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Perspectives on relevance: The relevance test in the constructive research approach

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ABSTRACT

Interventionist research (IVR), such as the constructive research approach (CRA), has been suggested as a method to improve the relevance of management accounting (MA) research. Although literature identifies several perspectives on relevance, the current assessment of CRA focuses on practical relevance. Moreover, an overreliance on pragmatism in assessing CRA research in the form of CRA market tests has been criticized. This article analyses the challenges inherent in conducting and assessing CRA research, both conceptually and with a CRA case example. In order to overcome these possible CRA challenges, we suggest analyzing CRA relevance from multiple perspectives. The perspectives in question are those of practical value relevance, legitimative decision relevance, academic value relevance, and instrumental decision relevance. Further, we suggest that indications of relevance in CRA studies can be analyzed during the research project. In particular, we introduce the *relevance test* as an explicit part of the CRA research process. We suggest a new tool, the *Relevance Diamond* would facilitate conducting the relevance test and aid the analysis of CRA relevance from multiple perspectives. Furthermore, we suggest new interpretations of what should constitute a pass in the CRA market tests under special circumstances, thereby contributing to CRA methodology, and especially to the analysis of relevance and 'battlefields' of different interests in CRA/IVR projects.

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1. Introduction

Many scholars have called for accounting research that is relevant to practice (Johnson and Kaplan, 1987; Kasanen et al., 1993; Labro and Tuomela, 2003; Malmi and Granlund, 2009; Modell, 2014; Westin and Roberts, 2010). Malmi and Granlund (2009) suggest that a suitable way of creating both practical and theoretical relevance is to solve practical case problems alongside practitioners and theorize the findings using interventionist research (IVR) approaches, such as the constructive research approach (CRA) of Kasanen et al. (1993). In CRA, the researcher actively participates in the innovation of management accounting (MA) constructions (also called constructs), such as new accounting tools. According to the market test idea of Kasanen et al. (1993), the key pragmatic test of constructions is whether they work in practice, as exemplified by whether they are adopted, widely used, or create benefits (see

also Jönsson and Lukka, 2005; Labro and Tuomela, 2003). When an organization adopts the construct created in the CRA process, a weak market test has been passed, suggesting that the construct has practical value. Stronger indications of practical usefulness require passing the semi-strong or strong market test, which respectively requires that the construct is used in other organizations, or that financial benefits of the use of the construct apply to multiple businesses.

The success or validity of the CRA method is largely based on the practical usefulness of the construction in an organization or beyond it. However, evaluating the success of CRA projects using the market tests can be challenging: it is not always clear what constitutes 'usefulness' or 'working in practice' (see Labro and Tuomela, 2003; Lukka, 2000; Piirainen and Gonzalez, 2013). Piirainen and Gonzalez (2013) note that the *use* of a construction may be a problematic measure of success because the adoption of the construction does not actually measure its qualities. For example, sub-optimal constructions may be adopted purely to confer legitimacy. In addition, constructions adopted but soon abandoned may be difficult to assess in terms of relevance, which, conceptually, is not an unambiguous term (see Lukka and Suomala, 2014).

We suggest that CRA constructions might be analyzed from several relevance perspectives, and also based on the potential relevance and relevance over time. IVR projects tend to involve conflicts between various interest groups, such as practitioners and academics, who often have different views and opinions (e.g., Suomala et al., 2014). This suggests that several, even contradictory, perspectives on the relevance of CRA constructs may emerge during the research process. The perspectives on relevance suggested in earlier research include practical and theoretical (or academic) relevance, alongside several other categories, such as value relevance, decision relevance as well as societal, instrumental and 'legitimative' relevance (see Barth et al., 2001; Järvinen, 2006; Lukka and Suomala, 2014; Nicolai and Seidl, 2010).

Although market tests for practical relevance are presented in CRA literature, clear testing rules for other perspectives on relevance, such as the academic relevance of CRA contributions, have not been articulated. This study presents a way to analyze multiple perspectives on relevance in CRA research, called the *relevance test* (including ex-ante analysis, as visualized in the *Relevance Diamond* tool, see Appendix A). Considering several perspectives on relevance already during the CRA process might increase the theoretical orientation and the publication potential of CRA research (see Lukka and Suomala, 2014). Explicit analysis of relevance perspectives might also assist the CRA researcher to understand and mitigate the effect of possible conflicts over research direction.

It is challenging to evaluate the validity, impact, or relevance of a CRA construction over a short time span because the wider societal or theoretical impacts are only revealed after a substantial period of time (see Jönsson and Lukka, 2005; Labro and Tuomela, 2003; Van der Stede, 2012). Recent value relevance, decision relevance, societal relevance and legitimative relevance discussion establish that the adoption of a new construction does not necessarily generate much value or increase legitimacy in the eyes of various stakeholder groups (Barth et al., 2001; Lukka and Suomala, 2014; Nicolai and Seidl, 2010; Piirainen and Gonzalez, 2013). In IVR, Jönsson and Lukka (2005) separate the ex-ante consideration (such as how a construct is supposed to work) and the ex-post consideration (the actual outcomes and theoretical research contribution). However, the CRA process steps do not explicitly include the analysis of relevance over time or from multiple perspectives during the CRA process. Thus, an aim of this article is to contribute to the analysis of the relevance of CRA constructs over time, that is, both ex-ante and ex-post.

Practical and theoretical relevance perspectives in the IVR context can be complementary (Lukka and Suomala, 2014; Suomala et al., 2014). Suomala et al. (2014) noted that compromises are often required during an IVR process to resolve tensions among different interest groups. This suggests that changes in relevance perceptions (and in circumstances) can occur during the research project, and the eventual CRA construction (and its relevance) may be something other than was anticipated. Thus, while acknowledging the value of CRA, we see the potential to amend the current CRA methodology in assessing CRA relevance over time and in developing the market tests. These amendments offer an opportunity to contribute to both accounting theory and practice, especially under circumstances, where conducting the classic CRA market tests can be challenging (e.g., amidst changing stakeholder views or in the non-profit sector).

This article analyses CRA methodology and provides tools for the assessment of the CRA contribution and the relevance of CRA. We suggest amendments to the ways in which CRA research is conducted. Accordingly, our research questions are: *How can the assessment of CRA research (e.g., the market tests) be developed further? How can the relevance of CRA research be assessed during the CRA process while considering multiple relevance perspectives?*

Both conceptual analysis and empirical analysis of the CRA research by Sippola (2008) are used to prompt amendments to the CRA market tests established by Kasanen et al. (1993) and Labro and Tuomela (2003). Analysis of multiple perspectives of relevance and the amended market tests are expected to improve evaluation of CRA projects, and boost the theoretical rigor of the CRA methodology, particularly in special circumstances, such as in fast changing business conditions where the classic (ex-post) CRA market tests may not be fully applicable. Fulfilling the conditions of the semi-strong and strong market tests (Kasanen et al., 1993) is not necessarily in the interests of the CRA case organization, which might prefer to block the wider use of a construction so as to maintain competitive advantage. Therefore the academic interests of disseminating information and practical efforts of value creation may conflict in a CRA project, and require consideration if CRA research is to be published. Generally, our discussion touches on the methodology, impact, and relevance of MA case research.

This article starts with a conceptual analysis of relevance and continues with an illustration of an earlier CRA study. In methodological terms, this resembles the approach of developing a case research process by learning from earlier empirical case projects (Ahrens and Dent, 1998; Labro and Tuomela, 2003; Lukka and Suomala, 2014; Suomala et al., 2014; Von Zedtwitz, 2002). This approach may also be referred to as design science, in which a research design is improved with new rules and solutions (Van Aken, 2005). Our empirical data are based on the empirical qualitative material (extensive field notes of the interviews and project meetings) collected during a CRA case study (Sippola, 2008), in which a quality cost measurement system was constructed in a software company. The relevance test introduced in this article could be a one-off event, but in longer projects or after significant project changes, the test might be repeated. The relevance test could also facilitate evaluating the relevance of other IVR research types. By noting the potentially conflicting and multilayered nature of the different perspectives on relevance in the case setting, we also contribute to the recent analysis of potential conflicts of interests in IVR research (called battlefields by Suomala et al., 2014).

2. Relevance

2.1. Relevance in accounting research

Extant research presents several aspects of relevance: value, theoretical, decision, societal and legitimative relevance (Barth et al., 2001; Lukka and Suomala, 2014; Nicolai and Seidl, 2010). In the IVR context, Lukka and Suomala (2014) highlight the importance of practical, theoretical and societal relevance. Lukka and Suomala (2014) define relevance as "something that is of significance for something else" but note that relevance is often connected with values and usefulness. Lukka and Suomala (2014), following Flyvbjerg (2001), suggest that the Aristotelian intellectual virtues correspond to different decision-making and relevance considerations: *techne* (art/craft) corresponds to practical relevance, *episteme* (knowledge) corresponds to theoretical relevance and *phronesis* (practical common knowledge) corresponds to societal relevance. Flyvbjerg (2001, 57) suggests that phronesis is particularly related to ethics and the deliberation of values with reference to praxis. Flyvbjerg (2001, 106–107) points out that society contains several values and sub-groups that are a venue for democratic processes and power games. This suggests that societal relevance is equivocal: there are contending views among interest groups of what is relevant or ethical (Flyvbjerg, 2001, 57; Meyer and Scott, 1983). Thus societal (or social) relevance indicates that a topic is important for some interest groups, although not necessarily for others. Regarding the CRA relevance analysis, we consider societal