independent variables in the regression model[6]. The main categories are product & services

[6] Because this study converts the SIC into three main categories in order to reduce the number of variables performed in the regression model, the measure of industry is not directly comparable with other studies on this subject. However, this study clearly defines the conversion in Table 3 'Conversion of industry variables', thereby creating the possibility for further research to interpret and apply the results.

(N=57), financial services (N=22) and public (N=29) (PwC, 2015a). The conversion of the SIC industry classification into these three main categories is a request of the global service firm which helps to distribute the survey. The conversion is denoted in Table 3.

Table 3: Conversion of industry variables

Conversion of SIC into main industry categories		
Main industry categories	*Sign*	*Standard Industry Classification (SIC)*
Product & Services	P&S	Mining; Construction; Manufacturing; Agriculture, Forestry and Fishing; Transportation, Communications, Electric, Gas and Sanitary Service; Services; Retail Trade; Wholesale Trade
Financial sector	FS	Finance, Insurance and Real Estate
Public sector	PUB	Public Administration

Because N-1 categories need to be included in the regression model, one industry category is omitted in order to control for perfect multicollinearity (Chang et al., 2014; ten Rouwelaar and Bots, 2008). The industry dummies performed in the regression model are public and financial organisations. The reference category are organisations in the product and services sector, because of the relative large amount of subject compared to the two other categories.

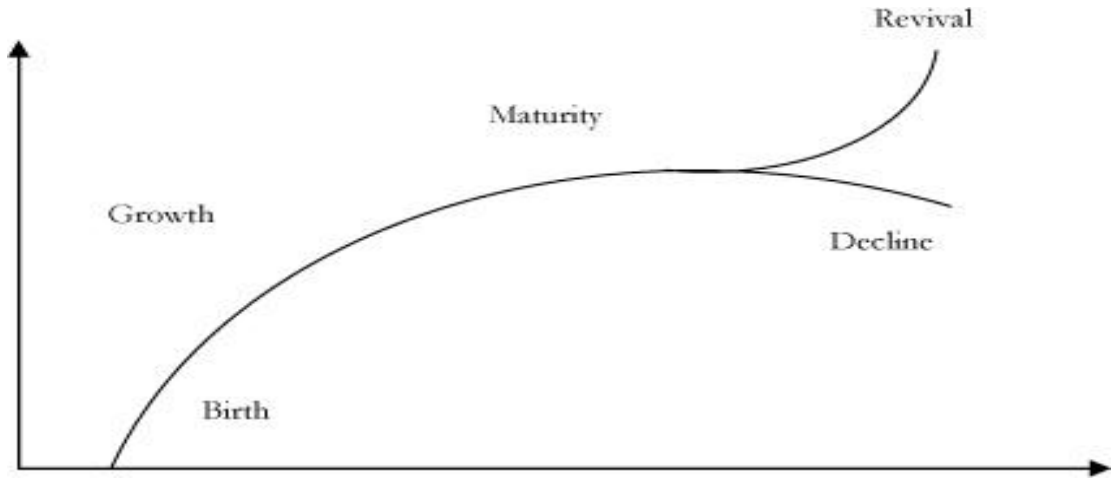
3.3.3 Control variables

Although this research investigates the influence of the above mentioned determinants on the role of the finance function, one particularly category of other variables could also be a factor of influence. The variable which could influence the role of the finance function is organisational maturity. Granlund and Taipaleenmaki (2005) found that firms in the early stages of the organisational life-cycle perspective of Miller and Friesen (1984), which is stated in Figure 3, tend to emphasise on informality and creativity, which enlarges the involvement of business controllers in decision-making support. This statement suggest a positive role between earlier stages of maturity and a business partner role for finance. Moores & Yuen (2001) also studied the relationship between management accounting systems based on the organisational life-cycle perspective of Miller and Friesen (1984). They found that evolution alongside the organisational life-cycle influences the formality and sophistication of management control systems. This finding implies that more mature organisations tend to further improve processes and systems, leaving finance professional with more time to focus on non-traditional activities.

Due to diffusion of above stated arguments, this study incorporates organisational maturity, which is measured based on the organisational life-cycle perspective of Miller and Friesen (1984), as a control variable. The organisational life-cycle perspective of Miller and Friesen (1984) consists of five categories: Birth; Growth; Maturity; Revival; Decline. As a result of the

qualitative nature of this measurement, organisational maturity is measured as a dummy variable. As a result of delineation of the research scope, respondents classifying their organisation in the birth phase is very unlikely. In order to reduce measurement bias, birth is incorporated in the survey. The gathered data confirms this statement, none of the organisations is classified into the birth phase. Considering that organisational maturity is measured based on four categories in this research, it is necessary to include only n–1 dummy in the regression model (Chang et al., 2014; ten Rouwelaar and Bots, 2008). Therefore, 3 categories need to be included, whereby the mature phase is excluded and is used as a reference category due to relatively large amount of observations (N=53).

Figure 2: Organisations life-cycle



3.3.4 Variable summary

Table 4: Summary of variables

Variable	Description
Dependent variables	
BUSIPART	Business Partnering is constructed based on the importance placed by respondents on three continuous measurement scales (1-5): - Support management decision making; - Providing inputs and help to set strategic directions; - Continuous process- and organisational improvement.
SCOKEEP	Scorekeeping is constructed based on importance placed by respondents on three continuous measurement scales (1-5): - Measuring and monitoring financial information; - Meeting fiduciary and statutory reporting requirements; - Leading finance-related compliance and strengthening internal control;
Independent variables	
BCONTROL	Importance placed on business control activities on a continuous scale (1-5)
REPORT	Importance placed on reporting activities on a continuous scale (1-5)
ACCOUNT	Importance placed on accountancy activities on a continuous scale (1-5)
RISKM	Importance placed on risk management activities on a continuous scale (1-5)
TREASURY	Importance placed on treasury activities on a continuous scale (1-5)
SIZE	Natural logarithm of sales.
DECENTR	Decentralisation is constructed on three continuous measurement scales (1-5): - Employees have autonomy to do their work; - Employees participate in the decision-making process; - Employees have the autonomy to search for problem solutions outside their own department;
GLOBAL	Ratio of foreign sales to total sales.
IND	Industry dummies
Control variables	
GROWTH	Dummy variable, 1 if organisations is classified into the Growth phase, 0 otherwise
MATURITY	Dummy variable, 1 if organisations is classified into the Maturity phase, 0 otherwise
DECLINE	Dummy variable, 1 if organisations is classified into the Decline phase, 0 otherwise
REVIVAL	Dummy variable, 1 if organisations is classified into the Revival phase, 0 otherwise

3.4 Data collection

Following prior research in this field of study (e.g. Chang et al., 2014; ten Rouwelaar and Bots, 2008; Yazdifar & Tsamenyi, 2005; Zoni and Merchant, 2007), this study generates data by survey. The survey is send out to respondents in the function levels of CFO, finance management and senior- level finance professional. Because of the importance of proper data collection, the survey is tested on a pilot group, which consists of five members of the target population and five employees of a global service firm who are specialised in conducting survey research. The concerning employees of the global service firm also have relevant work experience in equivalent functions as the target respondents. Testing the survey on a pilot group creates the opportunity to test whether respondents understand the questions, and more importantly, whether the meaning towards each specific questions is the same for all respondents (Kelley et al., 2003). The most important feedback items of the pilot group were: (1) A shorter introduction page (coversheet); (2) Very specific definitions should be described at the start of each question block; (3) Create a add-skip logic; (4) Different interpretation of one particularly question. This feedback is incorporated into the survey before it is sended out to the target sample. Adjusting the feedback of the pilot group enlarges the reliability and validity of the survey, thereby increasing the degree of measurement precision and how the measurements accurately represents what it is supposed to (Hair et al., 2006). All above should thus reduce measurement error, especially systematic error. The survey consist of four main parts and is constructed based on the theoretical background, literature review, hypotheses and the method of analysis[7]:

Background information

In this part of the survey respondents are asked to answer questions related to their organisation and job function. The questions are formulated to obtain the following information: The sector in which the concerning organisation is operating in, position of the respondent within the organisation, the size of the organisation (sales), decentralisation, globalisation, organisational maturity, and environmental uncertainty.

The finance function

During this part of the survey respondents are asked to answer questions related to the structure, roles and priorities of the finance function of the concerning organisation.

Underlying factors

The goal of this section is to determine underlying factors and relationships which influence the role of the finance function. This section of the survey addresses the structure of the finance function and how this is related towards specific aspects of each finance activity. Furthermore,

[7] The complete survey which is distributed among respondents is illustrated in Appendix B.

respondents were asked to answer questions related to business partnering within the finance function.

Future vision

This section of the survey is related to the future vision of respondents regarding the finance function in their organisation. Questions related to the future vision is not directly related with the research design of this study. However, adding this element is a request of the global service firm which helps to distribute the survey.

3.5 Sample

Since the research design of this thesis is quantitative, a sufficient amount of observations is needed to fulfil the statistical requirements for the method of analysis. This involves sending out the survey to a large sample. Prior research in this field of study (e.g. Chang et al., 2014; ten Rouwelaar and Bots, 2008; Yazdifar & Tsamenyi, 2005; Zoni and Merchant, 2007) which generated data by survey conceived a response rate between twenty and forty percent. Due to the support of the global service firm carrying out the survey, a response rate around forty percent is expected on forehand. Based on these considerations, the survey is send out to the following sample:

Table 5: Population and sample per sector

	Population per sector		Sample per sector	
Public sector	11,37%	1565	29,11%	69
Product & Services sector	86,96%	11975	51,05%	121
Financial Services sector	1,67%	230	19,83%	47
Total	100%	13770	100%	237

Despite that the sampling strategy chosen for this research is convenience sampling, the sampling frame is composed with close notice towards the population. Considering the population when composing the sampling frame is of key importance to realise an acceptable level of external validity. In other words, the sample has to be representative in comparison with the pre-determined population (Kelley et al., 2003). As shown in Table 5, the percentages per sector between population and sample slightly differ [8]. Nonetheless, the ordinal interrelations per sector between population and sample are corresponding.

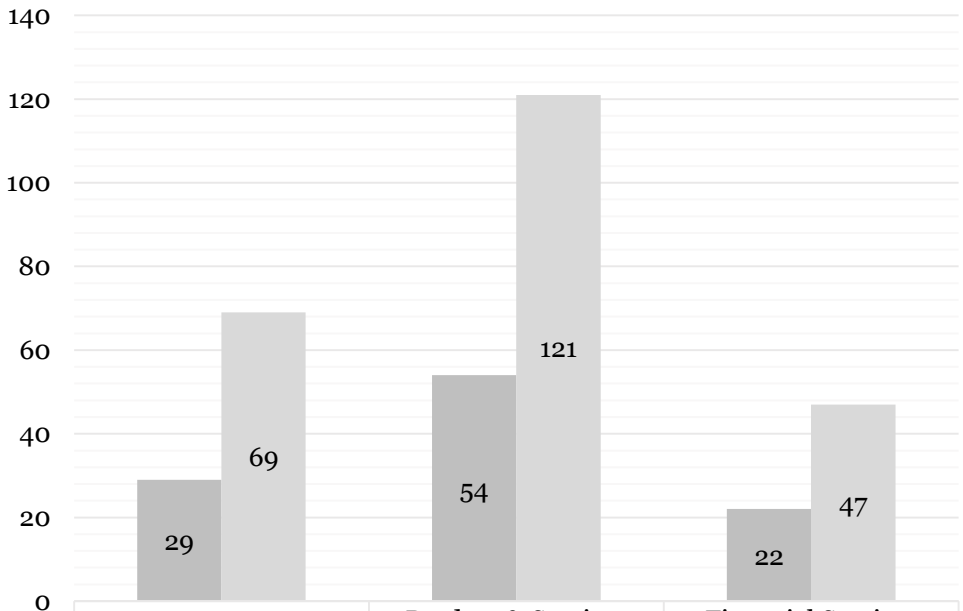
[8] Although this study does considers selection bias in composing the sampling frame, such bias still may exist.

Additional sampling information is stated below:

- Sample period: 3 months;
- Sample size: 237;
- Target organisations: Medium and large (50 <) organisations located in The Netherlands.
- Respondents: 105 (N)
- Response rate: 44,3%

A response rate of 44,3 percent is decent, considering a response rate around twenty percent is normal for this type of data collection (Kelley et al., 2003). Such high response rate is due to the collaboration with the global service firm, a mobile friendly survey tool (Qualtrics), a decent sampling period of three months, offering a feedback report of the results, sending out reminders and ensuring confidentially for the respondents. Notwithstanding the high response rate, some form of non-response bias is still present in the sample.

Figure 3: Sample and respondents per sector



	Public sector	Product & Services sector	Financial Services sector
Sample	29	54	22
Response	69	121	47

As illustrated in Figure 3, there are no substantial differences in response rate between the three main sector categories. No notable signs are received from respondents which implies a non-response bias due to not missing at random. Not missing at random suggests a correlation between non-response and the research subject or questions. Most received reason for non-response by potential respondents is a lack of time.

Missing data

Missing data can be defined as information not available for a subject (or case), whereas other information from the concerning respondent is available. This occurs when a respondent fails to answer one or more questions in a survey (Hair et al., 2006). The missing data strategy used is list-wise deletion, which means this research uses observations with complete data only. Using list-wise deletion is in line with the study of Chang et al. (2014), who followed Little (1992), suggesting complete-case analysis is an appropriate method to use in dealing with missing data. Table 6 provides an overview of initial dataset and why some observations are extracted due to missing data.

Table 6: Summary of missing data

Organisations (>50 FTE) located in the Netherlands	Number of organisations
Initial dataset (2016)	133
Extracted: Missing all data	-12
Extracted: Missing both independent and dependent variables	-12
Extracted: Missing only dependent variables	-1
Extracted: Missing independent variables	-3
Final number observations	N = 105

4. Empirical results

The empirical results of this thesis are presented in this section. At first, the descriptive statistics of all variables are reported. Secondly, the statistical correlations between variables are displayed by way of a Pearson Correlation Matrix. Thirdly, the effects of importance on finance activities, organisational characteristics and industry on both roles for the finance function are analysed through OLS regression, using several models. Fourthly, the reciprocal interactions of several finance activities are addressed. Fifth, robustness of the model is tested using an alternative measurement for the dependent variables as well as different industry definitions and performing sub-sample analyses. At last, an additional analysis is performed with variables regarding the importance placed on characteristics of a finance business partner at individual level.

4.1 Descriptive statistics

Table 7 provides the descriptive statistics for the dependent variable (role finance function), the independent variables (importance finance activities; organisational characteristics and industry) and the control variables (organisational maturity). Referring to the descriptive statistics, respondents place an average importance of 3.50 on a business partner (BUSIPART) role for finance, which is measured by the degree of finance involvement in decision making, setting strategic directions and creating continuous process and organisational improvements, based on a 1 till 5 range. The standard deviations of the importance place on business partnering activities for finance is 0.80, with a minimum and maximum of 1 and 4.74, and a median of 3.57. The mean importance placed by business partnering activities in the sample tends to be slightly smaller (0,34) than measured by Chang et al. (2014) [9]. This slight difference could probably be explained due to the international dimension of their study, thereby making culture an important determinant, as mentioned in prior literature (Granlund and Lukka, 1998a).

Respondents place an average importance of 3.87 on a scorekeeping (SCOKEEP) role for finance, measured by the importance placed monitoring financial information, meeting fiduciary and statutory reporting requirements, and leading finance related compliance and internal control, on a 1 till 5 range. The standard deviations of the importance place on scorekeeping activities is 0.77, with an median of 4,025, and a minimum and maximum of 1.23 and 5, correspondingly. Overall, finance professionals in this sample place greater importance on scorekeeper activities (Δ=0.36) for the finance function than on business partnering activities. This greater importance placed on a scorekeeping activities is statistically significant (α < p 0,05; 2-tailed)[10].

[9] The measurement of a business partner role slightly differs from the one used by Chang et al. (2014) due to adjustments based on some diffusion in the literature and the PCA. However, two of the three items for the construct of this role are directly comparable. Also, the construct is measurement based on the same scale range (1-5).

[10] Tested using Paired-Samples T test.

Regarding the different finance activities, respondents place the highest importance on business control (BCONTROL) activities (3.94), and the lowest importance on treasury (TREASURY) activities (2.91), with all finance activities measured on a 1 till 5 range. This suggest that business control tends to be the most important focus area of finance functions in this sample, whereby treasury tends to be the least important activity. Fifty percent of all the respondents score the importance placed on business control and reporting (REPORT) higher than 4,035 (median). None of the respondents scores the importance placed on accounting (ACCOUNT) lower than 1,41 and business control lower than 1.18. It suggests both of these activities are to some extent a requisite for finance functions to perform, because organisations in the Netherlands tend to place a minimum level of importance on both of these finance activities. Both risk management (RISKM) and treasury have a relative high standard deviation in comparison towards the other finance activities. This finding seems to suggest that these activities are likely to variate due to differences caused by organisational specific factors and contextual dimension of their industry.

With respect to the organisational specific factors, organisational size (SIZE) is measured in total sales, has a mean of 1501,88 (in millions €), with a minimum of 25 and a maximum of 31900. This implies that the sample consists of relatively large organisations, which is intended due to the delineation of the research scope. Despite this narrowed research scope, positive (right) skewness appears for the measurement size in the sample[11]. Therefore, a natural logarithm for size is deployed in the regression model. The variable decentralisation (DECENTR) has a mean of 3.52 with a standard deviation of 0.75 and a median of 3.53. Decentralisation is constructed based on the following three measurement scales, ranging from 1 till 5: (1) Employees have autonomy to do their work, (2) employees participate in the decision-making process and (3) employees have the autonomy to search for problem solutions outside their own department. The minimum level of decentralisation in the sample is 1.63, on a 1 till 5 range, suggesting some form of decentralisation is essential for organisations in the Netherlands to execute their business activities. Organisations in the sample tend to operate globally (GLOBAL), with a mean of 28,52 percent foreign sales to total sales and a standard deviation of 38,35 percent.

As observed from Table 7, 52,78 percent of the organisations are active in the product & services (P&S) industry category. The second industry category, financial services (FS), represents 20,37 percent of the sample. The third industry category, public (PUBLIC) organisations, contain 26,85 percent of the sample.

[11] The skewness statistic for the measurement turnover before adjusting with a natural logarithm was 5.037, well above the acceptable range of -2.0 till +2.0.

Table 7 reports a mean of 2,32 for the control variables based upon the organisational life-cycle of Miller and Friesen (1984). Due to the qualitative nature, the control variables are incorporated as dummies, whereas organisations in the growth (GROWTH) phase contain 36 percent of the sample, mature (MAT) organisations 51 percent, leaving organisations in the phases revival (REVIVAL) and decline (DECLINE) with 21,3 and 13,0 percent of the sample, respectively.

Table 7: Descriptive statistics of variables

Variable	N	Mean	Std. Dev.	Median	Min	Max	Range
Dependent variables							
BUSIPART	105	3.50	0.80	3.57	1	4.74	1-5
SCOKEEP	105	3.87	0.77	4.03	1.23	5	1-5
Independent variables							
BCONTROL	105	3.94	0.93	4.06	1.18	5	1-5
REPORT	105	3.89	1.01	4.06	1	5	1-5
ACCOUNT	105	3.61	0.97	3.72	1.41	5	1-5
RISKM	105	3.12	1.15	3.24	1	5	1-5
TREASURY	105	2.91	1.25	2.95	1	5	1-5
SIZE (in millions €)	105	1501,88	4207,90	252,80	25	31900	1-31900
DECENTR	105	3.52	0.75	3,53	1.63	5	1-5
GLOBAL (ratio)	105	0.29	0.38	0	0	0.98	0-1
P&S sector	105	0.53	0.50	1	0	1	0-1
PUBLIC sector	105	0.27	0.45	0	0	1	0-1
FS sector	105	0.20	0.41	0	0	1	0-1
Control variables							
GROWTH	105	0.15	0.36	0	0	1	0-1
MAT	105	0.51	0.51	1	0	1	0-1
REVIVAL	105	0.21	0.41	0	0	1	0-1
DECLINE	105	0.13	0.34	0	0	1	0-1

See Table 4. for the definition of each variable.

4.2 Correlations

Table 8 reports correlations between the variables used in the analysis section of this research. Both INDUSTRY and MATURITY variables are excluded from Table 8 to simplify presentation. The two dependent variables in this research, BUSIPART and SCOKEEP, show a significant positive correlation (ρ=0.537), as expected. This finding implies that respondents do not believe that traditional tasks and responsibilities (SCOKEEP) of the finance function become less important when importance for non-traditional tasks and responsibilities (BUSIPART) increases.

Significant positive correlations are found between the importance placed on a business partner role and the finance activities business control, reporting and risk management. A large correlation effect size (ρ=0,584) is reported between the importance placed on business partnering and business control[12]. Decentralisation has a significant positive correlation with a business partner role for finance, implying that highly decentralised organisations tend to place more importance on a strong business orientation for their finance functions. The main theoretical premise behind this finding is that highly decentralised organisations tend to be more complex due to complicated cost allocations and transfer pricing, creating the need for finance functions to increase business orientation and involvement in decision making (e.g. Burns and Baldvinsdottir, 2005; Granlund and Lukka, 1998a; Zoni and Merchant, 2007).

Significant positive correlations are observed between the importance placed on a scorekeeping role and all of the finance activity variables. With a large positive correlation effect between the importance placed on scorekeeping and reporting (ρ=0.610). This finding suggests that finance functions who place great importance on a scorekeeping role tend to have extended focus on ensuring a high level of reporting quality and standards.

As illustrated in Table 8, some of the independent variables are strongly correlated among each other, especially the finance activity variables. Some strong correlations amongst finance activities are plausibly due to close relations of underlying tasks and activities, such as accounting and reporting (ρ=0.413). Coupled with this argument, executing one of these activity areas, such as risk management, requires input from other divisions within the finance function, like accounting or business control. In conclusion, underlying dependency amongst finance activities give rise to these strong inter-correlations.

Another noteworthy correlation is between decentralisation and business control (ρ=0.171), which signifies that highly decentralised organisations tend to place high importance on the activities performed by the controllers within the finance function, as denoted by Zoni and

[12] Cohen (1992) provided guidelines for the interpretation of correlations in social sciences, classifying a small effect size as 0.10 – 0.30, a medium effect size as 0.30 – 0.50 and a large effect size as > 0.50.

Merchant (2007). This finding suggest that highly decentralised organisations tend to search for sufficient amount of guidance from the business control department to manage and monitor the organisation.

Furthermore, a positive correlation between globalisation and reporting (ρ=0.166) can be observed from Table 8, most likely because organisations who operate globally face significant reporting and compliance challenges because of differences in regulations and financial reporting standards (ICAEW 2011). Especially translation and differences between the Dutch Generally Accepted Accounting Principles (Dutch GAAP) and the International Financial Reporting Standards (IFRS) (Lindsay, 2007).

To check the strong correlations amongst the independent variables for multicollinearity, the Variance Inflation Factors (VIF) are calculated for all of the regression analyses. For both the SCOKEEP and the BUSIPART regression models, the VIF values lie between 1.05 and 1.47. These values indicate that there are no problems with multicollinearity, as the VIF values fit well within the proposed delimitation point of (>) 10 (Hair et al., 2006). In conclusion, the variance proportions of the collinearity statistics presents no signs that the results of the regression models are influenced by multicollinearity.

Table 8: Pearson Correlation Matrix

	BUSIPART	SCOKEEP	BCONTROL	REPORT	ACCOUNT	RISKM	TREASURY	SIZE	DECENTR	GLOBAL
BUSIPART	1									
SCOKEEP	0.537**	1								
BCONTROL	0.584***	0.398***	1							
REPORT	0.249***	0.610***	0.282***	1						
ACCOUNT	0.149	0.472***	0.045	0.413***	1					
RISKM	0.327***	0.436***	0.360***	0.193**	0.270***	1				
TREASURY	0.142	0.362***	0.223**	0.370***	0.280***	0.326***	1			
SIZE	0.125	-0.002	-0.074	-0.078	0.030	0.138	0.085	1		
DECENTR	0.191**	0.096	0.171*	-0.043	-0.023	0.021	-0.046	-0.030	1	
GLOBAL	0.105	0.002	0.064	0.166*	0.014	0.006	0.103	-0,049	0.101	1

* Correlation is significant at 0.10 level (2-tailed

** Correlation is significant at 0.05 level (2-tailed).

*** Correlation is significant at 0.01 level (2-tailed).

See Table 4. for the definition of each variable.

4.3 Regression analysis

4.3.1 OLS Regression – Determinants for finance as business partner

Table 9 reports the results of the OLS regression analysis for the determinants of the business partner role for finance defined in this research. A business partner role for finance, measured by the degree of finance involvement in decision making, setting strategic directions and creating continuous process and organisational improvements, is positively influenced by the importance placed on business control and is significant at 1 percent in the block-wise selection of finance activities model (1), the backward elimination model (4) and the overall BUSIPART model (5). A prominent view in the literature implies that this result is probably caused due to the evolution of the controller/management accountant, who increased their business orientation and involvement in the decision making process of organisations (e.g. Burns & Baldvindottir, 2005; Graham et al., 2012; Zoni and Merchant, 2007). This result is consistent with hypothesis 1, stating that organisations with a larger focus on business control attach greater importance to a business partner role for their finance function.

Organisational size is significant positively related to the importance placed on business partner activities, in the overall model (5) (β=0.127, p=0.042) and the backward elimination model (4) (β=0.134, p=0.037). The result implies that larger organisations tend to have more business partnering focus, which is consistent with hypothesis 2a. The consensus view in the literature seems to be that larger firms have more resources available to enlarge their focus on analytic and strategic activities without derogation of traditional finance activities. Contrary, smaller organisation need almost all off their resources to execute traditional finance activities (Cooper and Dart, 2009). In addition, larger organisations tend to be more complex, creating the need for financial specialists contributing to decision making (Sathe, 1983). However, size loses its significant influence on the importance placed on business partnering activities in model 2, when only organisational specific factors are performed in the regression model.

Hypothesis 2b stipulates a positive relationship between the level of decentralisation of an organisation and the importance placed on finance as business partner. However, no statistical relation between decentralisation and business partnering is found, this insignificant results thereby refutes hypothesis 2b. The empirical findings obtained through the regression analysis seems to suggest that decentralisation simply does not incite finance functions in the Netherlands to take upon a business partner role. This insignificant results stands in discrepancy to previous evidence which suggest that higher forms of operating interdependency between departments in an organisation often require more financial expertise because cost assignment issues such as cost allocation and transfer pricing are more difficult to interpret, leading to greater involvement of finance in non-traditional roles and decision making support (Zoni & Merchant, 2007).

Organisations operating globally tend to place higher importance on business partner activities. This relation is statistically significant at 5 percent for the overall model (5) and significant at 1 percent for the backward elimination model (4). This result is in line with hypothesis 2d. Providing support for the claim that an increase in foreign operations is stimulating finance functions to enlarge their role beyond traditional compliance, monitoring and reporting activities. However, globalisations loses its statistical influence on the importance placed by business partnering activities in model 2, whereby only organisational specific factors are performed in the regression model

Regarding the influence of industry type, hypothesis 3a implies that organisations operating in the financial sector are more likely to attach greater importance to a business partner role for the finance function than organisation in the product and services sector[13]. Based on the results presented in Table 9, organisations in the financial sector place indeed greater importance towards finance as business partner, with a significance level of 10 percent for the overall model and a significance level of 5 percent using backward elimination of variables. Furthermore, Table 9 shows that the importance placed on business partnering activities is positively related for organisation operating in the public sector in comparison towards the product & services sector. This results holds for the backward elimination model (β=0.338, p=0.055) and the overall model (β=0.349, p=0.043). This result is contrary towards hypothesis 3b, which implies that organisations operating in the public sector are more likely to attach less importance to a business partner role for the finance function than organisation in the P&S sector.

With regard to the control variables, organisation which are situated in the growth phase of the organisation life-cycle, tend to place significant less importance on business partnering activities than mature organisations. This results holds in the models 1 and 5 at the 5 percent level and for model 4 at the 10 percent level. However, organisations classified in the growth phase of the organisational life-cycle lose their significance negative relation in comparison with the reference group, mature organisations, for both contextual dimension models (2 and 3). Contrary, organisations classified in the decline phase become significant negatively related regarding the importance placed on a business partner role for finance at 10 percent in comparison with mature organisations for both models 2 and 3.

Markedly, the importance placed on finance activities (1) explains a relative large amount of variation in comparison towards the variables which capture contextual determinants (2 and 3). Model (1) including only finance activities, explains 37,1 percent of the variation alone. The models (2) 'organisational specific factors' and (3) 'Industries' explain 3,9 percent and 6,4 percent of the total variation for the importance placed on business partner role. Overall, the

[13] See Table 3 for the conversion of industry variables.

BUSIPART model has a R^2 of 43,1 percent, with a strong significant F-statistics of 7.068 (p=0.000), which indicates that the model fits the data well and has explanatory power.

Table 9: OLS Regression – Business Partner model

	BUSIPART				
	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**
(Constant)	1.114***	2.050***	3,536***	0.054	-0.386
BCONTROL	0.479***			0.530***	0.494***
REPORT	0.071				0.060
ACCOUNT	0.048				0.067
RISKM	0.093				0.091
TREASURY	-0.057				-0.077
SIZE		0.106		0.134**	0.127**
DECENTR		0.161			0.043
GLOBAL		0.274		0.508***	0.485**
PUB sector			-0.107	0.338**	0.349*
FS sector			0.276	0.430**	0.339*
GROWTH	-0.385**	-0.196	-0.179	-0.304*	-0.352**
REVIVAL	0.112	-0.037	-0.032		0.093
DECLINE	-0.309	-0.445*	-0.414*	-0.411**	-0.281
Adjusted R^2	37,1%	3,9%	6,4%	43,7%	43,1%
F-statistic	8.873***	1.712	1.394	12.533***	7.068***
N	105	105	105	105	105

*, ** and *** indicate statistical significance levels at 10, 5 and 1 percent, respectively (2-tailed).
See Table 4. for the definition of each variable.

4.3.2 OLS Regression – Determinants for finance as scorekeeper

Table 10 reports the results of the OLS regression analysis for the determinants of the scorekeeper role for finance defined in this research. As observed from Table 10, finance as scorekeeper, measured by the importance placed on measuring and monitoring financial information, meeting fiduciary and statutory reporting requirements, and leading finance related compliance and internal control, is significant positively associated with every finance activity except for treasury. This results hold for the finance activities model (1), the backward elimination model (4) and the overall SCOKEEP model (5). This finding implies that all the finance activities are somewhat 'traditional' and a stipulation for finance functions to deliver at least minimum required level of quality in performing these activities.

A strong statically positive relation of 1 percent is found between the importance placed on reporting activities and finance as scorekeeper for the models 1,4 and 5. The result implies that organisation who tend to place high importance on financial reporting quality and standards, place considerable importance on a scorekeeping role for their finance function. This finding is consistent with the argument of Burns and Baldvinsdottir (2005), who state that tasks such as reporting and processing data can be seen as traditional and therefore an important requisite for finance.

Substantial differences arise between the overall SCOKEEP model (5) and the block-wise selection of finance activities model (1) as well as backward elimination model (4), whereas accounting and risk management become statistically significant at 1 percent.

With regard to the overall SCOKEEP model (5), no statistical significant differences are observed for the importance of scorekeeping activities between public and financial organisations in comparison with product & services organisations. However, a positive relation between the importance placed on scorekeeping activities and organisations active in the public sector arises when performing model 3. The importance placed by public organisations becomes statically significant at 5 percent with respect to the reference group, organisations who operate in the product & services sector.

No statistical significant differences are observed for the importance of scorekeeping activities between the different phases of the organisation life-cycle and the reference category maturity in all of the SCOKEEP models.

Notably, the importance placed on finance activities (model 1) explains an extensive amount of variation (50,5 percent) in comparison towards the variables which capture contextual determinants in models 2 (3,9 percent) and 3 (7,2 percent) regarding the importance placed on scorekeeping activities. Overall, the SCOREKEEP model has a R^2 of 55,4 percent, with a strong significant F-statistics of 10.533 (p=0.000), which indicates that the model fits the data well and has explanatory power.

Table 10: OLS Regression – Scorekeeper model

	SCOKEEP				
	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**
(Constant)	0.840**	3.502 ***		0.567	0.567
BCONTROL	0.158**			0.137**	0.134**
REPORT	0.312***			0.320***	0.303***
ACCOUNT	0.179***			0.199***	0.199**
RISKM	0.154***			0.169***	0.165**
TREASURY	0.013				0.032
SIZE		0.004			-0.080
DECENTR		0.086			0.086
GLOBAL		0.005			-0.060
PUB sector			0.464**		0.119
FS sector			0.039		0.232
GROWTH	-0.031	0.304	0.317		0.029
REVIVAL	0.119	0.041	0.042		0.109
DECLINE	0.009	-0.370	-0.330		0.129
Adjusted R^2	50,5%	0.9%	7,2%	55,4%	55,4%
F-statistic	14.633***	1.158	2.664**	33.304***	10.533***
N	105	105	105	105	105

*, ** and *** indicate statistical significance levels at 10, 5 and 1 percent, respectively (2-tailed).
See Table 4. for the definition of each variable.

4.4 Analysis with interaction terms

The finance function exists of several departments who all perform a different nature of activities. Not every finance function is compelled in the same way. However, the results obtained from the Pearson Correlation Matrix in Table 8 show that some of the finance activity variables are strongly correlated among each other. These correlations amongst finance activities arise plausibly due to close relations of underlying tasks and activities, such as accounting and reporting. Coupled with this argument, executing one of these activity areas, such as risk management, requires input from other divisions within the finance function, like accounting or business control. In conclusion, underlying dependency amongst finance activities give rise to these strong correlations.

Table 13 presents the results of the influence of organisational factors along with finance activities as well as their interactions on both roles of the finance function, BUSIPART and SCOKEEP. Only significant correlations at 1 percent with at least a medium effect size are incorporated as interaction terms (Cohen, 1992). As observed from table 13, there is a significant positive associations between the interaction term risk management and treasury (RISKM*TREASURY) and the importance placed on business partnering activities at 10 percent. One plausible explanation could be that the nature of both activities are somewhat connected, whereby risk management is the process of identifying and managing downside financial risks and upside potential and treasury the process of informing and engaging with investors and funders to obtain financial resources (ICAEW, 2011). The underlying connection of both activities is of vital importance and lies in close connection with the overall strategic- and decision making process of organisations.

Regarding the SCOKEEP model, the interaction terms reporting combined with treasury (REPORT*TREASURY) and risk management combined with business control (RISKM*BCONTROL) are statistically related with the importance placed on finance as scorekeeper. The significant associations of the interaction term RISK*BCONTROL with finance as scorekeeper at 10 percent is in line with the findings of Chang et al. (2014), suggesting that finance function utilise a scorekeeping orientation to execute and combine activities like business control and risk management.

Table 11: OLS Regression – Interactions between finance activities

	BUSIPART		SCOKEEP	
(Constant)	-0.386	-1.195	0.567	-0.592
BCONTROL	0.494***	0.762***	0.134**	0.358**
REPORT	0.060	0.202	0.303***	0.421**
ACCOUNT	0.067	0.025	0.199**	0.032
RISKM	0.091	0.231	0.165**	0.451**
TREASURY	-0.077	-0.039	0.032	0.444**
ACCOUNT * REPORT		0.009		0.047
RISKM * BCONTROL		-0.091		-0.086*
RISKM * TREASURY		0.084*		0.029
REPORT * TREASURY		-0.073		-0.122***
SIZE	0.127**	0.120*	-0.080	-0.019
DECENTR	0.043	0.038	0.086	0.067
GLOBAL	0.485**	0.426**	-0.060	-0.117
PUB sector	0.349*	0.372**	0.119	0.137
FS sector	0.339*	0.298*	0.232	0.193
GROWTH	-0.352**	-0.393**	0.029	-0.025
REVIVAL	0.093	0.087	0.109	0.092
DECLINE	-0.281	-0.292	0.129	0.172
Adjusted R^2	43,1%	44,6%	55,4%	57,2%
F-statistic	7.068***	5.928***	10.533***	9.175***
N	105	105	105	105

*, ** and *** indicate statistical significance levels at 10, 5 and 1 percent, respectively (2-tailed).
See Table 4. for the definition of each variable.

4.5 Robustness tests

Although this study has tested several assumptions for regression analysis such as linearity, normality, homoscedasticity and independency of the residuals to ensure predictive accuracy, several other methods are employed to check the robustness of the results. First, due to delusion in the literature about different role constructs for finance, a convergent validity check is performed using the construct formulated grounded on prior literature (3.3.1) before adjustments based upon the PCA and Cronbach's Alpha. Second, additional analyses are carried out with alternative classification of industry types. Finally, sub-sample analyses for both mature and organisations active in the P&S sector are performed thereafter.

4.5.1 Regression analysis with alternative measurements of dependent variables

The first robustness test of the model is performed using different constructs for both dependent variables. This substitute measurement is defined using both constructs grounded on prior literature (3.3.1) before adjustments based upon the PCA and Cronbach's Alpha[14]. The results in Table 12 suggest that this substitute measurement for the dependent variables does not deviate strongly from the original measurement in the overall model.

Lowercase differences in the BUSIPART model seem to appear for the variables reporting, risk management, size, globalisation and the dummy variable groups public sector and growth phase. Reporting and risk management become statically significant at 10 percent (p=0.062 and p=0.075, correspondingly), whereas the influence of size on the importance placed on business partner activities decreases in statistical significance from 5 till 10 percent (p=0.095). Globalisation loses statistical significance at 10 percent as a predictor for finance as business partner. Furthermore, organisations active in the public sector become a statistically positive related at 5 percent (p=0.026) for the substitute measurement of BUSIPART in comparison towards the reference group, organisations operating in the P&S sector. Organisations classified in the growth phase of the organisational life-cycle lose their negative statistical significance with respect towards organisation classified as mature, when the substitute measurement for a business partner role is utilised.

Small differences between the preceding SCOKEEP model and substitute measurement model are observed for the variables business control and accounting. Business control loses statistical significance as a positive predictor for the importance placed on a scorekeeping role for the finance function. Accounting becomes statistically significant at 1 percent (p=0.000) for the alternative measurement of SCOKEEP.

[14] The Cronbach's Alpha scores for both constructs used in this substitute measurements are 0.77 (BUSIPART) and 0.61 (SCOKEEP).

Overall, the SCOKEEP (substitute) model loses explained variance (Δ R^2 =-5,6%) with regard to the initial model, while the BUSIPART (substitute) model gains explained variance (Δ R^2 =3,6%) with regard to the initial model.

Table 12: OLS Regression – Alternative measurement for both finance roles

	BUSIPART (overall)	BUSIPART (substitute)	SCOKEEP (overall)	SCOKEEP (substitute)
(Constant)	-0.386	-0.092	0.567	1.413**
BCONTROL	0.494***	0.431***	0.134**	0.099
REPORT	0.060	0.111*	0.303***	0.260***
ACCOUNT	0.067	0.068	0.199**	0.224***
RISKM	0.091	0.098*	0.165**	0.118**
TREASURY	-0.077	-0.060	0.032	0.033
SIZE	0.127**	0.092*	-0.080	-0.046
DECENTR	0.043	0.061	0.086	-0.016
GLOBAL	0.485**	0.280	-0.060	-0.020
PUB sector	0.349*	0.359**	0.119	0.038
FS sector	0.339*	0.305*	0.232	0.058
GROWTH	-0.352**	-0.211	0.029	-0.030
REVIVAL	0.093	0.142	0.109	0.051
DECLINE	-0.281	-0.255	0.129	0.006
Adjusted R^2	43,1%	46,7%	55,4%	49,8%
F-statistic	7.068***	8.009***	10.533***	8.943***
N	105	105	105	105

*, ** and *** indicate statistical significance levels at 10, 5 and 1 percent, respectively (2-tailed).
See Table 4. for the definition of each variable.

4.5.2 Regression analysis with different industry definitions

The second robustness test for both regression models is performed using different industry categories. The product & services industry category (N=54) is for this robustness analysis divided in manufacturing (N=20) and Other (N=37) organisations, whereas the Other category is used as the reference group for both regression models. In contrast regarding the base model, organisations operating in the public and financial services sector lose their statistical positive influence on finance in a business partner role, as observed from Table 9 and 13. Manufacturing (MANUFACT) organisations place less importance on a business partner role than the other organisations in the product & services sector. This result suggests that statistical significance between public and financial organisations in contrast towards P&S organisations is likely caused due to the low importance placed on finance as business partner by manufacturing organisations. Notwithstanding, these results are not statically significant.

Table 13: OLS Regression – Determinants with different industry classification

	BUSIPART	SCOKEEP
(Constant)	-0.164	0.592
BCONTROL	0.485***	0.130**
REPORT	0.080*	0.312***
ACCOUNT	0.067	0.199***
RISKM	0.092*	0.165***
TREASURY	-0.087	0.028
SIZE	0.110*	-0.016
DECENTR	0.027	0.078
GLOBAL	0.522***	-0.043
PUB sector	0.280	0.088
FS sector	0.257	0.195
MANUFACT sector	-0.241	-0.109
GROWTH	-0.422**	-0.003
REVIVAL	0.066	0.097
DECLINE	-0.305	0.118
Adjusted R^2	43,5%	54,1%
F-statistic	6.722***	9.751***
N	105	105

*, ** and *** indicate statistical significance levels at 10, 5 and 1 percent, respectively (2-tailed).
See Table 4. for the definition of each variable.

4.5.3 Sub-sample analysis

The last robustness test for both regression models is performed using two different sub-samples. The first sub-sample performed in comparison towards the overall model is based on only mature organisations. The second sub-sample is carried out with only organisations active in the product & services sector.

As presented in table 14, a significant relations between the importance placed on reporting activities and finance as business partner arises at 5 percent level for mature organisation. Size loses its significant positive influence on the importance placed on business partnering activities within the sub-sample of mature organisations. Similarly, globalisation as an influence factor for finance as business partner loses statically significance when only mature organisations are examined. These results provide confirmatory evidence that mature organisation are likely to operate globally and are relatively large, thereby making both size and globalisation less influential as predictor for the importance placed on business partnering. Decentralisation becomes statistically associated with a business partner role for finance at 5 percent. This finding provides partial support for the claim that higher forms decentralisation in an organisation often require more financial expertise because cost assignment issues such as cost allocation and transfer pricing are more difficult to interpret. Leading to greater involvement of finance professionals in non-traditional roles and decision making support (Zoni & Merchant, 2007). The consensus view that higher forms of decentralisation fosters finance to take upon a business partner role only holds for mature organisations in this sample. Notably differences for the SCOKEEP model between the overall sample and mature organisation arise for the importance placed on business control and risk management activities, which both decrease in significance. These findings imply that for mature organisations, finance as scorekeeper is mostly determined by the importance placed on reporting and accounting. This implication is in line with the argument of Graham et al. (2012), denoting that a scorekeeper role for finance is depicted by a backward looking focus on reporting and accounting.

Regarding the sub-sample of organisations active in the P&S sector, only globalisation and size become less statistically associated with the importance placed on business partnering activities. These results are similar to what is stated above, suggesting that organisation operating in the P&S sector are more likely to operate globally and are relatively large in comparison towards organisation active in the public or FS sector, thereby making both size and globalisation less influential as predictor for the importance placed on business partnering. With respect to the sub-sample of P&S organisations, the importance placed on risk management and treasury activities become statistically associated with the importance placed on finance in a scorekeeper role. The significant association between the importance placed on business control and finance as scorekeeper vanishes, whereby the importance placed on accounting becomes statistically related with a scorekeeper role for finance function at 1 percent.

Table 14: OLS Regression – Sub-sample analysis

	BUSIPART (overall)	BUSIPART (mature)	BUSIPART (P&S)	SCOKEEP (overall)	SCOKEEP (mature)	SCOKEEP (P&S)
(Constant)	-0.386	-0.566	-0.676	0.567	0.514	-0.048
BCONTROL	0.494***	0.502***	0.522***	0.134**	0.181*	-0.058
REPORT	0.060	0.177**	-0.010	0.303***	0.320***	0.318***
ACCOUNT	0.067	-0.068	0.117	0.199**	0.208**	0.252***
RISKM	0.091	0.105	0.021	0.165**	0.131	0.163**
TREASURY	-0.077	-0.081	0.044	0.032	0.061	0.127*
SIZE	0.127**	0.095	0.179*	-0.080	-0.076	0.097
DECENTR	0.043	0.199**	-0.057	0.086	0.136	0.030
GLOBAL	0.485**	0.180	0.463*	-0.060	-0.019	-0.050
PUB sector	0.349*	0.251		0.119	0.282	
FS sector	0.339*	0.010		0.232	0.299	
GROWTH	-0.352**		-0.247	0.029		0.257
REVIVAL	0.093		-0.032	0.109		0.203
DECLINE	-0.281		-0.202	0.129		0.293
Adjusted R^2	43,1%	63,4%	20,9%	55,4%	62,5%	62,0%
F-statistic	7.068***	10.007***	2.301**	10.533***	7.002***	9.008***
N	105	53	55	105	53	55

*, ** and *** indicate statistical significance levels at 10, 5 and 1 percent, respectively (2-tailed).

See Table 4. for the definition of each variable.

4.6 Additional analysis – Business partner characteristics

In order to create further insights into the data obtained by the survey, an additional analysis is performed. This analysis is conducted in the form of an OLS regression which examines the influence of importance placed on business partner characteristics at individual level on the importance placed of business partner activities within the complete finance function. Figure 4 represents the means related to the importance placed on nine characteristics of a finance business partner. The concerning measurement is at individual level, not at finance function level. Measuring at individual level regarding this research subject is in line with prior studies like those of Byrne and Pierce (2007) and Lambert and Sponem (2012). As observed from figure 4, respondents place the highest mean importance on analytical skills and the less importance on innovative skills for individuals in the position of business partner within the finance function.

Figure 4: Importance placed on business partner characteristics

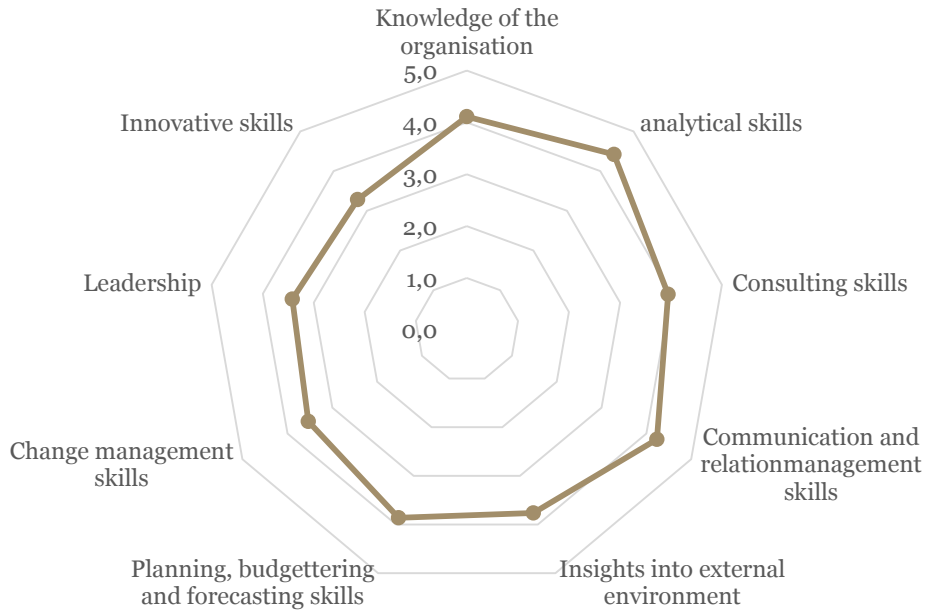


Table 15 provides the OLS regression results regarding the influence on the dependent variable BUSIPART. Notably, some coefficients are negative, which is contrary towards the consensus view in the literature that these characteristics are denoted as typical for business partnering. However, the negative coefficients are not significant and can therefore be neglected. The importance placed on planning, budgeting and forecasting skills is significant positive related at 1 percent towards the importance placed on business partner activities for the complete finance function. This result is consistent with the argument of Byrne and Pierce (2007), who argue that technical skills are in important characteristic of business partnering. The importance placed at leadership is significant positive related at 5 percent towards the

importance placed on business partner activities for the complete finance function. The result is coherent with the argument of ICAEW (2014), denoting that leadership is an important skill and somewhat a prerequisite to become a business partner.

Table 15: OLS regression – Influence of business partner characteristics on a Business Partner role

	BUSIPART
(Constant)	2,368***
Knowledge of the organisation	-0.058
Analytical skills	-0.225
Consulting skills	0.046
Communication and relationship skills	-0.049
Insights into external environment	0.049
Planning, budgeting and forecasting skills	0.434***
Change management skills	-0.161
Leadership	0.237**
Innovation skills	0.089
Adjusted R^2	15,1%
F-statistic	2.795***
N	92

*, ** and *** indicate statistical significance levels at 10, 5 and 1 percent, respectively (2-tailed).

5. Discussion

5.1 Discussion of the main results

The foregoing discussion in prior literature implies that role finance carries out in organisations is changing from scorekeeper to being a business partner. For the sake of discussion, I would like to argue that the main results in this thesis point out that not all organisations have the need for finance to become a business partner. This statement underpins the underlying assumptions of the contingency theory, denoting that organisations are managed, structured and designed differently because of the nature of the organisation and the environment. Furthermore, both roles for the finance function show a significant positive correlation, implying that respondents do not believe that traditional tasks and responsibilities for finance become less important when importance for non-traditional tasks and responsibilities increases. This finding is supportive of institutional theory, implying that established norms, responsibilities and rules constrain finance to stay committed to traditional tasks and activities.

The intention of this thesis is to contribute to the finance and accounting literature by not only looking at organisational related factors but also investigating the influence of finance activities on the role of the finance function. Several interesting findings are apparent when analysing the relation between the role of finance and the importance placed on finance activities within. Finance as business partner, measured by the degree of finance involvement in decision making, setting strategic directions and creating continuous process and organisational improvements, is strongly influenced by the importance placed on business controlling activities. A prominent view in the literature implies that this result is probably caused because managers tend to urge (business) controllers to increase their business orientation and provide relevant information to support decision making due to a rapid changing business environment and an increasing competitive environment (Lambert and Sponem, 2012; Sathe, 1984).
Finance as scorekeeper, measured by the importance placed on measuring and monitoring financial information, meeting fiduciary and statutory reporting requirements, and leading finance related compliance and internal control, is significant and positively associated with every finance activity, except for treasury. While these findings go beyond presumed hypotheses, one plausible explanation could be that all the finance activities are somewhat 'traditional' and a stipulation for finance functions to deliver at least a minimum required level of quality in performing these activities.

The regression results indicate that larger organisations tend to require a more business partnering focus from their finance function than smaller organisation. The consensus view in the literature seems to be that larger organisations have more resources available to enlarge their focus on analytic and strategic activities without derogation of traditional finance activities, whereby smaller organisation need almost all off their resources to execute traditional finance activities (Cooper and Dart, 2009). In addition, larger organisations tend to

be more complex, creating the need for financial specialists contributing to decision making (Sathe, 1983).

The empirical findings obtained through the regression analyses seems to suggest that decentralisation simply does not influence the role of finance for organisations in the Netherlands, except for organisations classified as mature. This insignificant result stands in discrepancy to previous provided evidence, which suggest that higher forms of operating interdependency between departments in an organisation often require more financial expertise because cost assignment issues such as cost allocation and transfer pricing are more difficult to interpret. Leading to greater involvement of finance in non-traditional roles and decision making support (Zoni & Merchant, 2007).

This study finds that operating globally is significant positively related to the importance placed on finance as business partner, whereas more domestic oriented organisation neglect this importance. The available evidence seems to suggest that operating globally increases the adversity of tracking and processing financial information and widens operational and financial risks which need to be identified and managed (Hagigi & Sivakumar, 2009). Globalisation can therefore present finance functions with significant strategic challenges, constraining finance to evolve and take upon new challenging tasks and responsibilities.

Regarding the influence of industry types, organisations which operate in the financial services sector are more likely to attach greater importance to a business partner role for their finance function than organisation in the product & services sector. The underlying argument in favour of this result is that the nature of business activities for financial organisations compels a contributing and leading finance function in the operational- and strategic decision making process. Worthy of additional mention and in conflict with prior expectations, the importance placed on business partnering activities is positively related for organisation operating in the public sector in comparison towards the product & services sector. This finding is contrary to those of Chang et al. (2014) and ten Rouwelaar and Bots (2008). One plausible argument for this finding could be that despite most public organisations are funded by government, being tied to government expenditure means resources are restricted. Therefore, economic scarcity forces that nearly all organisations must be managed efficiently and effectively. Consequently, many management principles performed in the profit sector are also used in the non-profit sector. However, such explanation rather elucidates no differences than significant more importance placed towards a business partner role for finance by public organisation in comparison with organisations active in the P&S sector. The significant more importance placed by public organisation on a business partner role for finance could be enlightened by agency theory. Because of the nature of public organisations, one could argue that the incentives of managers (agents) are much closely related to the overall mission and vision of the organisation. The added value of involved finance personnel (Wolf et al., 2015) could therefore be much earlier accepted by managers in the public sector, despite the possible feeling of limitations towards their own agency and experience of restriction of their freedom.

In respect to finance as scorekeeping, no statistical significant differences are observed for the importance placed on a scorekeeping role between public and financial organisations in comparison towards organisations active in the product & services sector.

With regard to the control variables, organisation which are situated in the growth phase of the organisation life-cycle, place significant less importance on finance as business partner than mature organisations. This finding propounds the view that less mature organisations do not have a fully developed and stabilised finance function, whereby besides executing traditional finance activities, all additional resources are allocated for further maturation of the finance function. Leaving business partnering as a subservient priority for organisations in the growth phase of the organisation life-cycle. No statistical significant differences are observed for the importance of scorekeeping activities between the different phases of the organisation life-cycle and the reference category maturity.

Overall, evidence seems to suggest that when assessing finance as business partner, one should look at finance activities as well as organisational related factors. When examining finance as scorekeeper a more isolated research perspective based upon underlying dimension within the finance function itself is more applicable.

5.2 Theoretical and practical implications

5.2.1 Theoretical implications

This master thesis extents the finance and accounting literature in threefold. First, this study identified the two most common mentioned roles, scorekeeper and business partner, for the finance function in prior literature. When comparing previous studies regarding this topic, there are various ways in classifying the role of finance in organisations. Different studies use multifarious terminology and dimensions defining finance function roles. This research contributes to the existing literature by empirically examining the influence of finance activities and organisational factors on the two most commonly mentioned roles for the finance function in prior literature.

Second, this research contributes to the existing literature in this field of study by analysing the role of finance at finance function level, in contrast to most studies which look at department or finance activity level. This statement is confirmed by the ICAEW (2011) after their broad review of studies about the finance function: “A great deal of academic work has been carried out on the role of individual management accountants, performance management systems and particular financial management techniques. Case studies looking across organisations are also plentiful. However, studies at the finance function level of analysis appear to be limited.” (p. 12).

Third, most of the literature in this field of study is based on qualitative research in the manner of case studies and interviews, therefore missing a quantitative underpinning. Broad scale

quantitative studies, who empirically examined how various factors relate to the role of finance, appear to be limited. To my knowledge, this thesis is one of the first to shed empirical light on the relation between different finance activities and organisational factors and the role finance caries out for organisations situated in the Netherlands.

5.2.2 Practical implications

This master thesis provides practical implication for organisations in the Netherlands who seek to develop their finance function. The practical relevance of this study derives from insights about which factors influence the role of the finance function and contribute to a business partner role for finance. On basis of the evidence provided by this study, CFO's and Finance managers working for organisations in the Netherlands can interpret if their finance function supports decision making, helps to sets strategic directions and facilitates continuous organisational improvements at the desired level. Within this line of reasoning, not all organisations have the need for finance to become a business partner. Based on the provided evidence, CFO's and Finance managers could interpret if contextual factors distinctive for their organisation create the need to transform their finance function or not.

6. Conclusions

6.1 Summary of main findings

This study empirically examines to what extent the role of the finance function is related to finance activities and organisational factors. Based on a sample of 105 organisations situated in the Netherlands, this study finds mixed evidence that organisations who are confronted with factors which literature claims to be driving the necessity for finance to change towards a business partner role, have indeed adjusted their emphases on this role. In addition, distinct differences are visible in the statistical significance of determinants for each finance role.

Results in this study show that the importance placed on certain finance activities influence the role of finance. Consistent with prior expectations, high importance placed on business controlling activities is positively related to a business partner role for finance. Findings beyond the presumed hypotheses where that the importance placed on a scorekeeping role for finance is significant and positively associated with every finance activity, except for treasury.

Regarding the organisational specific factors, organisational size is positively related to the importance placed on business partner activities, suggesting larger organisations tend to require a more business partnering focus from their finance function than smaller organisations. Contrary to what is proposed in hypothesis 2b, higher forms of decentralisation do not constrain finance functions to enlarge their business partner role. The empirical findings obtained through the regression analysis seems to suggest that decentralisation simply does not influence the role of finance for organisations in the Netherlands. In line with hypothesis 2d, organisations operating globally tend to place higher importance on finance as business partner than organisations with a more domestic orientation. Providing support for the claim that an increase in foreign operations is stimulating finance functions to enlarge their role beyond traditional compliance, monitoring and reporting activities.

Regarding the influence of industry type, organisations operating in the financial sector are more likely to attach greater importance to a business partner role for the finance function than organisation in the product & services sector, as stipulated in hypothesis 3a. In conflict with prior expectations, the importance placed on business partnering activities is positively related for organisation operating in the public sector in comparison towards the product & services sector.

With regard to the control variables, organisation which are situated in the growth phase of the organisation life-cycle, place significant less importance on finance as business partnering than mature organisations. No statistical significant differences are observed for the importance of a scorekeeping role between the different phases of the organisation life-cycle and the reference category maturity.

6.2 Limitations and suggestions for further research

6.2.1 Limitations

I acknowledge several limitations towards this thesis. First, only relative large organisations, situated in the Netherlands are included in this research. Data selected in another country, with a different focus population could therefore lead to different results. Second, although the sampling frame is composed with close notice towards the population, respondents approached for this research belong to the network of PricewaterhouseCoopers, the sample used for analyses in this thesis is therefore not totally random. Whether this sample is representative for the population and if the findings in this study are fully generalizable, should be investigated in further research. Third, the variables used in the analyses of this thesis are computed by means of answers from one single respondent per organisation. As a result, the initial construct of the scorekeeping role variable is not reliable (α=0.5). After adjustments, the analyses were continued with a Cronbach's Alpha of 0.68 for the concerning construct. Although all the other reliability results suggest no problems for common response bias with regard to the constructs, such bias still may exist. Fourth, this research relies upon perceptual measures. Despite testing the survey by pilot group and conducting validity tests where applicable, I acknowledge the possibility for measurement error associated with perceptual survey research. Fifth, although my tested directions are founded based on prior literature, the inherent problem with a cross-sectional research design and an explanatory research purpose is the power of causality. Therefore, I am to some extend limited in interpreting the results. At last, because this study converts the Standard Industry Classification (SIC) into three main categories in order to reduce the number of variables performed in the regression model, the regression results for industry are not directly comparable with other studies regarding this topic. However, the conversion of industry categories is clearly defined, thereby creating the possibility for further research to interpret and apply the results.

6.2.2 Suggestions for further research

The findings of this thesis suggest various paths forward for further research regarding this topic. It would be interesting to measure the changing role of the finance function performing a longitudinal quantitative study, analysing the potential changes for the different roles of finance over time. Such research design can in more detail underpin the casual relations between the dependent and predictor variables. In addition, a longitudinal study examining different roles for finance functions in several countries would create added value due to the possibility to incorporate culture as a predictor.

Moreover, an interesting addition in measuring the role of finance is incorporating the prestige of roles. It is plausible to assume that some roles are more prestigious than others. The prestige of non-traditional roles for the finance function and the social desirability associated with it could be more than just a bias. Future studies might investigate the prestige of non-traditional roles as a variable of interest.

At last, future research might investigate the influence of how the importance placed on both roles is related towards finance effectiveness. The added value hereby lies in the insights about which role contributes the most to the effectiveness of the finance function and what the ideal distribution of both roles should be. CFO's and finance managers could, based on these insights, increase the effectiveness of their finance function.

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Appendix A - Glossary

Below the definitions of the most commonly used terms in this research are given:

Accounting: Recording financial consequences of organisational activities (ICAEW, 2011).

Business partner: Is defined as the role finance undertakes in an organisation, which is characterised by high strategic- and decision-making involvement with a business orientated focus.

Contingency theory: Is an organisational theory which claims that there is no best way to structure, design or lead an organisation, because it depends upon situational factors (Tosi & Slocum, 1984).

Business Control: Process which produces and uses financial related information to inform, monitor and instigate operational actions (ICAEW, 2011).

Decentralisation: Centralisation (or decentralisation) refers to what extent decision-making authority lies in the higher levels of the hierarchy of organisations (Tsai, 2002).

Finance activity: Actions, tasks or processes which can be divided into different divisions or departments within the finance function (e.g., accounting, treasury, business control, reporting, risk management).

Finance function: Every department and activity which is under the supervision and responsibility of the Chief Financial Officer (CFO).

Reporting: Is the process of recording and producing reports and statements which disclose the financial status of an organisation and/or activities within (Weaver and Weston, 2008)

Risk management: Process of identifying and managing downside financial risks and upside potential, both current and possible.

Role of the finance function: The level in which the finance function contributes to the organisation strategic- and decision making process.

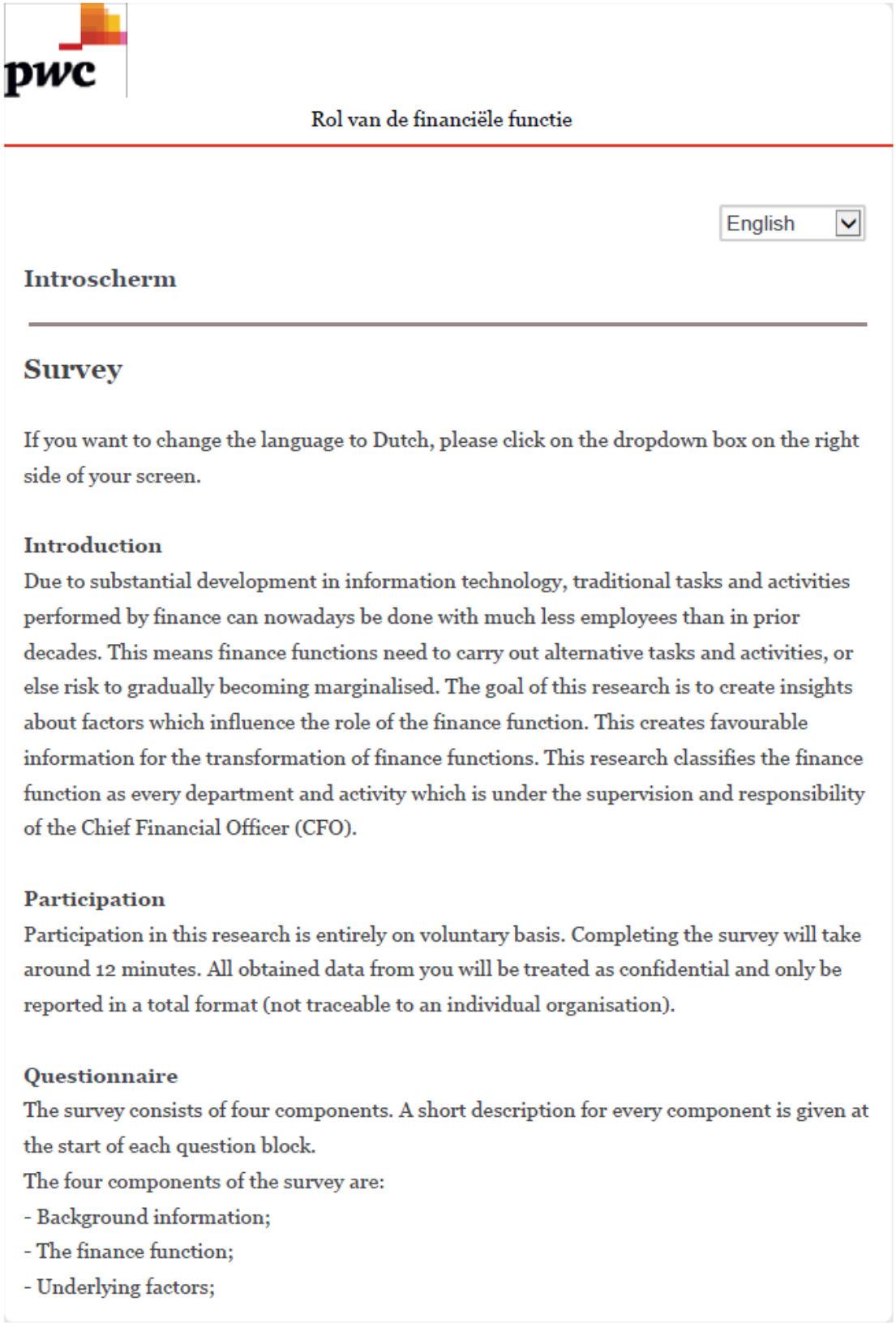
Positioning: Positioning is comparable with the role of the finance function, the level in which the finance function is involved with the organisation strategic and decision making process.

Scorekeeper: Is defined as the role finance undertakes in an organisation, which is characterised by a focus on transaction processing, measuring and monitoring financial information and reporting past performance in a robust and accurate manner.

Treasury: Process of Informing and engaging with investors and funders, current and potential, to obtain and maintain necessary financial resources (ICAEW, 2011).

Appendix B - Survey

The complete survey which is distributed among respondents is illustrated below. The quality of graphical display is deteriorated due to the conversion from Qualtrics to a pdf-file.



pwc

Rol van de financiële functie

English

Introscherm

Survey

If you want to change the language to Dutch, please click on the dropdown box on the right side of your screen.

Introduction

Due to substantial development in information technology, traditional tasks and activities performed by finance can nowadays be done with much less employees than in prior decades. This means finance functions need to carry out alternative tasks and activities, or else risk to gradually becoming marginalised. The goal of this research is to create insights about factors which influence the role of the finance function. This creates favourable information for the transformation of finance functions. This research classifies the finance function as every department and activity which is under the supervision and responsibility of the Chief Financial Officer (CFO).

Participation

Participation in this research is entirely on voluntary basis. Completing the survey will take around 12 minutes. All obtained data from you will be treated as confidential and only be reported in a total format (not traceable to an individual organisation).

Questionnaire

The survey consists of four components. A short description for every component is given at the start of each question block.

The four components of the survey are:

- Background information;
- The finance function;
- Underlying factors;

- Future vision.

Benefits of participation

As a respondent, you will receive the results of your own survey compared with a benchmark of the overall results. Besides the benchmark, participation in this research will give you the chance to win a free trainingsday at choice at the PwC Academy.

Questions about the research

If you have any questions regarding this research you can contact Niek Meijerink (niek.meijerink@nl.pwc.com).

Thank you for your participation!

Achtergrondkenmerken

Background information

In this part of the survey you will be asked to answer questions related with regards to your organisation and job function. The questions are formulated to obtain the following information: The sector in which your organisation is operating, your position within the organisation, the size of the organisation, decentralisation, globalisation, organisational maturity, and environmental uncertainty.

---

1. What is the name of your organisation?

---

2. What is your current job level?

- ○ Senior level finance professional
- ○ Finance Manager
- ○ CFO

---

3. What is your email address? (Optional, for the feedback of the results)

---

4. How many employees (in FTE) are you managing **directly**?

- ○ 0 (No management function)
- ○ 1 - 4
- ○ 5 - 19
- ○ 20 +

---

5. How many employees (in FTE) do you manage **indirectly**?

- ○ 0 (No management function)
- ○ 1-9
- ○ 10-29
- ○ 30+

---

6. In which industry is your company most active? (Only able to choose one answer)

The industries stated below are based on the SIC classification. For further specifications of the SIC classification, please click on the link below:

https://www.osha.gov/pls/imis/sic_manual.html

- ○ Agriculture, Forestry and Fishing
- ○ Mining
- ○ Construction
- ○ Manufacturing
- ○ Transportation, Communication, Energy and Utility and Sanitary Service
- ○ Wholesale trade
- ○ Retail trade
- ○ Finance, Insurance and Real Estate
- ○ Services
- ○ Public sector - Government (question 10 will be skipped)
- ○ Public sector - Other (question 10 will be skipped)

---

7. Under which category would you classify your organisation?

- ○ Independent organisation (question 8 will be skipped)
- ○ Self-operating Business Unit
- ○ Subsidiary within a holding structure
- ○ Holding (question 8 will be skipped)

---

8. What is the total amount of turnover in The Netherlands (in €) for the subsidiary which you are working for (financial year 2015)?

---

9. What is the total amount of turnover in The Netherlands (in €) for the holding group (financial year 2015)?

---

9. What is the total amount of turnover in The Netherlands (in €) for your organisation (financial year 2015)?

---

10. What is the total amount of turnover (in €) for your organisation outside The Netherlands (financial year 2015)? No turnover outside The Netherlands? Please fill in 0.

---

11. How many employees (in full-time equivalent) work within your organisation in The Netherlands?

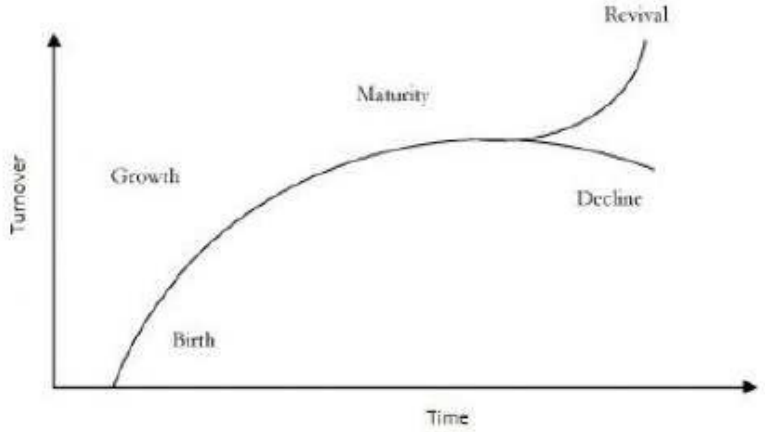
---

12. Asses the statements below:

	Disagree 1	Agree 5
Employees have the autonomy to do their work		
Employees participate in the		

	Disagree				Agree
	1				5
decision-making process					
Employees have autonomy to search for problem solutions outside their own department					

13. In which phase of the business life cycle would you say your company is?

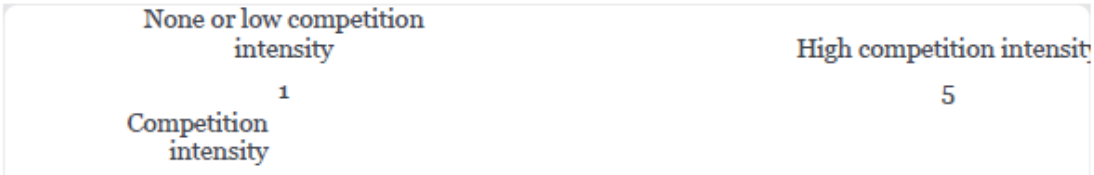


Source: Miller and Friesen (1984)

- ○ Birth
- ○ Growth
- ○ Maturity
- ○ Revival
- ○ Decline

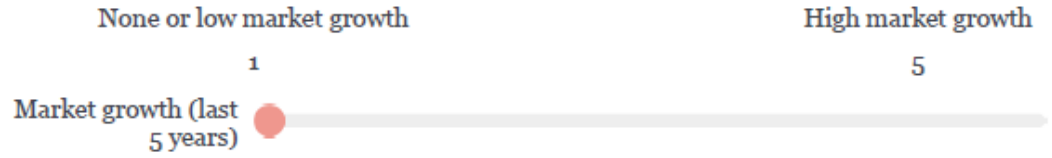
14. How do you experience the intensity of competition within your industry?

None or low competition intensity				High competition intensit
1				5



15. How do you experience market* growth within your industry over the last 5 years?

*Public sector: growth of societal demand.



16A. To what extend did you experience organisational change within your organization in the last five years?

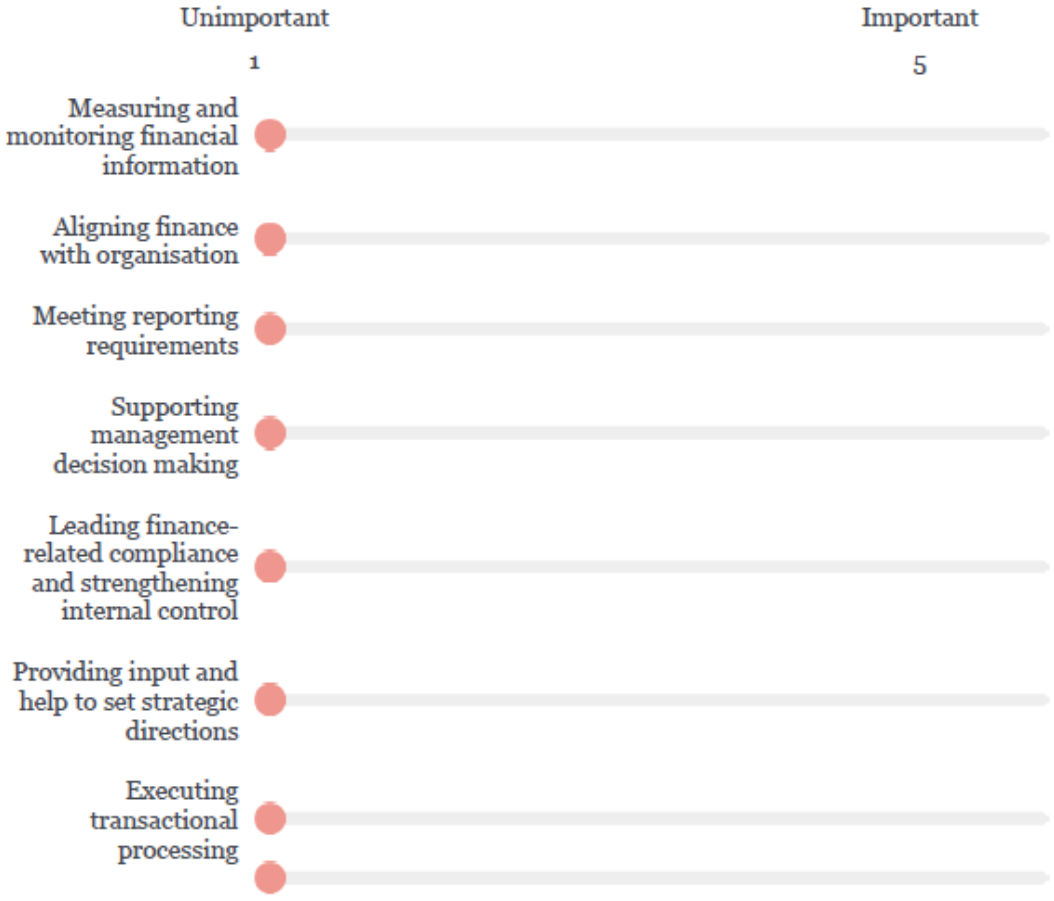
16B. What is the most important reason for these organisational changes?

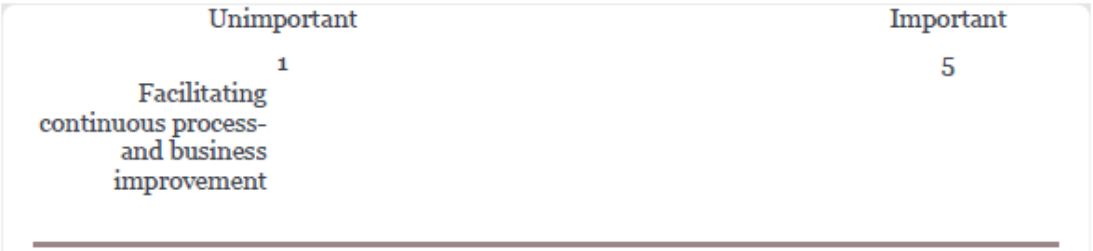
Verhoudingen financiële functie

The finance function
During this part of the survey you will be asked to answer questions related to the set-up of the finance function of your organisation. Organisation is defined as your answer to question 7: Independent organisation, self-operating business unit, subsidiary or holding. As discussed in the introduction, finance function is defined as: Every department and activity which is under the supervision and responsibility of the Chief Financial Officer (CFO).

17. Assess stated activities below based on the level of focus within the finance function of your organisation:

18. Assess stated activities below based on importance for the finance function of your organisation:





19. Assess stated items below based on priority for the finance function of your organization:

Given definitions for questions below

Scorekeeping is defined as operational oriented tasks which are focused towards collecting and recording past financial results.

Business partnering is defined as decision support and strategic oriented activities with a focus on the business.

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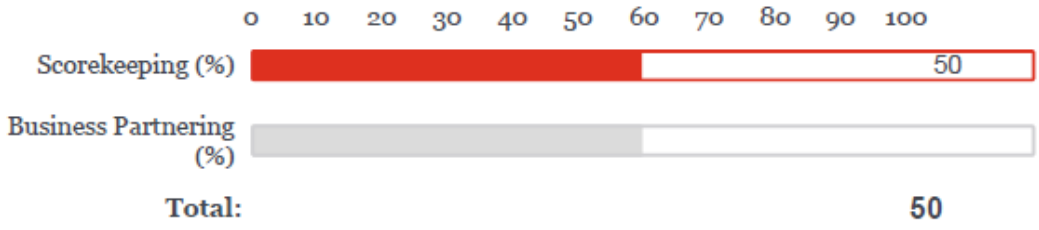
20. What is the distribution of workload (in time) between scorekeeping and business partnering activities within the finance function of your organisation? (Expressed in terms of percentages %)



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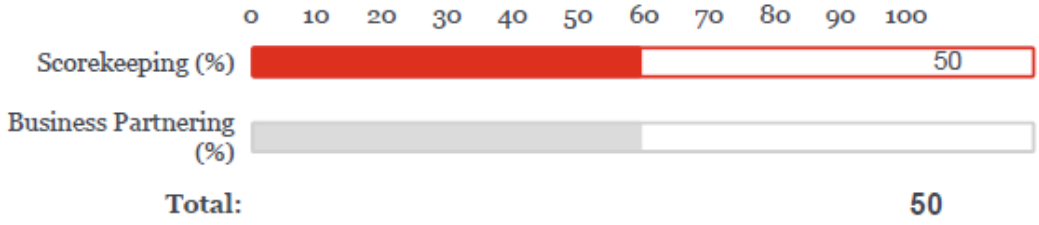
21. What is according to you the **ideal** distribution of workload (in time) between scorekeeping and business partnering activities within the finance function of your organisation? (Expressed in terms of percentages %)



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22. Are there transactional processes within the finance function which are moved to a shared service center (outside your organisation) or which are outsourced?

○ Yes, namely:

○ No

23. Give an estimation (in terms of percentages %) of the number of transactional activities which are currently still performed within your organisation?

No transactional activities performed by own organisation — All transactional activities performed by own organisation

0 10 20 30 40 50 60 70 80 90 100

(%)

Verdieping

Underlying factors

The goal of this section is to determine underlying factors and relationships which influence the role of the finance function. This section will address the structure of the finance function and how this is related towards specific aspects of each finance activity. Furthermore, you will be asked to answer questions related to business partnering within the finance function. As mentioned before, business partnering is defined as decision support and strategic oriented activities with a focus on the business.

24. To what extent is business partnering applied during the execution of the finance activities stated below?

	No contribution 1	2	3	4	Strong contribution 5
Accounting	○	○	○	○	○
Business Control	○	○	○	○	○
Risk Management	○	○	○	○	○
Treasury	○	○	○	○	○
Reporting	○	○	○	○	○
Tax	○	○	○	○	○

Given definitions for questions below

Scorekeeping is defined as operational oriented tasks which are focused towards collecting and recording past financial results.

Business partnering is defined as decision support and strategic oriented activities with a focus on the business.

25. Are business partnering activities currently being performed within the finance function of your organisation?

- ○ Yes
- ○ No (questions 26, 27, 28 and 33 will be skipped)

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26. Assess the characteristics of a finance business partner below based on importance for your organisation:

	Unimportant 1	Important 5
Analytical skills		
Consulting skills		
Communication and relationship management skills		
Planning, budgeting and forecasting skills		
Change management skills		
Leadership		
Knowledge of business		
Innovation skills		
Insight into external environment		
Are you missing an important characteristic in the list above? If yes: Which? Assess this characteristic compared to above mentioned items.		

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27. To what extent is there a consistent understanding of the activities which someone in a business partner role needs to perform?

	Ambiguous understanding 1	Clear-cut understanding 5
Consistent understanding of		

	Ambiguous understanding		Clear-cut understanding
	1		5
business partner activities			

28. To what extent does someone with a business partner role/function wihtin your organisation execute finance operational activities?

	Not		Full-time
	1		5
Executing of finance operational activities			

29. Please select the three largest obstacles for the finance function in performing the business partner role correctly:

- ☐ Too many finance priorities
- ☐ Poor finance IT
- ☐ Challenges to recruit the right people
- ☐ Cost pressure on finance
- ☐ Too much distance between the finance function and other departments within your organisation
- ☐ Organisation complexity
- ☐ Lack of the right skills and knowledge by current finance personnel
- ☐ Finance does not have the right authorisation within the organisation
- ☐ Inefficient processes within the finance function
- ☐ Inconsistent information which needs manual adjustments
- ☐ Other, namely:
- ☐ Other, namely:

30. Please select the three most important enablers for the finance function in performing the business partner role correctly:

- ☐ People with the right skills and knowledge within the organisation
- ☐ Real-time information
- ☐ Correct and consistent information

- ☐ The right authorisation within the organisation
- ☐ Close link between the finance function and other departments within your organisation
- ☐ Good supporting IT systems
- ☐ Transactional activities are outsourced or moved to a Shared Service Center
- ☐ Clear understanding about the interpretation of the business partner role
- ☐ Other, namely:

- ☐ Other, namely:

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31. What is the highest level of decision making in which the finance function (except for the CFO) is active in the formulation and setting of organisational* objectives?

*Organisation is your answer to question 7 (Independent organisation, independent business unit, subsidiary or holding).

- ○ N/A
- ○ The highest management layer (e.g. board of directors)
- ○ The second management layer (e.g. division management)
- ○ The third management layer (e.g. business unit management)
- ○ The fourth management layer (e.g. department management)

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32. To what extent are the KPI's of the finance function connected with the KPI's of the overall organisation.

	No connection	Loose connection	Average connection	Strong connection	Fully connected
Level of connection between finance KPI's and KPI's of the overall organization.	○	○	○	○	○

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33. Who is formally managing the finance business partner?

- ○ N/A (no finance business partner within the finance function)
- ○ Finance (related to CFO)
- ○ Operations (related to business manager)
- ○

Equal distribution of both finance and operations

Toekomstbeeld

Future vision

This section of the survey is related to the future of the finance function. You will be asked to give insights in which factors you think will influence the role of the finance function

34. To what extent is business partnering for the finance function marked as a priority in terms of organisational objectives?

	No priority	Low priority	Average priority	Above average priority	High priority
Finance business partnering as organisational objective	○	○	○	○	○

35. Which developments in the technological areas stated below could be of strong influence with regards to the evolution of the finance function?

	No influence 1				Strong influence 5
Cloud-applications	●				
Blockchain	●				
Data security	●				
Robotics (RPA)	●				
BI-tools (dynamic dashboarding)	●				
Big data	●				

36. Does the finance function of your organisation currently take a leading role in managing and performing organisation-wide data analysis?

○ Yes (question 37 will be skipped)

○ No

37. Do you expect that the finance function of your organisation will take a leading role in the future in managing and performing organisation-wide data analysis?

- ○ Yes
- ○ No, because:

38. Do you agree if we contact you, in case we need further information?

- ○ Yes
- ○ No