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Using grounded theory in interpretive management accounting research

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Abstract

Purpose – The aim of this paper is to assess and explain the role of grounded theory (GT) in interpretive management accounting research (IMAR) and seeks to answer the question: can interpretive researchers use GT? And if so, how?

Design/methodology/approach – This is a theoretical paper that attempts to investigate how researchers can use GT in relation to their ontological stance, methodological position and research methods.

Findings – The paper suggests that GT offers a balance between the expediency of the research findings, thereby allowing researchers freedom to interpret management accounting practices, and the development of rigorous theory from IMAR.

Research limitations/implications – The paper provides an analysis of GT from an interpretive perspective and, clearly, there are other research perspectives which could have been discussed.

Practical implications – GT can be a powerful tool that researchers could use to collect and analyse empirical data. However, researchers need to align GT with the broader paradigm they adopt when researching social phenomena. The paper provides some general guidelines for IMARs who want to use GT in their research.

Originality/value – This paper shows that GT can offer interpretive researchers a way of balancing the need to develop theory, which is grounded in everyday practices, and the recognition that the research process is inherently subjective. However, it is argued that in interpretive research GT cannot provide a simple "recipe book" which, if followed rigorously, will result in a high-quality research (i.e. valid, reliable and unbiased). Nevertheless, the guidelines provide a way for IMARs, who use GT to improve the quality of their research findings.

Keywords Accounting research, Research methods, Management accounting

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Introduction

This paper explores the use of grounded theory (GT) in interpretive management accounting research (IMAR). GT has been used by management accounting researchers

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in various research settings in order to provide insights into the complexities of accounting practices (Parker and Roffey, 1997; Parker, 2001, 2002; Goddard, 2004). A key advantage of using GT was suggested by Goulding (2002, p. 41): "the main thrust of [grounded theory] was to bridge the gap between theoretically 'uninformed' empirical research and empirically 'uninformed' theory by grounding theory in data". If GT is used by interpretive researchers it can encourage greater creativity, interaction with data and a strong commitment to theory development from everyday practices. However, Gurd (2008) questions the way management accounting researchers have used the GT to inform their analysis. He expresses dissatisfaction with researchers who seem to use GT simply to legitimate their findings. Nevertheless, as we argue later, we see an important role for GT in IMAR. In this paper, we will discuss how GT can assist IMARs who apply it in the collection and analysis of their data. Also, we will offer some guidance about how GT can be aligned with the essential features of IMAR.

Before discussing the use of GT, it will be important first of all to establish what we understand as interpretive research and IMAR, in particular. Recently, published debates on IMAR have highlighted the potential for further developments in the field and have celebrated its diversity and pluralism (Ahrens, 2008; Ahrens *et al.*, n.d.; Armstrong, n.d.; Kakkuri-Knuuttila *et al.*, 2008b; Parker, n.d.; Scapens, n.d.; Willmott, n.d.). At the same time, these debates have witnessed calls for some integration of the various findings of IMAR to provide a more coherent body of knowledge. In line with this debate, we acknowledge that IMAR is not a homogenous and stable paradigm. Rather, multiple and diverse positions are adopted by IMARs, and many aspects of their claims and findings are quite controversial.

In this paper, we argue that IMARs need to be both faithful to "the data" and open to the complexities of the context. Part of the solution to the problems of using GT in IMAR, as we will discuss later, may be simply to remind ourselves of the essential features of IMAR and to examine the accumulated knowledge in the area. In terms of GT, there appears a preference amongst accounting researchers for Strauss and Corbin's (1990, 1998) version of the method, as a guide for their data collection and analysis. However, this carries the risk of becoming overly focused on the methods and procedures, which could come to be seen as a sort of "recipe book", leading to a neglect of the substance of the phenomenon being studied. Seen as an "artefact" from a functional paradigm, these methods and procedures might create a belief that, so long as they are closely followed, reality will eventually be found. Consequently, we may be deceived into assuming that we will reach the all important "saturation" point in our research when we faithfully follow the recipe. Thus, we need to re-examine the suitability of GT for IMAR and to see how we can use the methods of GT to guide our research in a way which is consistent with the underpinnings of the interpretive approach. Specifically, the question we seek to address in this paper is:

RQ1. Can interpretive researchers use GT? And if so, how?

The remainder of the paper is organised as follows: after this introduction, we outline what, for the purpose of this paper, we regard as IMAR. We bring together insights from recent debates on the nature and future of IMAR and discuss some of its central features. In the subsequent section, we focus on the main features of GT and this will enable us to focus on those aspects of the method which make it potentially suitable for IMAR. We also highlight some points of divergence between different approaches to GT,

and indicate their implications for the use of GT in IMAR. This leads onto the following section in which we will explicate the relationship between interpretive research and GT. This section discusses how GT can contribute to theory development in IMAR, and then in the following section we suggest some general guidelines to help IMARs who wish to use GT to inform their data collection and analysis. Our conclusions are presented in the final section of the paper.

IMAR: common features

Recent papers have renewed the debate about the current state and future direction of interpretive research: in particular see the forthcoming papers in "Critical perspectives on accounting" (Ahrens *et al.*(n.d.) and the various associated comments) and the exchange in *Accounting, Organizations and Society* between Kakkuri-Knuuttila *et al.* (2008a, b) and Ahrens (2008). In a comment on Ahrens *et al.* (n.d.) and Scapens (n.d.) acknowledges that there is no clear way forward unless two key concerns are resolved: IMAR needs to have some relevance to practitioners, and to be firmly grounded in theoretical understandings which extend our existing knowledge. Although the various contributors to the debates about IMAR agree that interpretive research covers a vast and diverse range of research, we detect some common features which are useful for the purposes of this paper. Table I sets out these common features and they are then discussed in the remainder of this section. Having identified these common features of IMAR, later in the paper we will explain how GT can be used to inform such research.

IMAR is interested in studying real world practices, decisions and settings, with the objective of analysing, interpreting and understanding them: thereby identifying solutions to pragmatic problems. Its focus is the everyday life of organisations as they exist "on the ground"; rather than exploring abstract problems and providing artificial solutions, "sitting at a distance" and using some remote lens held by a "detached" researcher. As such, IMAR is a part of the naturalistic philosophy of science which aims to study practices as they are, not as they should be (Hopper and Powell, 1985; Kakkuri-Knuuttila *et al.*, 2008b).

In addition, interpretive research is rooted in hermeneutics (Llewellyn, 1993), which emphasises that actors compare, contrast and redefine subjective realities to reach one (or a few) substantial understanding(s) of a (re)constructed reality (Guba, 1990; Klein and Myers, 1999). Thus, it seeks to reconstruct the meanings and interactions between multiple subjectivities/realities. In this context, some management accounting researchers

Common features	
Naturalistic	The aim is to study practice as it exists (as is) not as it should be
Hermeneutic	Interpretation and understanding are established by a focus on integrating various perspectives (e.g. individual, social, cultural and political)
Social construction	Understanding of everyday practices – an analysis of human actions and interactions
Eclecticism (or polycentrism)	Reflective use of multiple theories, research methods and disciplines
Explanation	A balance between subjectivity and theoretical relevance (emic and etic perspectives)
Diversity	Focus on "different" contexts, cultures, backgrounds, etc.

Table I. Common features of IMAR

(Kakkuri-Knuuttila *et al.*, 2008b) have argued that IMAR should incorporate elements of subjective interpretation (the emic perspective), as well as elements of objective understanding (the etic perspective). Although interpretive research is based on an inductive approach, which takes field data as the starting point for its analysis, its aim is to develop theories of accounting practices (Humphrey and Scapens, 1996). Although IMAR starts from the subjective meanings which actors ascribe to their everyday actions, it is nevertheless not an exclusively subjectivist approach. Interpretive research uses theory to provide explanations of human actions, via logical consistency and agreement with the actors' common sense interpretations (Ryan *et al.*, 2002, p. 42). Thus, IMAR seeks a balance between subjectivity and theoretical relevance (by combining elements of both the emic and etic perspectives).

The primary aim of interpretation is to explore individual and collective experiences in order to develop an holistic understanding of people's actions and interactions in the field. Hence, the aim is not the reconstruction of individual dispositions (as we cannot directly access another person's consciousness). Instead, the aim is the reconstruction of everyday experiences and actions of individuals who are entrenched within socially-patterned temporal practices (Meyer, 2006). Therefore, IMAR can be seen to be seeking to understand, explain and describe a "social reality that is emergent, subjectively created and objectified through human interactions" (Chua, 1986, p. 615). As such, interpretive research is concerned with a world which is socially constructed –, i.e. produced and reproduced through the actions and interactions of the members of that world (Orlikowski and Baroudi, 1991). In addition, IMAR is eclectic, as it draws on various research methods, theoretical frameworks and perspectives to provide better understandings or explanations of the substantive research phenomena. To achieve understanding, interpretive researchers study diversity –, i.e. they seek to build and extend knowledge by breaking away from traditional settings, and providing insights into "different" contexts, cultures and backgrounds; thereby producing knowledge in novel ways.

IMAR provides rich explanations of the changes in management processes, as well as comprehensive, contextually rooted interpretations of their interplay in wider contexts. In the forthcoming debate in CPA (mentioned earlier) Mennicken, for example, argued that IMAR needs to integrate the isolated "local" research findings by looking for links between studies which deal with similar issues in different contexts and from different perspectives (Ahrens *et al.*, n.d.). IMAR will only be able to achieve this aim if it can make cases "talk to each other" (Lukka and Kasanen, 1995), and theories will only be useful insofar as they can integrate findings and accumulate knowledge. However, such a view of theory development in IMAR does not mean that we have to "abandon reflexivity and vagueness as a research strategy" (see comments by Hansen and Grunlund in Ahrens *et al.*, n.d.). Thus, IMAR's contribution is in developing theories that listen to practitioners' voices and talk back to them (Scapens, n.d.). In addition, Ahrens and Chapman (2006) argue that there needs to be an ongoing reflection of data against different theories, with the aim of developing a fuller understanding (interpretation) of the phenomenon under study.

Although, we would like to see a greater integration of the individual research efforts of interpretive researchers, we do not see this as contradicting the notions of "eclecticism" and "diversity", which we referred to above[1]. On the one hand, eclecticism allows researchers the flexibility to seek understandings from the field by listening to multiple voices (including those of previous researchers or other cases).

On the other hand, theory is developed to enhance our understanding of practice, again by listening to these multiple voices – both in the literature and in practice. The aim of theorising should be to enhance our understanding of practices, rather than to "prove" some hypotheses derived from existing theories. Such an aim should encourage interpretative management accounting researchers to accumulate their findings and to produce a coherent body of theoretical knowledge that can advance understandings of practice and provide a basis for future studies.

To summarise, we would argue that although IMAR is not a homogenous paradigm, it collectively recognises that accounting comprises social actions and interactions and it understands the importance of the various voices (and multiple perspectives) in the field. As GT is an inductive approach, it has the potential to help interpretive researchers to develop theories of everyday management accounting practices. However, some writers, such as Goulding (1998), might argue that GT it is not appropriate for interpretive research as its language, use of coding and verification procedures seem to derive from a rather functionalist perspective. Whilst we acknowledge that there is a risk that GT may be seen as overly functionalist, we believe that it can be quite appropriate for IMAR provided we keep in mind the essential nature of interpretive research – and especially the common features of IMAR set out in Table I. In order to provide some guidance about how GT can be used appropriately in IMAR, the next section will discuss the main features of GT (as a research method[2]) and relate them to the common features of IMAR discussed above.

GT Approach

Main features

GT is a research method which seeks to generate theory from data that are systematically obtained and analysed. It has been defined in its most general form as "the discovery of theory from data" (Glaser and Strauss, 1967, p. 1). GT is consistent with IMAR in its emphasis on developing theory from data, the importance given to "local voices", and its emphasis on explaining interactions between participants in the field. Over the years since its inception, GT has developed into two rather distinct approaches (Heath and Cowley, 2003). Goulding (1998, p. 52) observed that some GT researchers believe that Strauss has adapted his version of GT from the original concept of theoretical emergence and turned it into a densely codified set of procedures. For Glaser (GT's co-creator), Strauss's approach represents an "erosion" of what GT originally stood for and is responsible for the impression that GT uses a functionalist approach (Stern, 1994). However, from a social constructionist perspective, the use of GT involves a dialectical process and the outcome is "a social construction of the social constructions found and explicated in the data" (Charmaz, 2006, p. 1165).

Initially, GT was developed as a response to the highly abstract theorisations which were being used in sociological research at the time, and it can be seen as an attempt to encourage the growth of qualitative sociological research. It starts with a low level of prior theorisation and works through a highly structured approach to collect and analyse field data[3]. Despite its original creators now advocating rather different approaches, there is some common ground in what is generally known as GT; see Table II for the main features which comprise this common ground. For clarity of discussion, and due to limited space, our aim is not to list all of the features of GT, but to focus on those which characterise GT as a research method. As we are primarily

Main features	Explanation
Data collection	
Iterative process of data collection and analysis	In practice, data collection and analysis should be interlinked. Data are first collected and analysed, and then this should lead to further data collection and analysis; and so on until the research is complete and a theoretical understanding is reached. Glaser and Strauss (1967, p. 71) explain as follows: "Research aimed at discovering theory … requires that all three procedures (data collection, coding and analysis) go on simultaneously to the fullest extent possible"
Constant comparative method	Glaser sees this in terms of comparing differences and similarities so as to integrate categories and their properties. Strauss and Corbin (1990, p. 67) explain it as the "identification of variations in the patterns to be found in the data"
Theoretical sampling	Emerging theory dictates where the research will go next to collect data. Grounded theorists often seek disconfirming cases which could contradict parts of the emerging theory and hence enrich theory development
Processual	Longitudinal studies are important for GT so that the researcher can follow the unfolding events over a relatively long period of time and thereby gain an understanding of the phenomena being studied. The rich insights that can be gained from GT require considerable research effort, and theory construction tends to take longer than in a more functionalist approach
Data analysis and interpretation	
Coding	Coding the data is the fundamental analytic tool of GT. It is used to uncover the emerging theory from the field. However, the linkage between coding and theory development is an area of difference between the Glaserian and Straussian approaches, as will be discussed in the next sub-section (Gurd, 2008)
Identifying the core categories and theoretical saturation	Through the process of selective coding researchers can reconstruct the participants' stories and give them a voice "albeit in the context of their [the researchers'] own inevitable interpretations" (Strauss and Corbin, 1998, p. 281). However, this is another area where there are differences between the Glaserian and Straussian approaches. Glaser and Strauss approaches – as will be discussed below
Inductive theory development	With the focus on social interaction, theory is grounded in data obtained from interviews and observations, rather than by testing existing theory or simply describing the empirical phenomena. GT studies actors "in their normal everyday world, recognizing that they subjectively construct their own organizational realities … with an objective of developing rich descriptions and insights … and that have been observed in their naturally occurring context" (Parker, 2001, p. 323)
Theoretical sensitivity	According to Strauss and Corbin "*Theorising* is the act of *constructing* … from data an explanatory scheme that systematically integrates various concepts through statements of relationship" (1998, p. 25; emphasis in original), and theories themselves are "interpretations made from given perspectives as adopted or researched by researchers" (1998, p. 279). However, as will be discussed later, Glaser argues that researchers must enter the field with a "blank slate", whereas Strauss sees a role for prior theory
Memoing and diagramming	Strauss and Corbin (1998) suggest complex coding methods, including the use of memos and diagrams. However, they argue that to increase theoretical sensitivity these coding methods need to be used with a degree of flexibility and creativity (Mills *et al.*, 2006)
The measure of rigour	Reflexivity is emphasised in an inductive-deductive cycle of theory generation. However, many GT studies report rather loose collections of inductively generated insights which cannot be justified by any notion of rigour or evidence (Gurd, 2008). Rigour could be improved by requiring the researchers to explain their coding processes, theorisation, and conclusions (McCann and Clark, 2003)

Table II.
Main features of the GT

concerned in this paper with the use of GT as a research method, we will focus specifically on Strauss and Corbin's (1990, 1998) version of GT. This version of GT has been the favoured approach of researchers who have used GT in management accounting research in recent years (see Gurd's (2008) review). In subsequent sections references to GT will normally mean the Strauss and Corbin version, unless otherwise indicated. After a brief explanation (below) of the common ground as set out in Table II, we will describe (in the next sub-section) three significant differences between Glaser's and Strauss' approaches to GT, which have important implications for IMAR.

The main features set out in Table II characterise GT as an inductive, iterative, comparative and systematic method for data collection and analysis. GT starts with empirical data and, using a set of coding procedures, inductively develops theory to explain the data collected. In practice, researchers must be open to various perspectives (and voices) from the field and "go-back-and-forth" between their "theorising" and their data collection. As such, theorising in GT is an iterative process through which theories are developed by deriving propositions from the data, and then confronting these propositions with further data, leading to revised and/or new propositions, and then further data collection; and so on. The aim is not to "test" the emerging propositions, but to be open to new avenues and to be prepared for "surprises" in the field. In addition, theorising can be extended by collecting and comparing data from other contexts, settings and/or existing research (where available).

What distinguishes GT from other research methods is the systematic process for data collection and analysis; starting with data and progressively transforming it into refined theoretical concepts through three (main) processes of coding: open, axial and selective (Strauss and Corbin, 1998). As we will discuss below, some of these features make GT quite suitable for IMAR. However, IMARs need to be aware of the different approaches to GT, as misunderstandings can create potential dangers which could breach the core principles of IMAR (discussed above). These differences are discussed in the following section.

Different approaches to GT

In this section, we identify three differences between the Glaserian and Straussian versions of GT, insofar as they are important for understanding how GT can be used in IMAR. The basic argument is that IMARs need to be aware of the nature of the particular version of GT that they are using to build their grounded theories and to understand/interpret the field. The first difference relates to the approach taken to the generation of core research issues and to the emphasis given to theory induction versus theory verification. In other words, there is a difference between whether the core issues in the research become "visible" through the observations in the field or through the detailed process of coding leading to "theoretical saturation".

On the one hand, Glaser (1992) places great emphasis on the emergent nature of theory through the process of induction:

> [. . .] [Through] researcher's knowledge, understanding and skill, which foster generation of categories [. . .] to relate them to hypotheses [taken to mean probability statements], and to further integrate the hypotheses [. . .] [However] grounded theory is not verificational [. . .] hypotheses need not be verified, validated or be more reliable.

To Glaser, theoretical saturation refers to a purely inductive (emergent) process; which should lead only to theory and not its verification (Corbin, 1998). On the other hand,

Strauss (1987) believes that a systematic process of theoretical development, through a rigorous coding process, can enable the researcher to verify the emerging theory and to conceptualise beyond the immediate field of study (Goulding, 2002). As interpretive researchers are seeking to develop theories of management accounting practice, the issues of theoretical sensitivity and saturation are clearly important. Consequently, interpretive researchers who use GT need to be clear in their understanding and description of the approach to GT that they are using to inform their data collection and analysis, and thereby to develop their theories. In a critical comment on Strauss and Corbin (1990) and Glaser (1992, pp. 2-3, emphasis added) wrote:

> [...] piling up tons of fractured rules instead of cutting directly through to basic and underlying fundamental relevance [...] it is a logic that thwarts and frustrates the *discovery* of what is truly going on in the substantive area under study, and undermines grounded theory at every turn by preconceived *forcing* of the data.

As GT guides the process of data analysis, it should encourage a dialogue between the researcher and the data. From an interpretive perspective, a narrow notion of verification could encourage an undue focus on the "process" of theory development and an attempt to simply "tick the boxes" –, i.e. follow the method. Instead, the researcher needs to give careful consideration to, and to justify, the selection specific coding procedures. Simply following the prescribed method is likely to be seen as adopting a more functionalist approach and would be inconsistent with the key principles of IMAR discussed above. In IMAR there needs to be a careful justification of how the researcher has made sense of the data and how he/she has been able to understand what is going on in the field. As such, IMAR should be a reflective/reflexive exercise (Alvesson and Sköldberg, 2000; Covaleski and Dirsmith, 1990; Quattrone, 2004), not a process of verification through the use of a defined set of procedures. For example, Covaleski and Dirsmith (1990) suggest that in developing their emergent theories of accounting, researchers should be constantly aware of their own assumptions and preconceptions. There should be a process of continuous questioning to avoid biases which could result in "channelling and directing research attention and creating or altering that which is observed" (p. 550). This need for reflexivity and reflection is one of the guidelines we propose later in the paper.

The second difference in the two approaches to GT relates to the use of the existing literature to guide the process of data collection and analysis. Whereas Glaser believes that the researcher should not review the literature prior to conducting the empirical part of the study, Strauss is more open about the use of existing literature. Glaser (1992, pp. 25-31) argues that:

> [...] in GT there is no preconception of being too broad or global or too narrow at whatever stage [...] the emerging questions simply tap the variables that work whatever the field [...] in contrast the dictum in grounded theory research is: there is a need not to review any of the literature in the substantive area under study.

This "blank-slate" approach to data collection is intended to avoid the research being clouded by sub-conscious preconceptions about the field, unrecognised assumptions, and/or bias in interpreting the data. Strauss and Corbin (1998), however, acknowledge that the researcher is bound to be influenced by prior training, education, preferences, interests, etc. and that they can all be used to guide the research process and to focus on potentially relevant phenomena. So, for Strauss and Corbin the literature can be helpful

in various ways; such as opening up avenues for investigation, acting as another (secondary) source of data, and validating the observed findings. They argue that:

> [...] We are asking researchers to set aside their knowledge and experience to form new interpretations about phenomena. Yet, in our everyday lives, we rely on knowledge and experience to provide the means for helping to understand [...] [R]esearchers have learned that a state of complete objectivity is impossible and that in every piece of research there is an element of subjectivity (1998, p. 43).

At the core of both arguments is the basis of "understanding". Whereas Strauss and Corbin see a role for the existing literature in the process of understanding the collected data; Glaser's approach seeks to achieve understanding by focusing entirely on the observed practices of the participants and their interpretations of those practices (Suddaby, 2006). On the one hand, with its emphasis on emergent inductive theory, Glaser's approach is one in which the researcher attempts to understand a particular phenomenon through the eyes and minds of the actors being researched, and the focus is on the subjectivity of the interpretation. On the other hand, Strauss and Corbin's (1998) argument broadens the evidence that a researcher can use to understand the area being researched. Here, the researcher interprets and theorises based on continuous readings of the literature. That said, it should be noted that in both versions of GT, the use of prior literature is intended to illuminate the data collected and to add theoretical richness, rather than to impose a limited and narrow way of viewing data from the field. In addition, by consulting the existing literature, before entering the field, researchers can avoid "re-inventing the wheel" (Alvesson and Sköldberg, 2000). As Parker and Roffey (1997, p. 224) indicate:

> A grounded theory researcher's decision to select a particular research project reflects the individual's perspective on research, but the researcher should make strenuous efforts to avoid superimposing pre-existing theories on the data.

The third difference between the two approaches relates to whether GT is a research method or a methodology. In their definition of GT, Strauss and Corbin (1990, p. 24) explicitly describe it as "a qualitative research *method* that uses a systematic set of *procedures* to develop and inductively derive grounded theory about a phenomenon" (emphasis added). In contrast, Glaser (1992, p. 16) defines GT as "a general *methodology* of analysis linked with data collection and uses a systematically applied set of *methods* to generate an inductive theory about a substantive area" (emphasis added). Here, it is essential to distinguish between methodology and methods, and we share Ahrens and Chapman's (2006, p. 822) view that:

> The conflation of method with methodology means that ontological assumptions remain unrecognised as assumptions. We see the distinction between method and methodology and the theoretical potential that it affords for defining research questions and notions of research trustworthiness as central to much of the miscommunication between qualitative and positivistic researchers.

Methodology concerns the "set of spectacles" that determine the type of methods used for investigating the world (Laughlin, 1995); whereas methods are the specific techniques used to collect and/or analyse data. Treating GT as a methodology implies that it is a general philosophy about doing research, coupled with a set of methods which are fundamentally influenced by its ontological and epistemological assumptions.

Putting it another way, GT as a methodology transcends a simple categorisation of methods, and involves deeper assumptions about the philosophical basis of doing research. We agree with Strauss and Corbin's definition of GT as a research method;, i.e. a technique that a researcher can follow in order to collect and analyse (qualitative and quantitative) data. However, the problem of confusing GT as a methodology and GT as a method is that it can limit attention to the procedures (i.e. method), rather than exploring the philosophical basis of the research (i.e. methodology). As a result, there is a danger that the focus of the researcher could be on how to verify the emerging codes, rather than on how to understand the nature of the phenomenon being studied. Therefore, interpretive researchers drawing on GT to guide their data collection and analysis should be consciously aware of the basic principles of their research approach, which we discussed above.

As a research method, GT can potentially be used in different methodologies, but the researcher needs to consider carefully how GT fits the underpinning ontological and epistemological assumptions. Seeing GT as a methodology, however, raises questions about the researcher's ontological and epistemological assumptions. Here, the researcher needs to use method(s) that is (are) consistent with the ontology/epistemology of GT. In interpretive research, GT (as a method) can be used to guide data collection and analysis. However, by definition, such research adopts an interpretive methodology and thus GT is used to identify subjective understandings, meanings, perceptions, behaviours, etc. of the participants (i.e. an emic analysis), as well as developing broader theory of management accounting practices (i.e. an etic analysis). In functionalist research, where reality is taken for granted as objective and independent of the researcher and the researched, GT as a method could be appealing as a seemingly rigorous way of collecting "objective data". In this sense, the danger is that GT is used simply as a set of objective procedures.

In summary, this section has discussed the key features of GT and the main differences between the two approaches. The aim now is to assess how well GT fits with IMAR. In the next section, we will integrate the main features of GT with the common features of IMAR in order to explore the potential of GT in IMAR. More importantly, this discussion will enable us to derive some general guidelines for using GT to inform IMAR.

GT in IMAR – opportunities and obstacles

Debates on how social reality emerges through subjective understandings and come to be objectified through interaction lie at the heart of IMAR (Ahrens, 2008). In addition, interpretive researchers play an active role in their interpretation of social phenomena. To explore areas where GT (as a research method) can contribute to (or can be used to produce) "good" interpretive research, this section brings together the features of GT (Table II) and IMAR (Table I). This discussion will then be followed by an analysis of three obstacles that we believe could potentially reduce the GT's contribution to IMAR. As indicted earlier, here GT will refer to the research method provided by the Strauss and Corbin approach.

In Table III, we outline the areas of common ground (or fit) between GT and IMAR. As can be seen in the table, GT fits with the naturalistic and hermeneutic principles of IMAR. It emphasises inductive theory development, involves processual studies, and takes multiple perspectives into account. It starts with data from the field and attempts

Features of IMAR	Corresponding GT features	The fit
Naturalistic	Inductive, processual, comparative	A focus on investigating real world phenomena from the viewpoints of the participants
Hermeneutic	Inductive, theoretical sensitivity, comparative, coding, core categories and saturation	The aim is to develop theoretical understandings of social phenomena by integrating the various perspectives of participants in the field
Social construction	Comparative, processual, theoretical sensitivity	Understanding of social reality is constructed by actors in the field and "tested" against existing knowledge
Diversity	Theoretical sampling, comparative, coding, core categories and saturation.	Importance of investigating different settings to create dense theory of the social practices
Eclecticism	Theoretical sampling, theoretical sensitivity, comparative, memoing and diagramming, rigour	GT draws on a wide range of perspectives, theories, and methods. As a research method, GT involves elements of induction (subjectivity), deduction (coding), and verification (comparative method)
Explanation	Inductive, theoretical sampling, theoretical sensitivity, core categories and saturation, memoing and diagramming, rigour	The aim is explanation which is achieved by reorganising empirical data to build an inductive theory that can explain everyday practices

Table III.
Comparison of the key features of IMAR and GT

to make sense of it by integrating various categories, perspectives, theories, and through the coding procedures derives core conceptual constructs which provide the key to understanding the area under investigation. These features embody both the emic and the etic perspectives. Furthermore, GT involves both induction (which relates to the way data is collected) and interpretation (which relates to how the data are understood). GT also includes an element of deduction, as the coding processes leads to theoretical understanding grounded in context.

As Meyer (2006) indicates, interpretation proceeds in two stages; first a "reconstructive stage" where the researcher reconstructs the world of the social actors, and second a "replicative stage" where the researcher explains that world using methods which follow rules to ensure the explanation is valid. GT fits the principle of social construction in IMAR by seeking to understand the world from the viewpoints of the individual actors. In order to make sense of the phenomenon being studied, GT can be used in different settings in order to examine the findings, challenge propositions and confirm the emerging theory. In this process, different theories and perspectives can be used to make sense of the world, and as a result GT fits the principles of eclecticism and diversity in IMAR.

As GT is used to build theory, it clearly fits the essential aim of IMAR, which is to produce theories of management accounting practice. However, as we argue later, the analysis stage of GT carries a risk that it may appear rather functionalist, especially if

the adherence to the method and procedures takes precedence over the basic principles of interpretive research. On one hand, Glaser (1992) stresses the subjective nature of the emerging (grounded) theory. On the other hand, Strauss and Corbin (1998) suggest a more systematic approach to the development of (grounded) theory. It might be argued that such a systematic approach should improve the analysis by highlighting the key themes, incidents and patterns in the field. If researchers see "following the procedures" as the guarantee of a valid analysis without making a reflexive interpretation of the data their first priority, the credibility of the research findings are likely to be adversely affected. However, Strauss and Corbin (1990, p. 19) were quite aware of this problem:

> If the researcher simply follows the grounded theory procedures/canons without imagination or insight into what the data are reflecting – because he or she fails to see what they really indicate except in terms of trivial or well known phenomena – then the published findings fail on this criterion. Because there is interplay between researcher and data, no method, certainly not grounded theory, can ensure that the interplay will be creative.

Nevertheless, it might be tempting to use GT as a "recipe book"; assuming that adherence to the procedures will lead to well-developed theories. From an interpretive point of view, there is considerable danger in applying such "pseudo scientific" rationality in applying GT. For example, the researcher's decision about whether saturation has been achieved is a crucial one. Suddaby (2006, p. 639) indicates that identifying when the point of saturation has been reached is often very difficult and requires a great deal of experience and tacit understanding on the part of the researcher. He points out that as GT research uses iteration and sets no explicit boundaries between data collection and analysis, saturation is not always obvious, even to experienced researchers. Also, Walsham (2006, p. 326) argues:

> [...] it is essential that researchers are not misled to confuse process with outcome. So it is insufficient to say that I have applied the principles. It is essential to say here are my interesting results.

The above discussion shows that there is much to be gained by using GT in IMAR, but there are also potential dangers (or obstacles). These are summarised below:

- *Premature saturation* (too early closure) – saturation is the point at which there are no new concepts, categories, relationships, etc. emerging from the analysis (Strauss and Corbin, 1998). It is important not to rush to conclusions based on incomplete data collection and/or analysis. This could lead to artificial findings, insignificant (inconsequential) conclusions, and/or superficial theory. IMARs need to be open to alternative views and multiple perspectives, and to continue probing and questioning until no new evidence can be found.
- *Using a coding "recipe book"* – functional (or mechanical) application of GT's methods and procedures. The role of any method (including GT) in IMAR is to assist researchers to understand/interpret the world. An emphasis on following the "recipe book" may be accepted (and indeed necessary) in functionalist research, but interpretive researchers have to try to understand the field from the perspective of the social actors, and then to theorise about it. In practice, interpretive researchers should use the methods and procedures of GT, as well as the emerging codes, in a flexible and creative way.

- *Use of literature* (tunnel vision: see Suddaby, 2006) – too much influence from the literature can prevent new understandings emerging from the field. A novice researcher might be tempted to start the research by trying to confirm existing theory instead of discovering new knowledge (Heath and Cowley, 2003). One of the key advantages of interpretive research lies in its investigation of real world problems and its search for new solutions to these problems. This is achieved by listening to the multiple voices in the data, rather than searching for abstract ways (or universal laws) to generate conclusions. In other word, the literature should inform rather than prescribe how the researcher interacts with the field.

This section has argued that there is a case for using GT in IMAR. Interpretive researchers can make use of GT to inform their research, but they must also be aware of the potential dangers. One of the main advantages of GT is that it enables researchers to study actors in their everyday world. GT can help interpretive researchers to produce interpretations which are grounded in the data, and to bring together evidence collected from various settings. GT provides an iterative process which focuses attention on key issues and, potentially, facilitates the development of theoretical explanations of social phenomena. Because of its inductive approach to theory generation, GT offers a useful tool which guides the systematic collection and analysis of data, and assists in developing theories which are grounded in the data. A major difference between GT and other qualitative research methods is its concentration on theory development. GT aims to produce theory that is "conceptually dense" (Strauss and Corbin, 1998), and which offers a rich conceptualisation, as opposed to mere description. To exploit the potential of GT in IMAR, in the next section we suggest some guidelines to help IMARs who want to use GT.

Some general guidelines for using GT in IMAR

Based on the above discussion, we suggest the following guidelines for interpretive researchers who use GT:

- *Subjectivity of interpretation.* Attempt to understand the phenomenon in the terms that the actors in the field use to give meaning to it. Rather than testing "scientific" hypotheses, the researcher should become immersed in the field, working closely with the empirical data. When using GT, there should be a dialogue between a researcher and the voices in the data. Interpretation is a reflective/reflexive exercise, rather than a process of following established procedures. Theory is derived from data in a subjective process of construction, through which the researcher develops understandings which are firmly grounded in the data, and not simply through the imposition of explanations (based on theories) drawn from outside. This is a hermeneutic and dialectical approach, in which the researcher goes back and forth between data and interpretation, as well as using existing theories to make sense of such data.
- *Emergence.* GT is method designed to allow theory to emerge. It aims to establish theory which is useful in explaining the observed data. A key departure from a more functional approach is that there should be a continuing search for evidence which contradicts or disconfirms the emerging theory[4]. In addition, the theory must reflect a detailed awareness of the (local) context. The key notion is that researchers need to stay as close as possible to the field in order to

appreciate local settings and to be able to develop theories that reflect the local contexts. Finally, the researcher should follow the unfolding events over time in order to identify the linkages between events and outcomes. As such, there will usually be a longitudinal element in the use of GT in IMAR, both in the data collection and in the analysis.

- *Questioning.* In the course of building GT the researcher gains new knowledge, confronts self-biases, and modifies what he/she has acquired from existing theory. This is achieved by openness to the field, sensitivity to data and a willingness to modify initial preconceptions, assumptions, and interpretations as new evidence is collected. The reflexivity inherent in this process should be explicitly explained and illustrated in writing-up the research. This will increase the trustworthiness of the findings, by demonstrating that care has been taken in substantiating evidence, and thereby add credibility to the conclusions (Baxter and Chua, 2008).
- *Theory-building approach.* The aim of using GT in IMAR (or elsewhere) is to develop new theory. GT offers great opportunities for researchers to investigate the unknown, to improve their understanding and to contribute to existing knowledge. In areas where there has been little research, researchers have to start from the data, and GT offers them a way of gaining useful insights which can be extended to wider contexts. However, there may be less to be achieved in using GT in more well established areas where there is general agreement in the literature, and where existing knowledge could potentially bias the findings.

Conclusions

The aim of this paper has been to improve our understanding of whether interpretive researchers can use GT and if so, how. In response, we have explored the role of GT to IMAR and suggested some general guidelines to help interpretive researchers who want to use GT in IMAR. Part of the contribution of this paper, as we discussed in the introduction, has been to remind ourselves of the essential features of IMAR and the need to examine the accumulated knowledge in the area. By examining the underpinnings of GT and IMAR we have been able to consider the "fit", as well as identifying some obstacles. In response to the critique of Gurd (2008), we have argued that GT can offer a valuable tool for interpretive researchers. Gurd criticises much of the prior GT research for a less than strict adherence to the principles of GT. However, as we have argued, using GT in a mechanical manner, i.e. as "recipe book", could also represent a risk for IMAR.

From an interpretive perspective, there is danger in simply adopting a "pseudo-scientific" rationality in applying GT. From a functionalist perspective it might be acceptable to use GT as "recipe book" in order to validate research findings. But as we discussed, the mere adherence to GT's procedures of data collection and analysis will not of itself guarantee valid results; this requires reflexivity on the part of the researcher. Interpretive research is a naturalistic endeavour, which seeks to understand everyday practices in their natural settings. It draws on and develops theory to explain observed phenomena, and to contribute back to the practice that it studies, as well as building on existing knowledge (Scapens, n.d.). In this respect, a key advantage of using GT in IMAR is that it offers a middle-way between empirically uninformed or abstract research (where researchers develop grand theories to make predictions about a supposedly objective reality) and theoretically uninformed practical research (that can result in trivial findings which cannot be extended elsewhere).

In IMAR, research using GT involves a dialogue between the researcher and the data, and as such it can encourage creativity, immersion in the data, and sensitivity to different perspectives. This means that researchers must clearly explain to the readers of their research papers how they acquired their data and how they reflected on their research findings. They also need to explain the processes used to analyse the data so as to convince the reader that their theorisations of the phenomena under study are credible. Thus, in IMAR, GT must be much more than a means of verifying propositions through the simple adherence to a set of procedures. Instead, in using GT the researcher must be self-reflexive and able to reflect on his/her assumptions and preconceptions on entering the field (including existing knowledge). In other words, the researcher must show a commitment to the data, act reflexively, and question what might otherwise be taken for granted.

Finally, we would encourage interpretive researcher to consider and experiment with using GT, in any of its alternative forms. In so doing they will, as we have outlined in this paper, need to give careful consideration to how their methodological assumptions relate to the research method(s) they choose.

Notes

1. We thank one of the reviewers for helping us to develop this argument.
2. Methods are specific techniques used to collect and/or analyse data. We discuss in later sections how treating GT as a methodology implies a general philosophy about doing research, coupled with a set of methods which are fundamentally influenced by its ontological and epistemological assumptions.
3. In this sense it corresponds to Laughlin's (1995) low/medium category of theorising (Llewellyn, 2003).
4. This runs counter to current practice in quantitative research where editors seem to accept only papers in which hypotheses have been supported, rather than where hypotheses have been rejected. We thank one of the reviewers for suggesting this point.

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