FLORIDA INTERNATIONAL UNIVERSITY

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EXPLORING THE ANTECEDENTS OF THE MANAGEMENT ACCOUNTANTS AS BUSINESS PARTNERS AND THEIR CONTRIBUTION TO THE FINANCIAL PERFORMANCE IN THE UNITED STATES SMALL-SIZED FIRMS.

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Victor Enrique Orozco Hernandez

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To: Dean William G. Hardin
College of Business

This dissertation, written by Victor Enrique Orozco Hernandez and entitled Exploring the Antecedents of the Management Accountants as Business Partners and their Contribution to the Financial Performance in the United States Small-sized Firms, has been approved concerning style and intellectual content. It is referred to you for judgment.

We have read this dissertation and recommend that it be approved.

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Florida International University, 2025

DEDICATION

To my sweet angel, Mia

You will always live in my heart, and your light will forever guide my path until we can be together again.

To my little fighter, Ian

Your strength and curiosity inspire me to love you more every day. Your ability to find joy in everything has taught me to see the wonder in the world.

To my partner in life, Claudia.

Thanks for your love and support and for being with me through every joy and hardship

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ABSTRACT OF THE DISSERTATION

EXPLORING THE ANTECEDENTS OF THE MANAGEMENT ACCOUNTANTS AS BUSINESS PARTNERS AND THEIR CONTRIBUTION TO THE FINANCIAL PERFORMANCE IN THE UNITED STATES SMALL-SIZED FIRMS.

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Recent economic, political, and health events have created a complex business environment, which some call VUCA (volatility, uncertainty, complexity, and ambiguity)(Dhillon et al., 2020). The COVID-19 pandemic exposed the financial vulnerabilities of small firms in the United States, which play a pivotal role in the economy (U.S. SMALL BUSINESS ADMINISTRATION, 2021) . It highlighted the need for these entities to exploit and explore their internal resources. Among those internal resources are Management Accountants.

As part of the organization, Management Accountants who act as business partners can directly impact agility in internal processes, contribute to decision-making, and drive business performance (CGMA, 2015). This investigation aims to identify the antecedents of management accountants, such as competence level, human capital, organizational support, and structural power, influencing their ability to act as business partners. Furthermore, it examines how leadership styles moderate the relationship between the

MA’s role and the firm’s financial performance. For this, a quantitative survey research method was applied.

The Resource-Based View (RBV) (Barney, 1991) argues that competitive advantage derives from valuable, rare, and unique resources, including financial expertise. Dynamic Capabilities Theory (Teece et al., 1997) highlights the importance of firms adapting to new conditions and the role of the management accountant as a business partner who can contribute. Exploitation and Exploration (March 1991) Management accountants willing to contribute to organizational learning are essential in efficiently exploiting existing financial systems and data. The transaction cost approach (Williamson, 1981) is where management accountants can contribute to economic efficiencies by effectively managing transaction costs.

This study confirmed that factors such as competence level, especially business and digital skills, improve a Management Accountant’s ability to act as a business partner. However, technical and people skills do not significantly impact this role. Organizational support and structural power resulted as essential antecedents to enhance the business partner role, while human capital does not show a significant impact. The findings suggest that Management Accountants, as business partners, positively impact firm financial performance. While transformational leadership enhances financial performance, it does not significantly moderate the business partner role. Transactional leadership did not significantly moderate this relationship to financial performance.

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1. INTRODUCTION

Problem Statement

"If I had to identify a theme at the outset of the new decade, it would be increased uncertainty." Kristalina Georgieva, Managing Director of the IMF, Peterson Institute for International Economics, January 17, 2020. According to the International Monetary Fund, global uncertainty has increased significantly since 2012. The latest data for the fourth quarter of 2019 show that, after dipping in the third quarter of 2019, the aggregate index—a GDP-weighted average of 143 countries—is at an all-time high (Ahir et al., n.d.). Within these conditions, the business environment has become dynamic and characterized by rapid technological changes, including artificial intelligence socialization, customer preference shifting, and increasing competition from local and global players. From the business press and media to business executives and scholars worldwide, they often address this dynamic environment with the acronym VUCA, which stands for volatility, uncertainty, complexity, and ambiguity (Dhillon et al., 2020). The term VUCA was coined three decades ago by the U.S. Army War College to describe the geopolitical world at the end of the Cold War; however, the term has recently acquired new significance (CGMA, 2015). External conditions such as pandemics, political instability, and military conflicts keep the global economy continuously challenging businesses to innovate and adapt to new economic conditions to grow and improve their financial performance. Establishing start-up firms and maintaining ongoing operations in the VUCA world becomes increasingly complicated (Dhillon et al., 2020); this is true for all sizes of firms but especially for small US companies, which must keep the peace of these changes to survive and thrive, focusing on increasing their dynamic capabilities to maintain competitive advantages and exploit their limited internal resources.9

The most recent example of a disruptive health and economic event was the COVID-19 crisis, which affected the world economy and led to unprecedented shutdowns of businesses, stores, restaurants, factories, etc. As a consequence, as described by the National Bureau of Economic Research in the United States, the active owners' business plummeted from 15 million in February 2020 to 11.7 million in April 2020, and losses to small business revenues and sales were estimated between 30 and 50 percent; finally, cash balances were 12 percent lower for all firms (Robert W, 2020). When delving into the strategies to respond to a disruptive environment such as COVID-19, Raj Dhillon and Quynh Chi Nguyen (2020) found that different organization levels were discussed in academic articles at the organizational and individual levels; at the managerial level, the organizational structure is featured with entrepreneurial mindsets, resilience, responsiveness, and decentralized management and at the personal level the locus is on management and leadership, which addresses what skills managers should have, how to get managers with the right qualities and how managers should use their abilities(Dhillon et al., 2020), according to this research managers play a crucial role in navigating the complexities of the business environment, designing strategies to respond to the current disruptive environment by innovating, and creating a partnering sense across the different functions. Among those managers are the Management Accountants (MA), finance professionals who stand out as a critical component for shaping and participating in the organization's strategic routines; according to Sidney G Winter, “An organizational capability is a high-level routine that, together with its implementing input flows, confers upon an organization management a set of decisions options for producing significant outputs of a particular type. (Winter, 2003)

Management Accountants are often members of teams established to improve processes and solve complex problems(Kennedy & Sorensen, 2006). For this research, a Management Accountant is conceptualized as the head of the financial/accounting department in the firm and supports and advises the management of an organization in achieving its economic, public, and financial goals. This position has several titles in different firms, such as Chief Financial Officer (CFO), Controller, Finance Manager, General Accountant, etc. The support of the Management Accountant is interpreted in terms of the design and maintenance of management control, accounting information systems, and the procurement and distribution of information. (Baxter & Chua, 2006)

A Management Accountant has multiple tasks and responsibilities, including traditional scorekeeping and business partner roles. Bob Karlsson stated that "despite the practical interest in the business partner role, empirical research has found that the traditional scorekeeping orientation coexists with business partner traits among practicing management accountants; such empirical evidence points to a hybrid accountant where can be seen as a step toward the role of a business partner but not a complete transformation." (Bo Karlsson, 2019). The increase in the complexity of operations and acceleration of globalization, which incentives rapid changes in the business environment, has prompted the need for the Management Accountant role to be a Business Partner within the organization and move beyond traditional activities to contribute to increasing shareholder value, according to Tim R.V. David and Lance P McLaughlin, "the extent to which Finance is involved in major decisions is a good indicator of the level of partnership with top management." (Tim R.V. Davis, 2009).

As part of the organization, the Management Accountant's cross-functional relationships can directly impact information interchange and agility in internal processes when partnering levels are optimal; the two world's leading accountancy bodies, the American Institute of CPAs (AICPA) and the Chartered Institute of Management Accountants (CIMA) in their publication "Finance Business Partnering" found of contributions of management accountants partnering in the sense of contributing to the decision-making and driving business performance under the following three areas: Supporting decisions at group level, Decisions support at the business unit level and Performance management (CGMA, 2015).

Management accountants' financial expertise and process insights contribute to small businesses to overcome and recover from disruptive scenarios such as the COVID-19 pandemic, as a recent example, as outlined by Steve McNally from the Institute of Management Accountants(McNally, 2021) , with the following actions:

Ensure Accurate Reporting and Insightful Data: Provide timely, accurate, and high-quality financial reporting to enable informed decision-making on crucial aspects of the firm, such as inventories, capital investments, and implications for new business opportunities.

Monitor and Manage Cash Flow: Cash flow is critical for small businesses, as this is a limited resource. Management Accountants can efficiently manage it to ensure the firm meets its commitments and ongoing operations.

Develop Strategic Plans for Growth and Setbacks: Defining strategic plans that anticipate both opportunities for growth and potential challenges, using insights into financial performance and forecasting.

Plan for the Short-term: Management Accountants must adapt and respond to immediate challenges, including compliance with current regulations and Federal, State, and local laws. They must also take advantage of tax incentives offered by authorities due to the emergency, such as the Employee Retention Credit.

Act as a Catalyst for Sustainability: Integrating sustainability into the company's reporting and operational practices, balancing financial performance with environmental and social governance issues.

Build and Maintain Key Relationships: Management Accountants must foster strong relationships with bankers, accounting firms, providers, and customers. These partnerships can provide critical support during uncertain times.

These activities contribute to small businesses' survival and position them to thrive in the VUCA world.

Significance of the Problem

Small businesses are essential for the U.S. economy; according to the U.S. Small Business Association (SBA) in the Frequently Asked Questions 2021 report (U.S. SMALL BUSINESS ADMINISTRATION, 2021), there were 32,540,953 small businesses in the U.S. of less than 500 employees representing 99.9% of all U.S. businesses, 99.7% of firms with paid employees, 97.4% of exporters, 46.8% of private sector employees (61 million), 43.5% of gross domestic product, 39.7% of private sector payroll, 35.6% of private sector receipts ($13.3 trillion) and 31.6% of known export value ($460 billion), creating 12.7

million net new jobs while large businesses created 7.9 million, accounting for 62% of the new job creation since 1995. Due to the importance of this type of small business (SME), the U.S. government created the SBA in 1953 to help small business investors pursue the American dream. It is focused on providing counseling, capital, and contracting expertise for small businesses. Its website, https://www.sba.gov/, contains various information and guidelines on creating a business plan, managing and growing the business, and funding programs. However, it is also well-known that the failure rate was high from 1994 to 2019. An average of 67.6% of new employer establishments survived two years. During the same period, the five-year survival rate was 48.9%, the ten-year survival rate was 33.6%, and the fifteen-year survival rate was 25.7%. When looking at the reasons for a small business failure, the report from CB Insights (2021), a company that provides technology market intelligence platforms with data and analysis on various industries and startups, compiled a list of 111 post-mortem failures since 2018, with the following findings:

1) Ran Out of Cash and Failed to Raise New Capital (29%): A common reason a business fails is running out of cash and being unable to secure additional funding.
2) No Market Need (35%): Many startups fail because they create products or services without solid market demand.
3) Got Outcompeted (20%): A startup's downfall often results from its failure to stay competitive with other market players.

4) Flawed Business Model: Failure can result from the inability to develop a sustainable business model that meets market and investor expectations.
5) Regulatory/Legal Challenges: Encountering legal issues or failing to comply with regulations can severely impact a startup's viability.
6) Pricing/Cost Issues: Incorrect pricing or inability to manage costs effectively can make a startup unprofitable.
7) Not the Right Team: Having a team that lacks the necessary skills or does not work well together can hinder a startup's success.
8) Product Mistimed: Launching a product too early or too late can lead to missed opportunities and market irrelevance.
9) Poor Product: A startup can fail if it develops a product that does not meet consumer expectations or is below industry standards.
10) Disharmony Among Team/Investors: Conflict among team members or with investors can disrupt a startup's operations and focus.
11) Pivot Gone Bad: Failure to shift a business model or product direction can lead to failure.
12) Burned Out/Lacked Passion: Founder or team burnout can halt progress and neglect essential business functions.

However, having the right talent in the organization who brings innovations, an entrepreneur, and a business partnering mindset can increase the possibilities of sound financial performance and growth. Management accountants with expertise in financial matters can aid in improving decision-making processes with their unique combination of professional rigor and a sense of partnership with the business,(CGMA, 2015) which offers support for many of the reasons previously mentioned as the cause of failing, as found by McKinsey Company report of “The CFO role in helping companies navigate the coronavirus crisis (Agrawal et al., 2020). Management accountants would be able to focus on assessing the firm’s liquidity, administer cash flow, and have the technical knowledge to develop and analyze business cases and scenarios that meet investors' expectations and, therefore, raise capital; also, a technically skilled Management Accountant can navigate, interpret, and weigh impact to the firm due to changes in regulations, also boost productivity through digitization. “Small businesses grow because they draw innovation, attracting talent that brings inventions or new solutions to old business methods that larger corporations have less flexibility to incorporate. This is why big companies today want to acquire small businesses, for their innovators.”(Rowinski, 2022).

Research Gap

Several articles can be found in the literature related to the evolving role of the management accountant from traditional functions to a strategic role as a business partner and the set of skills that this manager should possess. Bob Karlsson (2019) noted that even a hybrid model coexists when a Management Accountant balances both functions; Steve McNally (2021) highlights actions that Management Accountants undertake to support businesses in disruptive scenarios, like ensuring accurate financial reporting and monitoring cash flow for efficient use. Theoretical frameworks portray how Management Accountants can be valuable resources, which, according to Jay Barney (1991), can assist firms in creating value and navigating complex situations. David J Teece (1997) analyzed the dynamic capabilities of a firm, which is something Management accountants can contribute by shaping processes to respond to rapidly changing environments. Oliver Williamson (1981) examines how Management accountants can improve transaction costs and enhance economic efficiency in firms.

However, despite the importance of small businesses and their pivotal role in the US economy, limited investigation has been conducted into how management accountants contribute to firms' financial performance and the understanding of the antecedents that enable the management accountant to act as a business partner. Literature on management accountants as business partners has focused on large corporations whose characteristics and resources differ significantly from those of small firms. Large corporations usually have a large team of finance and accounting professionals specializing in taxes, investments, mergers and acquisitions, accounting, etc. At the same time, small companies cannot afford a specialist for each area; they need a small team that manages all financial matters. There is also abundant literature on how firms respond to volatile and disruptive situations. However, they do not explore the role of the management accountant and the antecedents or factors that enable them to act as business partners beyond their technical skills, which are essential but not unique; more factors such as Human Capital, Organizational Support, and Structural power are needed to shape a Management accountant as a business partner. Additionally, there is an opportunity in the literature and practical knowledge on how the Management accountant acting as a business partner in different types of leadership, such as transactional and transformational, affects the financial outcome of the firm. By addressing these gaps, this research can contribute to the academic literature by providing insights into the role of management accountants in small U.S. firms and offering practical guidance for business owners to search for support and advice from their financial department and leverage their financial expertise when they are making essential decisions for the business.

Further research could focus on longitudinal studies tracking the influence of management accountants' strategic decisions on financial outcomes; cross-industry comparative studies could reveal industry-specific strategies; and international comparisons between businesses in the U.S. and some other countries, where cultural aspects can influence the role and antecedents of Management accountants as business partners. Further research on the differences between large and small companies could change the antecedents of management accountants as business partners and their influence on those companies' financial performance, expanding the scope of the present study.

Finally, due to the rapid evolution of Artificial Intelligence and its influence on all aspects of the economy, it could be interesting to include in future research how the use of artificial intelligence and big data analysis impacts the role of management accountants, whose professional characteristics allow them to assimilate and utilize these elements intuitively.

Research Question

The investigation aims to Identify the antecedents of Management Accountant to enable its ability to act as a Business Partner and the contribution to the Financial Performance in a US Small business by answering the research question: What factors contribute to the Management Accountant’s (MA) ability to act as a Business Partner, and what is the impact of this role on the firm’s financial performance in United States Small firms?

Research Contributions

“The world economy will see even more globalization” in a post-pandemic era; the COVID-19 pandemic is foreseen as an accelerator of changes that were already occurring (Contractor, 2021); this will require more robust and better-prepared participants in the Business environment. Small Businesses seeking to increase owner value and their Financial Performance should partner with their Accounting Management to succeed in the new and more complicated business environment.

This exploration seeks to contribute to Business knowledge by highlighting the antecedents that contribute to the Management Accountant’s role as a Business Partner, actively participating in the significant decision-making process, and providing financial analysis and advice that other functions in the company can use to improve their performance and the firm’s financial performance. It also discusses how the management accountant’s Transactional and Transformational leadership style moderates this relationship between the Management Accountant's ability to act as a Business Partner and its contribution to the Firm’s Performance.

The ultimate contribution is to raise awareness among small business owners and management accountants about the potential benefits this partnership can bring to improve their financial performance and encourage the changes to continue supporting the US economy and taking care of the employees and families that depend on the survival of these companies.

It has been well-documented that there is evidence of rising global uncertainty since 2012, reaching unprecedented levels by the end of 2019; these conditions have coined the VUCA environment concept, which has also been included in several studies. At the same time, researchers have delved into the competence levels that contribute to better performance among management accountants at all levels: two of the most influential professional associations, the American Institute of Certified Public Accountants (AICPA) and the Chartered Institute of Management Accountants (CIMA) have defined the CGMA Competency Framework that describes the range of skills and competencies that accounting and financial professional need to lead their organizations to success; What remains unknown, however, is what other factors contribute to the ability of the Management Accountant to act as a Business Partner and the impact of these professionals to the Firm's financial performance which is the reason for business to exists, especially when it comes to small companies that by definition have more limited resources. Therefore, this research seeks to contribute to the following:

To help U.S. small businesses navigate the VUCA environment, they need to leverage their dynamic capabilities by exploiting their internal resources, such as their management accountant. This allows them to rely on them not only for bookkeeping, statutory requirements, or regulatory compliance activities but also to seek financial insights and strategic planning. It also allows them to contribute to the decision-making process to maintain competitiveness and drive either organic or inorganic growth, which is essential to the U.S. economy. By improving their financial performance, we help them preserve an adequate employment rate for American families.

Management Accountants who are eager to step into the Business Partner role to understand that while competence levels in technical skills are essential, there are other factors they need to consider and work on, such as strengthening their human capital characteristics and making sure the organization supports their role as business partners and the provided insights are considered in the business decision-making process; also realizing that to contribute to the business they need to influence other persons in the organization and consolidate the structural power that the Management Accountant position has to make things happen.

Scholars and finance students should consolidate and acquire hard and technical skills. However, they must also be aware that they must focus on developing interpersonal and leadership abilities to deal with the complexity of the business environment and contribute meaningfully to their future organizations.

2. LITERATURE REVIEW

Theoretical lens:

Several theoretical lenses apply to this research, including resource-based view, exploration and exploration, dynamic capabilities framework, and transaction cost economics.

Resource-based view

According to Jay Barney (1991), Understanding sources of sustained competitive advantage has become a significant area of research in strategic management. He argued that the resources and capabilities that firms possess, which are valuable, rare, inimitable, and non-substitutable, are the primary sources of sustained competitive advantage. Firm resources include all assets, capabilities, organizational processes, firm attributes, and information knowledge that the firm controls. These elements become valuable resources when they exploit opportunities or neutralize threats in a firm's environment; valuable resources refer to elements of the firm that enable the business to conceive of or implement strategies that improve its efficiency and effectiveness (*Barney-1991-Firm-Resources-and-Sustained-Competitive-Advantage.Pdf*, n.d.). Furthermore, resources are classified into three categories: Physical resources, such as the technology used in the firm; human capital; organizational capital resources, like the formal reporting structure and relations among groups; and Human Capital Resources, including the training, experience, judgment, and insight of the individual managers and workers in the firm.

In this context, Management Accountants' strategic involvement in the firm can become a valuable resource due to their accounting knowledge and financial insight (Competence level) and contribution to the decision-making processes provided by their professional experience and training (Human Capital), as well as their relationships with other managers and support from the upper management (Organizational support), and influence on others within the organization (Structural Power). This theoretical lens underscores the importance of leveraging internal capabilities, defining resources as anything that could be considered a strength or weakness of a given firm (Wernerfelt, 1984), for instance, those provided by management accountants, to respond to external business challenges and shape strategic initiatives that proactively drive long-term success.

Exploitation and Exploration

James G. March's 1991 article, "Exploration and Exploitation in Organizational Learning,(March, 1991) delves into how organizations balance two critical activities: exploration (searching for new knowledge and solutions) and exploitation (leveraging existing expertise and capabilities). Exploration involves search, variation, and experimentation, while exploitation focuses on refining, implementing, and utilizing existing knowledge. He argues that while both are necessary, they often compete for limited resources. Adaptive Tension between exploration and exploitation is presented as a fundamental factor in organizations' survival and prosperity. March suggests that firms that overemphasize exploitation may become efficient in the short term but risk stagnation by failing to innovate. On the other hand, those focusing too much on exploration might need to capitalize on existing capabilities, leading to inefficiencies. Organizational Learning and Competitive Advantage: Firms learn and adapt by balancing exploration and exploitation, which can lead to competitive advantages or disadvantages.

This theoretical lens hints at how management accountants in small U.S. firms can contribute by balancing the need for operational efficiency (exploitation) with strategic foresight and innovation (exploration). As Marko Järvenpää (2007) describes, The business orientation of management accounting is defined as the willingness and ability of the management accounting to provide more added value to decision-making and control (Järvenpää, 2007). Management accountants who are willing to contribute to organizational learning not only issuing Financial Statements but facilitating and sharing the use of financial information, most importantly, teaching the managers how to read and interpret financial information, playing an essential role in exploiting existing financial systems and data for efficiency and exploring new financial strategies and tools to adapt to changing market conditions; additionally, management accountants as business partners provide guidance and can influence on the allocation of resources between exploration and exploitation activities by analyzing the return on capital, profitability, cost-saving impact among another financial key performance indicator.

Dynamic Capabilities

Dynamic Capabilities and Strategic Management article by David J Teece (1997) discussed the dynamic capabilities framework that analyses private firms' sources and methods of wealth creation and capture in environments of rapid technological change. Competitive advantage depends on distinctive processes shaped by the firm's asset position and evolution paths. This approach suggests that competitive advantage depends on how the internal technological, organizational, and managerial processes inside the firm. Competitive advantage requires exploiting existing internal and external firms' capabilities and developing new ones, such as Management accountants in the role of Business Partner. An essential step is identifying the difficult-to-replicate advantages that can be built, maintained, and enhanced—the ability to get things done without the price system. Categories are as follows:

1. Processes. - Modeling how things are done in the firm are called routines or patterns of current practice and learning. Moreover, getting involved in the roles:

a. Coordination/Integration (a statistical concept) refers to organizational routines related to the company's inflows and outflows.

b. Learning (a dynamic concept): Repetition and experimentation enable tasks to be performed better and quicker.

c. Reconfiguration (a transformational concept) involves adopting best practices, minimizing the cost of changes, and calibrating the requirements for change.

2. Positions. – Determining and monitoring the current stage of technology attributes, intellectual property, complementary assets, customer base, and external supplier relationships.

3. Path dependencies. – Advising on strategic alternatives. Where the firm decides to aim is the result of its current position and the paths ahead. Its current position is shaped by the path it has traveled.

The dynamic capabilities approach analyzes firms' sources of wealth creation. It defines a firm’s capability to react, build, and reconfigure internal and external competencies to address rapidly changing environments and achieve new and innovative competitive advantages (Teece et al., 1997).

When small and medium-sized businesses struggle to recover and grow, management accountants are well-positioned to offer valuable leadership across many areas beyond merely tracking profits and closing the books (McNally, 2021). Management accountants who are involved in the operational and financial processes of the company and in core business decisions regarding where the company is aiming as strategic partners in small firms can contribute to creating and sustaining a firm's competitive advantage by integrating and defining financial and operational strategies in response to market changes, facilitating organizational learning by interpreting financial data and market trends, additionally, with their insights enable small firms to navigate complex decisions, enhancing their ability to respond dynamically to new challenges and opportunities (CGMA, 2015).

The Transaction Cost Approach

Oliver E. Williamson's 1981 article, "The Economics of Organization: The Transaction Cost Approach," examined the transaction cost approach to understanding economic organization. Williamson (Williamson, 1981) centralizes the transaction as the basic unit of analysis in understanding economic organizations; the approach evaluates how organizations minimize transaction costs (the costs of coordinating and making exchanges) to maximize financial efficiency. The analysis assumes bounded rationality (limited cognitive capacity) and opportunism (self-interest with guile). Decisions about the boundaries of firms regarding what internally vs. contract out are significantly influenced by transaction cost considerations, especially asset specificity and frequency of transactions. Transaction cost economics helps explain firms' internal and external structuring, including vertical integration, outsourcing decisions, and the scope of firm activities. This is also important regarding small business owners' decisions to hire a management accountant internally to handle all business accounting and regulatory matters but also to help him by providing financial insight to benefit the business or to outsource the bookkeeping activities to an external firm and the decision lies on the cost-benefits analysis being as benefits the fact that the internal management accountant contributes to the business growth and financial performance; meanwhile, the external firm takes care only of financial information and filing taxes. Understanding transaction costs, an expertise inherent to Management Accountants, provides a more accurate and practical framework for predicting organizational behavior and decision-making.

Management accountants can be instrumental as business partners. Their involvement can be essential in managing and reducing transaction costs within firms, especially in asset specificity. Management accountants hold firm-specific knowledge crucial for strategic decision-making, aligning with Williamson's emphasis on specialized assets. They can also contribute to economic efficiencies within firms by effectively managing transaction costs and business cases for growth or new business opportunities.

Competence Level

The American Institute of Certified Public Accountants (AICPA) defined accounting in 1941 as "The art of recording, classifying and summarizing in a significant manner and in terms of money, transactions, and events that are, in part at least, of financial character and interpreting the results thereof." In 1970, the American Institute of Certified Public Accountants changed the definition. It stated, "The function of accounting is to provide quantitative information, primarily financial in nature, about economic entities, intended to be useful in making economic decisions."

According to the study published by Suleyman Dauda, "Accounting is the lifeblood of business, and it communicates the financial health of a business to the stakeholders; it has to do with ideas, concepts, and techniques, which are used in processing financial data into meaningful information for reporting, planning, controlling, and making decisions."

Accounting is an art that utilizes techniques, and professionals must acquire accounting and managerial skills. This is why most prestigious accountancy associations, such as the American Institute of Certified Public Accountants (AICPA) and the Chartered Institute of Management Accountants (CIMA), offer a designation. Still, the professional must comply with specific requirements, such as experience, passing an exam, and completing several educational credits.

In 2019, Suleyman conducted a study focused on accounting and managerial skills as factors of success of SMEs in North-West Nigeria; he defined Skills as the "ability or capability of performing a given task with a certain degree of efficiency and effectiveness." He found that: "accounting and managerial have a positive relationship with the success of SMEs. These findings imply that using both skills enables SMEs to perform creditably, make the desired profit, and attain the business goals" (Sulayman Dauda Gidado, 2019). Suleyman established the relationship between accounting and managerial skills, which influence the entrepreneur's decision-making performance and contribute to the organization's outcome.

The Chartered Institute of Management Accountants (CIMA) and the American Institute of Certified Public Accountants (AICPA) also emphasize the following: "To become an effective business partner, management accountants must develop an understanding of how their business works and business-specific analysis skills to complement their core accounting and analysis skills."

The 2019 Competency Framework, which "is designed to help management accountants and their employers understand the knowledge requirements and assess the skills needed for both current and desired roles, is the foundation that will demonstrate the capabilities of a CGMA as a trusted finance and business strategist."(Peter Spence, FCMA, CGMA, 2019)

The CGMA Competency framework includes the following skills: Technical, Business, People, Leadership, and Digital. Each consists of competencies defined at four proficiency levels: Foundational, Intermediate, Advanced, and Expert. Each competency prescribes a series of skill sets to assist in the CGMA's professional development. The relative weight of each knowledge area relates to the importance of the defined skill sets at each proficiency level.

Human Capital

"Human Capital" refers to the knowledge, skills, and abilities (KASs) embodied in people. (Crook et al., 2011), it includes "how-to" KASs that can be explicit and tacit KASs, which can be challenging to articulate. Human Capital has a long history in strategic management of being viewed as a source of value, both at the managerial level (Andrews, 1965; Chandler, 1962) and the individual level (Becker, 1964, 1983)

This theory suggests that managers' human capital attributes (e.g., education, work experience, etc.) influence their managerial capabilities and productivity. Human Capital refers to an employee's characteristics of the firm, including education, experience, skills, and knowledge. Becker (1964) investigated human capital theory, which posits that investments in an individual's education and training enhance productivity and effectiveness. Human capital can be seen as the intangible assets that managers, such as management accountants, bring into the organization, or it can be acquired through training; it takes time and monetary investment. However, several studies have found that human capital is related strongly to performance, especially when the capital in question is not readily tradable in labor markets. (Crook et al., 2011)

Human capital is critical for management accountants due to the diverse skill set required to analyze a business's financial and strategic decisions. A management accountant's human capital includes technical and soft skills, such as a strategic mindset, leadership, and communication.

Maximizing the impact and efficiency of human capital in organizations is one of the cornerstones of the industrial and organizational psychology inquiry. Understanding the critical determinants of organizational performance has been an important goal, as mentioned in the study “Does Human Capital Matter?” (Crook et al., 2011). This research defines human capital as the knowledge, skills, and abilities embodied in people, which has a long history in strategic management of being viewed as a resource of value, both at the managerial level (Andrews, 1965; Chandler, 1962) and the individual level (Becker, 1964, 1983); according to these studios, firms possessing superior human capital should outperform others.

Organizational Support

For Management Accountants to act as Business Partners, the organization must provide them with the resources, recognition, and empowerment to effectively perform their roles as advisors and custodians of the financial assets. This construct includes economic, technological, and motivational support elements that influence the accountant's strategic capacity to impact crucial firm decisions.

Eisenberger et al. (1986) introduced the concept of perceived organizational support (POS), arguing that employees who feel valued and supported by their organization are likelier to demonstrate higher levels of organizational commitment. Regarding management accountants, organizational support can be shown through support in acquiring powerful analytical tools, continuous professional development, and involvement in committees and meetings where important decisions are being made. A supportive environment encourages accountants to take a proactive attitude toward business strategies.

Research by Kuvaas (2008) suggests that organizational support positively impacts employee performance and motivation, emphasizing the importance of this construct in improving the strategic role of management accountants.

Structural Power

The position and authority of management accountants within the organization facilitate their role in influencing decision-making processes and outcomes. Formal power is derived from an accountant's role and position within the hierarchy, and informal power stems from personal networks, expertise, and the ability to access and control crucial information. Pfeffer (1981) emphasized the importance of power in organizational effectiveness, arguing that the ability to influence and control resources is crucial for implementing strategic initiatives. For management accountants, structural power might be indicated by their inclusion in the top management team, direct reporting to the CEO, or involvement in strategic planning committees.

In his study “Power in Top Management Teams: Dimensions, Measurement and Validation,” Sydney Finkelstein defined power as the capacity of individual actors to exert their will. This study proposed four dimensions of top managers’ power: Structural Power, which is based on the formal organizational structure and hierarchical authority, and it relates to the right to exert influence and control the behavior of their subordinates and suggests that the greater a manager’s structural power, the greater control over colleague’s actions. Ownership power accrues to managers in their capacity as agents acting on behalf of shareholders; in addition, managers who are founders of a firm or related to founders may gain power through their long-term interaction with the board members. Expert Power is explained, and Managers with relevant expertise may significantly influence a particular strategic choice and enhance their ability to control critical contingencies. Prestige power is personal prestige or status and relates to the reputation in the organizational environment; it also suggests that the manager has gilt-edged qualifications and influential friends and the ability to influence them.

Structural power enhances the management accountant's ability to act as a business partner by ensuring their inputs are considered when making strategic decisions. Mintzberg (1983) highlighted the strategic role of 'informational' managers who leverage their access to information and organizational position to influence strategy.

Management Accounting Business Partner Role

The role of a Management Accountant has been the subject of discussion and investigation. "Bean Counter and Business Partner are the two prominent roles management accounting can play within an organization.

As defined by Markus Grandlund, the "Bean Counter" role aims to write accurate and correct financial history and thereby attempt to respond to formal information needs. For these Bean Counter people, personal communications are typically directed into the accounting function only, and their communication to the outside of the accounting function concentrates on written reports" (Granlund, 1998). As part of the Grandlund results revealed several change tendencies, and the most prominent was concerning accountant's role models, going from "Bean-Counting" to a Controller-type operation; at the same time, it recognized that while the bean counters appear to be diminishing, there is still a need for this kind of role. An organization could not operate without the role of Bean Counter in its Management Accounting; regulatory and reporting requirements must be complied with for the organization to continue working effectively.

This is why Bob Karlsson stated that "despite the practical interest in the business partner role, empirical research has found that the traditional scorekeeping orientation coexists with business partner traits among practicing management accountants, such empirical evidence points to a hybrid accountant where can be seen as a step toward the role of a business partner but not a complete transformation."

Finally, we have the Business Partner role, which means working with the business to share expertise from their domain to help the organization improve its performance. This role involves a high level of involvement in making significant decisions in the company and providing information to other areas that help them improve their performance. (Association of International Certified Professional Accountants, 2018)

Management Accountants, as Strategists, make Business decisions, create plans of action based on the company's strategy, and participate in the company's strategy development. In the future, they will increasingly be seen as critical company stakeholders. Moreover, the management accountant is expected to put the finance department in a more central position when framing long-term value-creation goals (Sablinskiene, 2021).

Good business is like an engine for society. It needs good oversight, which is the role of the Management Accountant. Expertise and unique technical knowledge are crucial for a successful business. Nowadays, companies are looking for accountants who focus on financial reporting and supervision and are involved in critical business decision-making. (Sablinskiene, 2021)

Transformational-Transactional leadership theory.

By definition, the head of the financial function in the company is a leader in the organization; leadership styles have been a frequent topic in investigations due to the contributions they can make to the firm. (Den Hartog et al., 1997) Mentioned that Transactional leaders motivate subordinates to perform as expected, and transformational leaders typically inspire followers to do more than they initially expected; Bass (1985) argues that transformational leadership builds on transactional leadership but not vice versa. Different researchers have found that transformational leadership effectively influences dynamic capabilities, especially where innovation and adaptability are essential for success.

"While the transactional leader motivates subordinates to perform as expected, the transformational leader inspires followers to do more than initially expected. Transformational leadership theories predict followers' emotional attachment to the leader and emotional and motivational arousal of followers due to the leader's behavior". (Deanne N. Den Hartog*, 1997). Transformational Leaders must inspire and influence people in the organization. (Anderson, 2005) The head of the finance department is expected to contribute to the organization's growth by participating in strategic decisions to boost the return on investment, revenue, and market share increase. The role is also expected to contribute to the firm's performance depending on its involvement in the business's day-to-day activities.

Definitions of the Constructs and sources for the scales.

Construct	Definition	Scale
Management Accountant (MA)	A management accountant is the head of the financial department in the firm who supports and advises the management of an organization in realizing their economic, public and/or financial goals. Support is interpreted in terms of the design and maintenance of management control and accounting information systems, and the procurement and distribution of information. (Baxter & Chua, 2006)	A management accountant from "down-under": The research of Professor Bill Birkett (1940–2004) https://linkinghub.elsevier.com/retrieve/pii/S1044500505000752

Management Accountant competence level.	This a framework designed by the Chartered Global Management Accountant (CGMA) as a guideline to determine the competence level at all levels and is the foundation to demonstrate the relevance and capabilities of a Management Accountant as a trusted finance and business strategist. (Hasty, 2019)	CGMA Competence Framework 2019 update https://us.aicpa.org/content/dam/cgma/resources/tools/downloadabledocuments/cgma-Competence-framework-2019-edition.pdf
Construct	**Definition**	**Scale**
Subfactor: Technical skills	Enable finance professionals to collect, store, process and analyze information to be shared with various stakeholders. These include the preparation and dissemination of external and internal reports as per the professional accounting standards. (Peter Spence, FCMA, CGMA, 2019)	CGMA Competence Framework 2019 update. https://us.aicpa.org/content/dam/cgma/resources/tools/downloadabledocuments/cgma-Competence-framework-2019-edition.pdf
Subfactor: Business skills	Enable finance professionals to use their knowledge of the business and the ecosystems in which it operates to transform data into insights. This allows businesses to evaluate their strategic positioning, the alignment of their business models to their strategies. (Peter Spence, FCMA, CGMA, 2019)	
Subfactor: People skills	Ability to communicate effectively are used to influence the decisions, actions and behaviors of decision-makers and others throughout the organization and its stakeholders. The ability to collaborate and work with partners is also a key skill. (Peter Spence, FCMA, CGMA, 2019)	
Subfactor: Digital skills	From basic digital literacy through to a deeper expertise in cloud computing, cybersecurity, data analytics and digital costing. If finance professionals are to remain relevant, they	

	need to keep pace with advances in technology. (Peter Spence, FCMA, CGMA, 2019)	
Human Capital	Finkelstein and Hambrick (1996) argue that a good manager may be able to see or capitalize on alternatives that others cannot see due to his or her experiences and level of knowledge. This assessment is congruent with human capital theory, which suggests that a manager's human capital attributes such as education, and work experience, influence his or her managerial capabilities and productivity.	LINKING HUMAN CAPITAL TOCOMPETITIVE ADVANTAGES: FLEXIBILITY IN A MANUFACTURINGFIRM'S SUPPLY CHAIN. (Jin et al., 2010). https://doi.org/10.1002/hrm.20385
Construct	**Definition**	**Scale**
Organizational Support	Organizational support for the Management Accountant function provides a signal about the instrumental worth and effective valuation of the Management Accountant and about the importance of role to achieve the overall firm goals. Further, if the MA perceives that the organization supports initiatives, is likely to develop better organizational commitment and increase his or her productivity	Perceived Organizational Support (Eisenberger, R., Huntington, R., Hutchison, S., & Sowa, D, 1986) https://doi.org/10.1037/0021-9010.71.3.500
Structural Power	The MA functions within a specific organizational context; therefore, the ability of the MA to act as a leader is influenced by the individual capability, and by organizational factors that either facilitate or hinder his or her level of leadership. The power-influence research examines the influence processes between leaders and other organizational actors.	An Empirical Investigation of the Effect of CFO Power on Disclosure Quality (Ferdous et al., 2023) https://doi.org/10.1111/abac.12288 Power in Top Management Teams: Dimensions, Measurement, and Validation (Finkelstein, 1992) https://doi.org/10.5465/256485

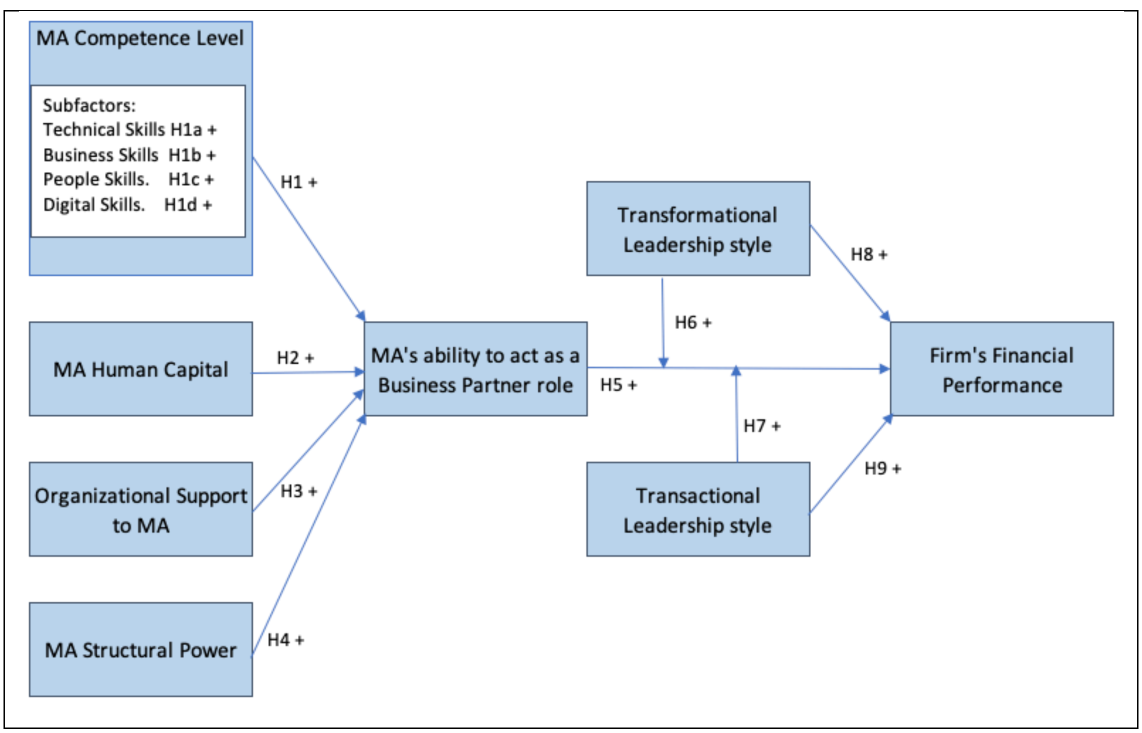
Business Partner	The Management Accountant in the business partner role brings the "financial perspective into managerial decision-making" processes. Specifically, to facilitate strategic or operational decision-making purposes, the business partner pro-actively creates decision context-specific financial and related non-financial information for managers outside the controlling/finance function. In doing so, the business partner works along-side management and participates as an equal member in decision-making teams (P. L. Fourné et al., 2018b).	CONTROLLER ROLES: SCALE DEVELOPMENT AND VALIDATION. (P. L. Fourné et al., 2018) https://www.emerald.com/insight/content/doi/10.1108/S1479-351220180000033007/full/html
Construct	**Definition**	**Scale**
Transformational Leadership style	Transformational leadership provides workers with the motivation, the support, and the intellectual stimulation to be innovative" (Bryant, 2003, p. 39). Transformational leaders are active leaders with four distinguishing characteristics: charisma, inspiration, intellectual stimulation, and individualized consideration (Bass, 1985). Charisma is the extent of pride, faith and respect leaders encourage their workers to have in themselves, 15 their leaders, and their organizations. Inspiration is the ability to motivate followers primarily through communicating high expectations. (Kaufman, Russell Edmund, 2023)	THE ROLE OF LEADERSHIP STYLES AND EMPLOYEE BEHAVIORAL ELEMENTS IN FOSTERING INNOVATION. https://business.fiu.edu/academics/graduate/doctor-of-business-administration/docs/2023/russell-kaufman.pdf
Transactional Leadership style	Transactional leaders focus on the details and goals by leveraging rules and policies. Transactional leaders have three main qualities. First, they work with their team to establish clear and specific goals while ensuring employees receive the rewards they were promised to achieve those goals. Secondly, they offer rewards or promises in exchange for employee efforts. Finally, they	THE ROLE OF LEADERSHIP STYLES AND EMPLOYEE BEHAVIORAL ELEMENTS IN FOSTERING INNOVATION. https://business.fiu.edu/academics/graduate/doctor-of-

	are willing to address their workers' immediate needs and self-interests as long as it does not interfere with completing tasks (Bryant, 2003). (Kaufman, Russell Edmund, 2023)	business-administration/docs/2023/russell-kaufman.pdf
Firm's Financial Performance	The company performance is measured by financial and efficiency indicators. Financial performance measures include return on assets, return on equity, return on investment, return on sales, sales growth, and market capitalization. (Wijesinha, Noel R, 2022)	Studying the executive perception of investment in intelligent systems and the effect on firm performance by Wijesinha, Noel R.

3. RESEARCH MODEL AND HYPOTHESIS DEVELOPMENT.

Figure 1

Conceptual Research Model.



Theoretical Development and Hypotheses

There has been a lively academic and professional debate on the changing role of accountants, particularly management accountants. These professionals are shifting from being oriented around numbers and controls to acting as advisors to management and increasing their participation in the decision-making process. (Järvenpää, 2007)

Marko Järvenpää defines business orientation as the willingness and ability of management accounting to provide more added value; in this context, it refers to the relevant accounting systems, personal competencies, and business knowledge. His study demonstrated that competence contributes to the "true business partner role." Therefore, I proposed the following:

H1.- The higher the Competence level of the Management Accountant, the greater the MA's ability to act as a Business Partner.

Management accountant is responsible for booking the economic transactions that occur in an organization and for issuing financial statements in compliance with regulatory requirements and accounting standards, which involve a great complexity; technical skills enable finance professionals to collect, store, process, and analyze information to be shared with various stakeholders (Spence, 2019); these skills are meant to be the core of the accounting art and impact the ability of the Management Accountant to act as a Business Partner; Therefore, I proposed:

H1a.- The higher Competence level of the Management Accountant in technical skills enhances the MA's ability to act as a Business Partner.

To become an effective business partner, accountants must understand how their business works and use business-specific analysis skills to complement their core accounting and analysis skills. When management accountants apply these skills in business, they can gain professional credibility and a seat at the decision-making table.

Business skills enable finance professionals to use their knowledge of the business and the ecosystems in which it operates to transform data into insights. This allows companies to evaluate their strategic positioning, the alignment of their business models to their strategies, their performance, and opportunities for the future. Therefore, I proposed the following:

H1b.- The higher Competence level of the Management Accountant in business skills enhances the MA's ability to act as a Business Partner.

People skills are essential because if an organization struggles to explain itself or understand how its coworkers feel about a given project, task, or challenge, working together to achieve common goals will be much more challenging.

People skills and the ability to communicate effectively influence the decisions, actions, and behaviors of decision-makers and others throughout the organization and its stakeholders. Collaborating and working with partners is also an essential skill. These skills positively impact any interaction in any role, either as a Bean Counter or Business Partner. Therefore, I proposed the following:

H1c.- The management accountant's higher Competence level in people skills enhances the MA’s ability to act as a business partner.

Digital Data is becoming a way for leading companies to outperform their peers. Digital Data can be described as the massive volume of digital data generated by digital technologies that are too vast and complex to be accessed or analyzed by conventional data processing. From the perspective of a management accountant, Data can be viewed as financial data plus the digital data captured on the business's systems; these can include external data feeds and machine-generated data, plus the massive volume of new forms of digital data that might be relevant, such as data from mobile phones, social media, voice recordings, photographs, music, and video.

Businesses need to develop new competencies to benefit from data and its analysis. The advanced analytical techniques necessary to mine data, identify correlations, and develop algorithms to predict behaviors are in the domain of data scientists. Developing digital skills for management accounting is essential nowadays for finance professionals in a business partner role; if accountants are to remain relevant, they need to keep pace with technological advances and be able to manage and guide management accounting in a digital world (Spence, 2019). Therefore, I proposed the following:

H1d.- The higher Competence level of the Management Accountant in digital skills enhances the MA's ability to act as a Business Partner.

Human Capital Theory seeks to highlight the benefits of investing in education, training, and gaining experience to prepare human resources; there have been different definitions among Romer, P.M (1987) defined it as "Human Capital as a continuation of the growth theory, which regards knowledge as more endogenous, increasing returns to organizations due to investment in human capital through specialization. In addition, Becker (1964) suggested that human capital influences management (Crook et al., 2011)accountants' effectiveness and strategic integration in organizations. According to the study (Crook et al., 2011), human capital was positively related to performance; therefore, as part of their conclusion, they stated that as the global economy becomes increasingly knowledge-based, the acquisition and development of superior human capital appear essential to a firm's viability and success. Another article by Louisa Selivanovskikh, 2023 found the direct relation of Human Capital to be significant and positively related to SME performance. It concluded that SEMs from transition economies such as Russia could improve firm-level performance indicators by investing in talent programs to develop and attract highly skilled managers (SELIVANOVSKIKH, 2023).

A meta-analysis of the relationship between Human Capital and Firm Performance research (Crook et al., 2011) found a positive relationship between human capital and performance. This indicates that human capital shapes performance, which has a positive relationship with firm performance. The study concluded that to improve performance, firms should attract, invest in, and develop human capital and retain experienced managers and employees because doing so pays off.

Therefore, the following hypothesis is proposed:

H2.- The increased human capital of the management accountant enhances the MA's ability to act as a business partner.

The literature shows that employees who perceived their contributions were valued were influenced to reduce absenteeism and increase their commitment to the organization. "Organizational support theory supposes that employees personify the organization and infer the extent to which the organization values their contributions and cares about their well-being, and reciprocate such perceived support with increased commitment, loyalty, and performance."(Eisenberger & Stinglhamber, 2011). As with any other employee, the Management Accountant increases their commitment to the organization when Organization Support is perceived and enhances the possibility of improving its performance as a Business Partner.

The results of Lynn McFarlen and Lois Tetrick's study "Survey of perceived organizational support" (Shore & Tetrick, n.d.) confirmed that perceived organizational support is strongly correlated with affective commitment, as would be expected based on Einsenberger's social exchange theory (1986, 1990). This theory posits that when employees perceive support from the organization, they are more likely to maintain an emotional attachment, which translates into their commitment to the organization.

Therefore, the following hypothesis is proposed:

H3.- Greater organizational support for the management accountant enhances the MA's ability to act as a business partner.

Power is the capability of one social actor to overcome resistance and achieve a desired objective; it is also defined as the force exerted by one actor on another to change behavior ((Pfeffer, n.d.).

Structural Power is the capability to influence other organization members regarding decision-making; Management Accountants who have achieved formal positions in the organization structure and gain the authority to influence strategic decisions are more likely to act as Business partners.

The studio “An Empirical Investigation of the Effect of the CFO Power on Disclosure Quality” (Ferdous et al., 2023) examined the association of the chief financial officer (CFO) power and disclosure quality and validated that the CFO power, measured by the dimensions proposed by Sydney, (Finkelstein, 1992) is positively associated with firm’s disclosure quality, which is consistent to some studios reporting that CFO power improves financial reporting quality by reducing earning manipulations which translate to a better level of trust in the organization essential to develop constructive relationships with investors, customers, and providers; demonstrating the importance of the level of power of the Management Accountants in the decision-making process within the organization; as they are involved in strategy development, evaluating strategies alternatives and making strategic choices (Meyer-Doyle, 2012; Huang & Kisgen, 2013).

Therefore, the following hypothesis is proposed:

H4.- The stronger structural power of the management accountant enhances the MA’s ability to act as a business partner.

When management accountants possess professional characteristics, knowledge, and competencies, they can significantly contribute to the firm’s strategic decisions, improving financial performance (*Giannantonio and Hurley-Hanson - 2015 - Journal of Business and Management.*). In their role as Business partners, Management Accountants understand the business and the external environment and, therefore, can offer helpful perspectives and provide insights on measuring the progress of strategic decisions. Therefore, the following hypothesis is proposed:

H5.- The higher ability of the Management Accountant to act as a Business Partner leads to improved Firm Financial Performance.

According to Bass (1985), transformational leaders exhibit four behaviors: first, Inspirational motivation, which helps to articulate a shared vision and high expectations; second, idealized influence serving as a role model. Third, leaders that intellectually stimulate their followers; and finally, individualized considerations which traduce in attend the needs of the followers to be treated as unique individuals. (*Gang Wang et al. - 2011 - Transformational Leadership and Performance Across.*) With these characteristics, a transformational leadership style is expected to enhance the ability to act as a business partner and allow management accountants to influence strategic decisions, amplifying their contribution to the firm's financial performance. Therefore, the following hypotheses are proposed.

H6. The transformational leadership style moderates the influence of the relationship between the Management Accountant's ability to act as a Business Partner. When the Transformational Leadership style is high, the relationship between the Management Accountant's ability and the Business Partner role becomes stronger.

The three dimensions of transactional leadership are contingent reward, exception-active, and exception-passive management. (Judge & Piccolo, 2004)This style of leadership establishes expectations and sets rewards for meeting expectations. Leaders monitor followers' behavior, anticipate problems, and take corrective actions before the behavior creates problems. A Management Accountant in a business partner role under transactional leadership is expected to moderate their influence on the firm's financial performance by implementing cost controls, financial forecasting, and budget surveillance. Therefore, the following hypothesis is proposed:

H7. The transactional leadership style moderates the influence of the relationship between the Management Accountant's ability to act as a Business Partner. When the transactional leadership style is high, the relationship between the management accountant's ability and the business partner's role becomes stronger.

Literature has found that transformational leadership style is correlated to innovation, employee engagement, and better organizational performance. (Gang Wang et al., 2011) The environment fostered by a transformational leader can enhance employees' capabilities and exploit their potential contributions. The adaptability and inspirational nature of the Transformational Leader unleash the capabilities of employees to push forward the organization and achieve better financial results. Therefore, the following hypothesis is proposed:

H8.- The transformational leadership style is positively associated with the Firm's Financial Performance.

Prior researchers have found that transactional leadership is dominant over transformational and laissez-faire styles and that this leadership style influences the effectiveness of small companies positively and negatively in transactional and Laissez-faire leadership. Some other studies demonstrated that transactional leadership style is correlated with return on asset, which is part of the financial performance parameters. A

Management Accountant acting as a Business partner's influence on financial performance is therefore expected to be moderated by the leadership style. Therefore, the following hypothesis is proposed:

H9.- The transactional leadership style is positively associated with the Firm's Financial Performance.

4. RESEARCH METHODOLOGY

Participants and Procedure

The quantitative method research with a positive approach was applied to answer the research question: What factors contribute to the Management Accountant's (MA) ability to act as a Business Partner, and what is the impact of this role on the firm's financial performance in US Medium-Sized firms?

The population of interest is finance/accounting department members who work for medium-sized U.S. companies with less than 500 employees and hold positions ranging from mid-supervisor to CFO/Controller.

Research Design

A research model was constructed to identify the dependent and independent variables and two moderators. Using the Qualtrics platform, a correlation study through a survey was developed. The survey included questions based on validated scales in the existing research literature. At least two questions were intended to verify the surveyed participant's attention. It will be deployed, advertised, and posted on Cloud Research.

As defined in Earl Babbie's book, the quality of the measurement method was tested for reliability and validity (EarlBabbie, 2021). The dataset collected from the survey was reviewed to identify missing or invalid data that failed the attention questions, did not meet the criteria to participate in the study, or did not expend enough time answering the survey; once the dataset is appropriate, IBM SPSS Statistics and PLS-SEM were used to analyze the information and produced metrics. Descriptive statistics were generated, and tests to assess normality were conducted. A factor analysis (EFA) was conducted to determine the factor structure of the questionnaire (Kaiser-Meyer-Olkin values above .50; the determinant of the correlation matrix is above the minimum acceptable level of .00001; examine the individual variable correlations). An analysis of factor eigenvalues (over Kaiser's criterion of 1), percentage of variance explained, Scree plot, and average communality after extraction (above 0.50) was performed. Factor reliability for each factor using Cronbach alpha coefficients (minimum of 0.50) and multicollinearity checks was performed, and tested for the significance of the model and coefficients (F-statistics; p values) was run. I expected to observe statistically significant independent variable coefficients, an overall model that explains a high proportion of the dependent variable's variance, and practical interaction effects.

The Federal Guidelines for the Ethical Conduct of Human Subjects Research and its three ethical principles—beneficence, justice, and respect—were considered. Therefore, all surveyed people will be kept anonymous, and responses will be confidential. Informed consent and voluntary participation will also be included.

Informed Pilot

Questions were presented using the 7-item Likert scale, and measurement instruments were found in the literature and adapted to this study. An initial informed pilot test of the survey was conducted before launching the survey in the Cloud Research application (https://www.cloudresearch.com/); for this objective, the material was the Survey Instrument with the definition for each construct, the Cover letter with an executive summary of the research, and instructions including their responsibility with regards to the questionnaire and asking them to think about whether is clear and understandable, appropriate for the population of interest, measuring the intended variable, if the questions are double-barreled, leading, loaded, confusing, ambiguous and easy to understand and answer. The informed pilot was sent to five FIU doctoral students in business administration and five accounting professionals who likely represent the subject population. They are familiar with the jargon to help establish the questions' shared meaning, validity, and clarity.

The informed pilot exercise, which started on June 26, 2024, and ended on July 05, 2024, was documented in Qualtrics. The survey was modified and adapted according to the feedback provided by the participants. As part of the informed pilot, the researcher requested five accounting professionals to answer the updated survey, and the average completion time was approximately 14 minutes.

Blind Pilot

Following the informed pilot concluded, a blind pilot was conducted using Qualtrics software and posted in Cloud Research; a compensation of $10.00 per survey was offered, and the following demographic targeting was set up in the instrument: County of residence, United States, Age, from 18 to 100 years old; Occupation Field, Finance; Supervisory Role: C-Level (e.g., CEO, CFO), Owner, Partner, President, Vice President (EVP, SVP, AVP, VP), Director (Group Director, Sr. Director, Director), Manager (Group Manager, Sr. Manager, Manager, Program Manager), Analyst,.

125 participants logged in to Qualtrics. Of these, 10 returned the survey, 2 were logged out due to a timed-out condition, and 15 were rejected mainly because their completion time was less than 8 minutes. This left 98 valid participants. The average completion time was approximately 18 minutes, and the median was approximately 14 minutes.

Descriptive Analytics and Frequencies.

The researcher exported the database to Excel and started cleansing it. Then, the researcher imported it into IBM SPSS Statistics with the following descriptives.

60 males (61.2%) and 38 females (38.8%) participated.

The majority of people in the 25—84-year-old age group are 35—44-year-olds (31.6%), followed by 45—54-year-olds (26.5%) and 55—64-year-olds (20.4%).

There were 54 Managers (55.1%), 13 supervisors (13.3%), 5 Controllers (5.1%), and 23 other positions (23.5%).

46 participants worked in Finance (46.9%), 21 in Accounting (21.4%), 15 in Financial Analysis and Planning (15.3%), 3 in Audit (3.1%), and 13 in other finance or accounting-related (13.3%).

Their level of education was mainly 4-year college, with 60 participants (61.2%), master's degree (19 (19.4%), some college (7 (7.1%), High school graduates (4 (4.1%), and 2 doctorate/PhD degrees (2.0%).

Finally, 51 participants (52%) worked in companies with more than 501 employees, 19 (19.4%) in companies with 11-100 employees, 17 with 101-500 employees, and 11 with 1-10 employees.

Figure 2.

Blind Pilot descriptive analytics and frequencies table.

Characteristics		Frequency	% of Population
Gender	Male	60	61.20%
	Female	38	38.80%
Age	25 - 34	6	6.10%
	35 - 44	31	31.60%
	45 - 54	26	26.50%
	55 - 64	20	20.40%
	65 - 74	12	12.20%
	75 - 84	3	3.10%
Title	Supervisor	13	13.30%
	Manager	54	55.10%
	Controller	5	5.10%
	CFO	3	3.10%
	Other	23	23.50%
Size of Company	1 - 10 Employees	11	11.20%
	11 - 100 Employees	19	19.40%
	101 - 500 Employees	17	17.30%
	501 + Employees	51	52.00%
Department	Finance	46	46.90%
	Accounting	21	21.40%
	Audit	3	3.10%
	Financial Analysis and Planning	15	15.30%
	Other Finance or Accounting related	13	13.30%
Time in the Company	Less than 1 year	5	5.10%
	1 - 3 years	26	26.50%
	4 - 6 years	52	53.10%
	7 - 10 years	15	15.30%
Education	High school graduate	4	4.10%
	Some college	7	7.10%
	2-year college	6	6.10%
	4-year college	60	61.20%
	Master’s degree	19	19.40%
	Doctorate / PhD Degree	2	2.00%

Exploratory Factor Analysis (EFA)

Discriminate Validity

The loading table is a Pattern Matrix extracted using Principal Axis Factoring, to which an oblique rotation method (Oblimin) was applied. It was obtained from SPSS to identify and confirm underlying patterns or latent variables and was set up to extract 11 factors.

Figure 3.

Blind Pilot Pattern Matrix table (EFA).

Item/Factor	1	2	3	4	5	6	7	8	9	10	11
CLDS2	0.804										
CLDS3	0.788										
CLDS1	0.658										
CLPS4	0.574										
CLPS3	0.557										
CLPS2	0.523										
CLBS3	0.486							-0.305			
CLDS4	0.365										
CLBS4	0.346										
CLPS1	0.318										
FiPe5		0.906									
FiPe1		0.877									
FiPe9		0.875									
FiPe7		0.869									
FiPe6		0.855									
FiPe8		0.832									
FiPe3		0.808									
FiPe4		0.801									
OrSu7			0.781								
OrSu5			0.724								
OrSu6			0.715								
OrSu9			0.578								
OrSu4			0.526								
StPo3			0.417	0.399							
StPo6				0.741							
StPo4				0.676							
StPo7				0.647							
StPo1				0.404							

Item/Factor	1	2	3	4	5	6	7	8	9	10	11
CLTS3					-0.812						
CLTS1					-0.805						
CLTS2					-0.722						
CLTS4					-0.615						
CLTS5					-0.537			-0.515			
TrSa4						0.829					
TrSa5						0.693					
TrSa3						0.521					
HuCa6							-0.723				
HuCa5							-0.711				
HuCa1							-0.673				
HuCa7							-0.588				
HuCa2							-0.519				
CLBS1								-0.628			
CLBS2								-0.467			
CLBS5								-0.438			
BuPa4									-0.676		
BuPa2									-0.654		
BuPa5									-0.586		
Bupa6									-0.545		
BuPa3									-0.405		
TrFo4											-0.777
TrFo3											-0.738
TrFo1											-0.654
TrFo5											-0.649

Extraction Method: Principal Axis Factoring.
Rotation Method: Oblimin with Kaiser Normalization.
Rotation converged in 21 iterations.

Reliability Analysis

The table below represents the descriptive detail and reliability scores for the constructs used in the blind pilot; results suggest that the measurement tool employed in the pilot study is reliable and shows validity with Alpha values above 0.7

Figure 4.

Blind Pilot Reliability Analysis Table.

Construct Name	Item Code	Mean	Std. Deviation	Responses	Alpha
Financial Performance	FiPe1	5.160	1.314	98	0.957
	FiPe3	5.070	1.423		
	FiPe4	4.520	1.581		
	FiPe5	4.980	1.436		
	FiPe6	4.480	1.508		
	FiPe7	4.740	1.459		
	FiPe8	4.540	1.466		
	FiPe9	4.630	1.522		
Competence Level	CLTS1	5.800	1.093	98	0.945
	CLTS2	5.860	1.193		
	CLTS3	5.950	1.143		
	CLTS4	5.790	1.151		
	CLTS5	5.560	1.219		
	CLBS1	5.460	1.253		
	CLBS2	5.580	1.243		
	CLBS3	5.370	1.107		
	CLBS4	5.350	1.219		
	CLBS5	5.400	1.191		
	CLPS1	5.460	1.159		
	CLPS2	5.390	1.181		
	CLPS3	5.510	1.237		
	CLPS4	5.220	1.223		
	CLDS1	5.690	1.196		
	CLDS2	5.010	1.432		
	CLDS3	5.110	1.406		
	CLDS4	5.290	1.276		
Human Capital	HuCa1	6.040	0.994	98	0.912
	HuCa2	5.990	1.030		
	HuCa5	6.030	1.040		
	HuCa6	6.040	1.139		
	HuCa7	6.150	0.912		
Organizational Support	OrSu4	5.600	1.225	98	0.929
	OrSu5	5.650	1.228		
	OrSu6	5.620	1.180		
	OrSu7	5.560	1.261		
	OrSu9	5.770	1.147		
Structural Power	StPo1	5.500	1.160	98	0.828
	StPo3	5.010	1.570		
	StPo4	4.770	1.679		

	StPo6	4.950	1.515		
	StPo7	5.310	1.417		

Construct Name	Item Code	Mean	Std. Deviation	Responses	Alpha
Business Partner	BuPa2	5.480	1.212	98	0.845
	BuPa3	5.200	1.392		
	BuPa4	5.130	1.367		
	BuPa5	5.400	1.353		
	Bupa6	4.880	1.568		
Transformative Leadership	TrFo1	4.600	1.739	98	0.881
	TrFo3	5.230	1.456		
	TrFo4	5.400	1.368		
	TrFo5	5.640	1.372		
Transactional Leadership	TrSa3	4.880	1.555	98	0.781
	TrSa4	4.810	1.721		
	TrSa5	4.300	1.670		

5. FINAL STUDY

After the results of the blind study were deemed acceptable by the researcher, the final analysis was deployed using the same Qualtrics online survey software published on the Cloud Research site; compensation offered for each participant was $10.00. 338 surveys were initiated and downloaded to Microsoft Excel; the researcher conducted data cleansing and eliminated the following surveys: 33 incomplete, 3 failed attention questions, and 32 surveys where the participant expended under 7 minutes to answer all questions. In the end, 270 surveys were considered qualified to be included in the final study. The database using the final 270 cases was uploaded to IBM's SPSS. Descriptive analysis and frequency analysis were run with the following results.

Data Analysis

Descriptive Analytics and Frequencies.

Descriptive statistics are specific methods used to calculate, describe, and summarize research data logically, meaningfully, and efficiently. This analysis plays an essential role in setting the stage for understanding the composition and characteristics of the sample and the correlation of the source of information to the topic researched. As insightfully observed by Grimes and Schulz, "Descriptive studies often represent the first scientific toe in the water in new areas of inquiry. A fundamental element of descriptive reporting is a clear, specific, and measurable definition of the disease or condition. Like newspapers, good descriptive reporting answers the five basic W questions: who, what, why, when, where…and a sixth: so what?"(Vetter, 2017). This section presents the demographic information collected to understand the five W questions regarding the participants in this research, including their characteristics and background, by offering a comprehensive overview that provides the context on who the participants are, what are their professional and academic backgrounds, why they are adequate to understand the research problem, where they work.

Who were the participants?

168 males (62.2%) and 102 females (37.8%), the majority of people in the 25—84-year-old age group are 35— 44-year-olds (38.5%), followed by 45—54-year-olds (27.85%) and 55—64-year-olds (16.7%).

What do they do?

123 Managers (45.6%), 52 supervisors (19.3%), 18 Controllers (6.7%), and 69 other positions (25.6%)

Why are the participants adequate to understand the research problem?

128 participants worked in Finance (47.4%), 69 in Accounting (25.6%), 32 in Financial Analysis and Planning (11.9%), 12 in Audit (4.4%), and 24 in other finance or accounting-related (8.9%).

When did they acquire their knowledge of the research problem?

The level of education was mainly a 4-year college with 169 participants (62.9%), a master's degree 48 (17.8%), some college 14 (5.2%), High school graduates 12 (4.4%), and 5 doctorate/PhD degrees (1.9%)

Where do they work?

137 participants (50.7%) worked in companies with more than 501 employees, 54 (20.0%) in companies with 11-100 employees, 51 with 101-500 employees (18.9%), and 28 with 1-10 employees (10.4%).

Figure 5.

Descriptive analytics and frequency table

Characteristics		**Frequency**	**% of Population**
Gender	Male	168	62.2%
	Female	102	37.8%
Age	25 – 34	26	9.6%
	35 – 44	104	38.5%
	45 – 54	75	27.8%
	55 – 64	45	16.7%
	65 – 74	17	6.3%
	75 – 84	3	1.1%
Title	Supervisor	52	19.3%
	Manager	123	45.6%
	Controller	18	6.7%
	CFO	8	3.0%
	Other	69	25.6%
Size of Company	1 - 10 Employees	28	10.4%
	11 - 100 Employees	54	20.0%
	101 - 500 Employees	51	18.9%
	501 + Employees	137	50.7%

Characteristics		Frequency	% of Population
Department	Finance	128	47.4%
	Accounting	69	25.6%
	Audit	12	4.4%
	Financial Analysis and Planning	32	11.9%
	Other Finance or Accounting related	5	1.9%
Time in the Company	Less than 1 year	14	5.2%
	1 - 3 years	85	31.5%
	4 - 6 years	128	47.4%
	7 - 10 years	43	15.9%
Education	High school graduate	12	4.4%
	Some college	14	5.2%
	2-year college	22	8.1%
	4-year college	169	62.6%
	Master's degree	48	17.8%
	Doctorate / PhD Degree	5	1.9%

Exploratory Factor Analysis (EFA)

"Exploratory factor analysis (EFA) is a statistical method used to find a small set of latent constructs or factors from a larger number of survey items or observed variables." (Schumaker et al., 2022). For this study, once the database was cleaned and uploaded to IBM's SPSS tool, the researcher executed an exploratory factor analysis by conducting a principal axis factoring extraction using an oblique rotation method (Oblimin). From this analysis, it was noted that the People skills (CLPS) factor kept cross-loading with Business Skills and Digital Skills; then proceeded to analyze the Heterotrait-monotrait ratio (HTMT) Matrix and found that People Skills (CLPS) showed a high overlap with Business Skills (CLBS) of 0.908 and Digital Skills (CLDS) of 0.860, which indicated multicollinearity as shown in the table below.

Figure 6.

Heterotrait monotrait ratio (HTMT) Matrix

	BuPa	CLBS	CLDS	FiPe	HuCa	OrSu	CLPS	StPo	CLTS	TrSa	TrFo	TrSa x BuPa	TrFo x BuPa
BuPa													
CLBS	0.605												
CLDS	0.553	0.712											
FiPe	0.257	0.351	0.296										
HuCa	0.576	0.672	0.654	0.296									
OrSu	0.585	0.538	0.447	0.230	0.738								
CLPS	0.553	**0.908**	**0.860**	0.286	0.754	0.558							
StPo	0.658	0.435	0.338	0.172	0.557	0.641	0.369						
CLTS	0.440	0.721	0.637	0.243	0.547	0.405	0.755	0.324					
TrSa	0.405	0.201	0.234	0.078	0.315	0.276	0.223	0.263	0.216				
TrFo	0.573	0.444	0.424	0.210	0.597	0.703	0.532	0.534	0.285	0.323			
TrSa x BuPa	0.130	0.042	0.068	0.043	0.078	0.043	0.047	0.097	0.018	0.063	0.044		
TrFo x BuPa	0.203	0.185	0.153	0.159	0.203	0.178	0.184	0.183	0.213	0.094	0.093	0.297	

Based on the results above and the failure to determine validity, the researcher eliminated the People Skills (CLPS) subfactor from the analysis.

After eliminating the People Skills (CLPS) subfactor, the researcher again assessed the data's suitability for factor analysis using the Kaiser-Meyer-Olkin (KMO) test. This test measures a value between 0 and 1, with a closer value of 1 being the best result. A KMO value of 0.918, considered excellent, was obtained, indicating that the variables are suitable for factor analysis. Regarding Bartlett's test, a p-value (sig) = 0.000 means a correlation between the variables analyzed.

Figure 7.

KMO and Bartlett's test table

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.918
Bartlett's Test of Sphericity	Approx. Chi-Square	10800.520
	Df	1485
	Sig.	0.000

Supported by both analyses mentioned above, which successfully demonstrated the suitability of the variables, the Exploratory factor Analysis was conducted, producing the loading table as a Pattern Matrix from extraction using Principal Axis Factoring, to which an oblique rotation method (Oblimin) was applied, allowing for correlations between the factors. The table below was obtained from SPSS to identify and confirm underlying patterns or latent variables and was set up to extract Eigenvalues > 0.3; this table also indicates that the rotation process successfully found a stable solution converging in twelve interactions. From this analysis were revealed ten factors as folloteraiPe (Financial Performance), CLTS (Competence Level, Technical skills), CLBS (Competence level, Business skills), CLDS (Competence level, Digital skills), HuCa (Human Capital), OrSu (Organizational Support), StPo (Structural Power), BuPa (Business Partner), TrFo (Transformative Leadership), and TrSa (Transactional Leadership).

Pattern Matrix

Figure 8.

Pilot Pattern Matrix table (EFA).

Item/Factor	1	2	3	4	5	6	7	8	9	10
FiPe1		0.822								
FiPe2		0.534								
FiPe3		0.774								
FiPe4		0.816								
FiPe5		0.890								
FiPe6		0.819								
FiPe7		0.789								
FiPe8		0.813								
FiPe9		0.822								
CLTS1			-0.827							
CLTS2			-0.899							
CLTS3			-0.790							
CLTS4			-0.641							
CLBS1										0.571
CLBS2										0.740
CLBS3										0.489
CLBS4										0.416
CLBS5										0.491
CLDS1						-0.554				
CLDS2						-0.789				
CLDS3						-0.740				
CLDS4						-0.560				
CLDS5						-0.643				
HuCa1							-0.687			

Item/Factor	1	2	3	4	5	6	7	8	9	10
HuCa2							-0.399			
HuCa5							-0.701			
HuCa6							-0.590			
HuCa7							-0.647			
OrSu1	0.488									
OrSu2	0.617									
OrSu3	0.592									
OrSu4	0.776									
OrSu5	0.767									
OrSu6	0.734									
OrSu7	0.785									
OrSu8	0.639									
OrSu9	0.551									
StPo3					-0.422					
StPo4					-0.650					
StPo5					-0.545					
StPo6					-0.693					
StPo7					-0.583					
BuPa1								-0.348		
BuPa2								-0.504		
BuPa4								-0.428		
BuPa5								-0.706		
Bupa6								-0.663		
TrFo2									0.549	
TrFo3									0.809	
TrFo4									0.667	

Item/Factor	1	2	3	4	5	6	7	8	9	10
TrFo5									0.660	
TrSa1				0.659						
TrSa3				0.740						
TrSa4				0.758						
TrSa5				0.712						

"Extraction Method: Principal Axis Factoring.
Rotation Method: Oblimin with Kaiser Normalization."

a. Rotation converged in 12 iterations.

According to the figure 8 above, the results can be interpreted as follows:

Financial Performance (FiPe) is associated with nine variables (FiPe1, FiPe2, FiPe3, FiPe4, FiPe5, FiPe6, FiPe7, FiPe8, FiPe9); which are positively correlated to each other, the lowest FiPe (0.534) and the highest (0.890), indicating high levels of discriminate validity.

Competence Level, subfactor Technical Skills (CLTS), is associated with four variables (CLTS1, CLTS2, CLTS3, CLTS4), which have negative loadings. The lowest loading is CLTS4 (-0.641), and the highest is CLTS2 (-0.899), indicating high levels of discriminate validity.

Competence Level, subfactor Business Skills (CLBS), is associated with five variables (CLBS1, CLBS2, CLBS3, CLBS4, CLBS5), which are positively correlated to each other, the lowest CLBS4 (0.416) and the highest CLBS2 (0.740), indicating high levels of discriminate validity.

Competence Level, subfactor Digital Skills (CLDS), is associated with five variables (CLDS1, CLDS2, CLDS3, CLDS4, CLDS5), all of which have negative loadings. The lowest loading is CLDS1 (-0.554), and the highest is CLDS2 (-0.789), indicating high levels of discriminate validity.

Human Capital (HuCa) is associated with five variables (HuCa1, HuCa2, HuCa5, HuCa6, HuCa7) which are negative loadings, the lowest HuCa2 (-0.399) and the highest HuCa5 (-0.701), indicating high levels of discriminate validity.

Organizational Support (OrSu) is positively correlated with nine variables (OrSu1, OrSu2, OrSu3, OrSu4, OrSu5, OrSu6, OrSu7, OrSu8, OrSu9). The lowest OrSu1 (0.488) and the highest OrSu7 (0.785) indicate high levels of discriminate validity.

Business Partner (BuPa) is associated with five variables (BuPa1, BuPa2, BuPa4, BuPa5, BuPa6), all of which have negative loadings. The lowest Bupa1 (-0.348) and the highest BuPa5 (0.706) indicate high levels of discriminate validity.

The Transformative Leadership Style (TrFo) positively correlates with four variables (TrFo2, TrFo3, TrFo4, and TrFo5). The lowest TrFo2 (0.549) and the highest TrFo3 (0.809) indicate high levels of discriminate validity.

Transactional Leadership Style (TrSa) positively correlates with four variables (TrSa1, TrSa3, TrSa4, and TrSa5). The lowest TrSa1 (0.659) and the highest TrSa4 (0.758) indicate high levels of discriminate validity.

Confirmatory Factor Analysis (CFA)

Researchers commonly use Confirmatory Factor Analyses (CFA) to test the construct validity of latent factors underlying the items on surveys or instruments. In contrast to EFA, a researcher specifies which variables are together and assigns them to a specific factor in the CFA model. Another characteristic of CFA is that not all items load on all factors; researchers only allow them to load on one factor if cross-loadings were found in the previous EFA models.(Schumaker et al., 2022)

Using the Jamovi package, the researcher conducted the Confirmatory Factor Analysis to assess how well the proposed model fits the observed data. The analysis produced the following correlation table:

Figure 9.

Correlation table (CFA).

Construct	FiPe	CL	HuCa	Orsu	StPo	Bupa	TrFo	TrSa
FiPe	1							
CL	0.3223	1						
HuCa	0.2620	0.6686	1					
OrSu	0.2345	0.5046	0.6932	1				
StPo	0.1781	0.4201	0.4933	0.6200	1			
BuPa	0.2534	0.5764	0.5207	0.5765	0.6703	1		
TrFo	0.2348	0.4258	0.615	0.6975	0.4682	0.5550	1	
TrSa	0.0662	0.2385	0.2617	0.2767	0.2715	0.4020	0.3234	1

Results demonstrate that the latent variables of the model are interconnected at different degrees of association:

High correlations (above 0.6) were found between TrFo and HuCa (0.615), HuCa and OrSu (0.6932), CL and HuCa (0.6686), StPo and Bupa (0.6703), OrSu and StPo (0.6200), and OrSu and TrFo (0.6975).

Moderate correlations (0.4 – 0.6) were found in TrFo and StPo (0.4682) CL and OrSu: (0.5046); HuCa and CL and TrFo (0.4258); HuCa and StPo (0.4933); CL and StPo (0.4201); Bupa and CL (0.5764); BuPa and HuCa (0.5207); Bupa and OrSu (0.5765).

Low correlations (0.0 – 0.4) FiPe and CL (0.3223), FiPe and HuCa (0.2620), and TrSa showed low correlations (below 0.4). All other variables showed consistently low correlations (e.g., FiPe and TrSa (0.0662) and HuCa and TrSa (0.2617).

Regarding fit measures, the CFA conducted in Jamovi produced the following results.

Figure 10.

Confirmatory Factor Analysis (CFA).

Test for Exact Fit			Fit Measures					
χ^2	df	p	CFI	TLI	SRMR	RMSEA	RMSEA 90% CI	
							Lower	Upper
3042	1349	< .001	0.829	0.819	0.0601	0.0682	0.065	0.0714

The test for exact fit shows a statistically significant lack of fit with a P-value < 0.001, which means the model does not fit the observed data. The Comparative Fit Index (CFI) value is 0.829, which is below 0.90 and indicates a suboptimal fit. The Tucker-Lewis Index (TLI) value is 0.819, which is below 0.90, meaning the model can be improved.

The Standardized Root Mean Square Residual (SRMR) value is 0.0601, below 0.08, therefore considered acceptable and suggesting a good fit since standardized residuals are small and there is a good match between the predicted and observed covariances.

The Root Mean Square Error of Approximation (RMSEA) value is 0.0682; for this measure, values between 0.06 and 0.08 indicate a moderate fit; RMSEA is on the borderline of moderate and acceptable fit. RMSEA 90% Confidence interval with a lower value of 0.065 and upper 0.0714 reinforces the borderline fit. The overall fit could be better; however, it is acceptable. The CFI and TLI values are close to the ideal fit, suggesting that the model could be refined.

Reliability Analysis

The researcher conducted the reliability analysis in IBM SPSS and produced the table below, which represents the descriptive detail and reliability scores for the constructs used in the blind pilot without the Competence Level People skills which was eliminated from the analysis as explained before; results suggest that the measurement tool employed in the pilot study is reliable and shows validity with Alpha values above 0.7

Figure 11.

Reliability Analysis Table.

Construct Name	Item Code	Mean	Std. Deviation	Responses	Alpha
Financial Performance	FiPe1	5.160	1.279	270	0.936
	FiPe3	4.820	1.210		
	FiPe2	5.200	1.303		
	FiPe4	4.510	1.442		
	FiPe5	5.040	1.346		
	FiPe6	4.490	1.440		
	FiPe7	4.900	1.298		
	FiPe8	4.650	1.434		
	FiPe9	4.630	1.455		
Competence Level	CLTS1	5.680	1.138	270	0.931
	CLTS2	5.730	1.168		
	CLTS3	5.800	1.234		
	CLTS4	5.670	1.191		

Construct Name	Item Code	Mean	Std. Deviation	Responses	Alpha
Competence level	CLBS1	5.490	1.225		
	CLBS2	5.560	1.229		
	CLBS3	5.270	1.187		
	CLBS4	5.290	1.203		
	CLBS5	5.310	1.225		
	CLDS1	5.560	1.300		
	CLDS2	4.880	1.481		
	CLDS3	4.960	1.396		
	CLDS4	5.140	1.286		
	CLDS5	5.180	1.409		
Human Capital	HuCa1	5.970	0.994	270	0.879
	HuCa2	6.000	0.991		
	HuCa5	6.030	0.986		
	HuCa6	5.950	1.128		
	HuCa7	6.070	1.009		
Organizational Support	OrSu1	5.930	1.009	270	0.936
	OrSu2	5.760	1.175		
	OrSu3	5.730	1.248		
	OrSu4	5.450	1.351		
	OrSu5	5.480	1.293		
	OrSu6	5.440	1.248		
	OrSu7	5.360	1.345		
	OrSu8	5.680	1.158		
	OrSu9	5.610	1.170		
Structural Power	StPo3	4.870	1.611	270	0.817
	StPo4	4.650	1.628		
	StPo5	5.350	1.321		
	StPo6	4.890	1.475		
	StPo7	5.160	1.390		
Business Partner	BuPa1	5.350	1.275	270	0.824
	BuPa2	5.430	1.204		
	BuPa4	4.940	1.399		
	BuPa5	5.470	1.343		
	Bupa6	4.660	1.609		
Transformational Leadership	TrFo2	4.850	1.661	270	0.857
	TrFo3	5.110	1.432		
	TrFo4	5.380	1.355		
	TrFo5	5.600	1.375		
Transactional Leadership	TrSa1	5.230	1.460	270	0.816
	TrSa3	4.780	1.614		
	TrSa4	4.610	1.697		
	TrSa5	4.260	1.690		

Results can be interpreted as high reliability, exceeding the 0.700 threshold across all constructs. Financial performance and organizational support have the highest value (0.936) for both, and transactional leadership has the lowest (0.816) but is still in the high range. All other constructs are within this range (from 0.816 to 0.936).

Regarding the Quality criteria of the database, the coefficient of determination, R-square, is a statistical measure that indicates the proportion of the variance in the dependent variable that is predictable from the independent variables in a regression model. An Adjusted R-squared adjusts this statistic based on the number of predictors in the model, providing a better measure when multiple predictors are involved.

R-square and Adjusted R-squared values indique the proportion of the variance explained by the independent variables in predicting the dependent variables by showing the results when all subfactors of competence level are aggregated into one factor (Competence level aggregated) and another with the subfactors effect segregated into each sub-factor (Competence level segregated). As independent variables, Business Partner and Financial performance are presented, and the results are as follows:

Figure 12.

R-square table.

Quality criteria R-square	Competence level aggregated R-square	Competence level aggregated R-square adjusted	Competence level segregated R-square	Competence level segregated R-square adjusted
Business Partner	0.457	0.448	0.466	0.453
Financial Performance	0.092	0.075	0.093	0.075

Business Partner path, considering Competence Level, Human Capital, Organizational Support, and Structural Power as independent variables, explains 45.7% as per R-squared and 44.8% as per R-squared adjusted of the variance. R-squared values above 0.40 are considered moderate to strong.

Considering the Competence Level segregated into Technical Skills, Business Skills, and Digital Skills, plus Human Capital, Organizational Support, and Structural Power as independent variables, the Business Partner path explains 46.6% as per R-squared and 45.3% as per R-squared adjusted of the variance. R-squared values above 0.40 are considered moderate to strong.

By considering the Competence Level segregated, the R-squared values improved slightly.

Considering the Business Partner role as an independent variable with the Competence Level aggregated, the Financial Performance path explains 9.2% per R-square and 7.5% as per R-square adjusted. R-squared values below .10 are considered very low.

Considering the business partner role as an independent variable with the competence level segregated, the financial performance path explains 9.3% per R-squared and 7.5% as per R-squared adjusted variance. R-squared values below .10 are considered very low. Even though values are low, they demonstrated an influence of the business partner's role in financial performance, which was the research topic. The model could be refined to better explain the financial performance predictors and include additional factors. Still, the ability to be a business partner of the CFO would be one of them.

Finally, the model fit table below provides a better understanding of how well the models align with the data; results produced by PLS_SEM are as follows:

Figure 13.

Model fit table.

Model Fit	Competence level aggregated Saturated model	Competence level aggregated Estimated model	Competence level segregated Saturated model	Competence level segregated Estimated model
SRMR	0.063	0.070	0.058	0.065
d_ULS	6.081	7.489	5.112	6.525
d_G	2.478	2.505	2.063	2.089
Chi-square	3491.113	3511.495	3020.330	3040.835
NFI	0.700	0.698	0.740	0.739

The Standardized Root Mean Square Residual (SRMR) value is 0.063, below 0.08. Therefore, it is considered acceptable and suggests a good fit since standardized residuals are small, and there is a good match between the predicted and observed covariances.

The Competence Level segregated model has lower d_ULS (Unweighted Least Squares Discrepancy), d_G (Geodesic Discrepancy), and Chi-squares values, which suggests that it handles complexity and variance better.

Findings

The researcher conducted a structural equation model in SmartPLS software following EFA, CFA, and reliability analysis. Both algorithms were generated: PLS-SEM and Bootstrapping. The software defines the partial least equation model (PLS-SEM) as a composite-based estimator of latent variable structural equation models.

Essentially, the PL-SEM algorithm is a sequence of partial regressions. Bootstrapping is a nonparametric procedure that can test the statistical significance of PLS-SEM results, such as path coefficients, outer weights, Cronbach's alpha, HTMT, and R^2 values.

The table below presents a summary of the results.

Figure 14.

PLS-SEM results table.

Path coefficients	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Business Partner -> Financial Performance	0.165	0.159	0.075	2.204	**0.028**
Competence Level -> Business Partner	0.331	0.332	0.056	5.941	**0.000**
Business Skills -> Business Partner	0.207	0.207	0.066	3.121	**0.002**
Digital Skills -> Business Partner	0.195	0.193	0.070	2.788	**0.005**
Technical Skills -> Business Partner	**-0.021**	-0.020	0.059	0.350	0.726

Path coefficients	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Human Capital -> Business Partner	0.014	0.014	0.065	0.212	0.832
Organizational Support -> Business Partner	0.161	0.165	0.068	2.384	**0.017**
Structural Power -> Business Partner	0.332	0.333	0.066	5.046	**0.000**
Transactional Leadership -> Financial Performance	**-0.038**	-0.021	0.097	0.392	**0.695**
Transformational Leadership -> Financial Performance	0.139	0.148	0.064	2.156	**0.031**
Transactional Leadership x Business Partner -> Financial Performance	0.088	0.066	0.078	1.137	**0.255**
Transformational Leadership x Business Partner -> Financial Performance	**-0.123**	-0.121	0.063	1.964	**0.050**

Path Coefficient (Original Sample (O)): Indicates the strength and direction of the relationship. Positive values suggest a positive effect, while negative values indicate a negative impact.

Sample Mean (M): Average coefficient across bootstrapped samples, a check for consistency.

Standard Deviation (STDEV): Variation in the bootstrapped samples.

T Statistics: Ratio of the path coefficient to its standard error. Higher values indicate stronger significance.

P Values: Probability of the null hypothesis being true (e.g., no effect). Lower values (< 0.05) indicate statistical significance.

Results:

Business Partner -> Financial Performance: A positive and statistically significant relationship (O=0.165, p=0.028O = 0.165, p = 0.028O=0.165, p=0.028).

Competence Level -> Business Partner: Strong and highly significant (O=0.331, p<0.001O = 0.331, p < 0.001O=0.331, p<0.001).

Business Skills -> Business Partner: Positive and significant (O=0.207, p=0.002O = 0.207, p = 0.002O=0.207, p=0.002).

Digital Skills -> Business Partner: Positive and significant (O=0.195, p=0.005O = 0.195, p = 0.005O=0.195, p=0.005).

Organizational Support -> Business Partner: Positive and significant (O=0.161, p=0.017O = 0.161, p = 0.017O=0.161, p=0.017).

Structural Power -> Business Partner: Strong positive effect (O=0.332, p<0.001O = 0.332, p < 0.001O=0.332, p<0.001).

Transformational Leadership -> Financial Performance: Positive and significant (O=0.139, p=0.031O = 0.139, p = 0.031O=0.139, p=0.031).

Transformational Leadership x Business Partner -> Financial Performance: Negative but marginally significant (O=–0.123, p=0.050O = -0.123, p = 0.050O=–0.123, p=0.050).

Non-Significant:

Technical Skills -> Business Partner (p=0.726p = 0.726p=0.726).

Human Capital -> Business Partner (p=0.832p = 0.832p=0.832).

Transactional Leadership -> Financial Performance (p=0.695p = 0.695p=0.695).

Transactional Leadership x Business Partner -> Financial Performance (p=0.255p = 0.255p=0.255).

Based on the analysis above, the table below summarizes the results of the hypotheses proposed for this research.

Figure 15.

Hypotheses summary table.

Hypotheses Summary			
#	Hypothesis	Results	p_value

#	Hypothesis	Results	p_value
H1	The higher the Competence level of the Management Accountant, the greater the MA's ability to act as a Business Partner.	**Supported**	**0.000**
H1a	The higher Competence level of the Management Accountant in technical skills enhances the MA's ability to act as a Business Partner.	Not supported	0.726
H1b	The higher Competence level of the Management Accountant in business skills enhances the MA's ability to act as a Business Partner.	**Supported**	**0.002**
H1c	The management accountant's higher Competence level in people skills enhances the MA's ability to act as a business partner.	Not supported	N/A
H1d	The higher Competence level of the Management Accountant in digital skills enhances the MA's ability to act as a Business Partner.	**Supported**	**0.005**
H2	The increased human capital of the management accountant enhances the MA's ability to act as a business partner.	Not supported	0.832
H3	Greater organizational support for the management accountant enhances the MA's ability to act as a business partner.	**Supported**	**0.017**
H4	The stronger structural power of the management accountant enhances the MA's ability to act as a business partner.	**Supported**	**0.000**
H5	The higher ability of the Management Accountant to act as a Business Partner leads to improved Firm Financial Performance.	**Supported**	**0.028**
H6	Transformational leadership style moderates the influence of the relationship between the Management Accountant's ability to act as a Business Partner such as when the Transformational Leadership style is high, the relationship between the Management Accountant's ability and the Business Partner role would become stronger.	Significant But not supported	0.050
H7	Transactional leadership style moderates the influence of the relationship between the Management Accountant's ability to act as a Business Partner such as when the Transactional Leadership style is high, the relationship between the Management Accountant's ability and the Business Partner role becomes stronger.	Not Supported	0.256
H8	The Transformational leadership style is positively associated with the Firm's Financial Performance.	**Supported**	**0.031**
H9	The Transactional leadership style is positively associated with the Firm's Financial Performance.	Not Supported	0.695

This final study tested nine hypotheses and four sub-hypotheses to examine the relationships between various factors, such as Competence levels, Structural Power, Human Capital, and Organizational Support, to the ability of the management accountant to act as a business partner and the effect on the financial performance, mediated by transactional and transformational leadership styles. The results indicate the following findings:

H1. The higher the Competency level of the management accountant, the greater the MA's ability to act as a business partner. (Supported, p=0.000)

The findings of this study strongly support the hypothesis that a higher overall competence level of Management Accountants (MAs) enhances their ability to act as Business Partners. This result aligns with the CGMA Competency Framework, which calls for a well-rounded skill set that includes technical, business, and digital competencies. Järvenpää (2007) noted that MAs who combine these skills transition more effectively from traditional "bean counters" to strategic partners, contributing to organizational decision-making.

The ability to act as Business Partners requires MAs to integrate their expertise across diverse organizational functions. As suggested in Teece's literature on dynamic capabilities (1997), this integration is essential in helping firms navigate complex and volatile environments. The confirmed hypothesis highlights the role of MAs as critical resources that provide value through their ability to influence strategic initiatives, monitor financial performance, and support resource allocation decisions.

The findings validate Spence's (2019) assertion that competent MAs are essential for aligning financial goals with business objectives, driving sustainable growth, and gaining a competitive advantage.

H1a. The higher Competency level of the management accountant in terms of technical skills enhances the MA's ability to act as a business partner. (Not Supported, p=0.726)

The hypothesis that technical skills alone enhance MAs' ability to act as Business Partners was not supported. This finding may seem surprising, given that technical skills are fundamental to accounting practices, including financial reporting and compliance. However, as Granlund (1998) suggested, more than technical expertise is needed for the modern role of a Business Partner, which demands a broader perspective encompassing strategic and interpersonal capabilities.

As businesses increasingly value strategic thinking and adaptability, technical skills are often viewed as a baseline requirement rather than a competitive advantage. Spence (2019) describes the evolving role of MAs as a necessary shift beyond technical proficiency to embrace digital innovation, business acumen, and people skills to deliver meaningful impact.

This result highlights the need for organizations, scholars, and aspiring accountants to become business partners to develop MAs' complementary competencies. While technical skills are essential for the traditional accounting role, they are not good enough. MAs must expand their capabilities to provide actionable insights, influence decision-making, and contribute effectively to business strategy.

H1b. The higher Competency level of the management accountant in business skills enhances the MA's ability to act as a business partner. (Supported, p=0.002)

The findings support the hypothesis that a higher competence level in business skills significantly enhances an MA's ability to act as a Business Partner. Business skills allow MAs to transform data into actionable insights, evaluate organizational strategies, and provide a financial perspective to guide critical decisions. This aligns with Spence (2019) and the CGMA Competency Framework, which emphasizes the importance of business acumen for effective financial leadership.

Business skills empower MAs to understand market dynamics, operational contexts, and strategic objectives, enabling them to bridge the gap between financial data and organizational goals. This ability to synthesize complex information into practical recommendations allows MAs to contribute to strategy development and execution, validating Järvenpää's (2007) findings. Organizations benefit from this integration, as MAs with strong business skills can navigate ambiguity and foster innovation.

The study reinforces the value of MAs with technical and business expertise, positioning them as key contributors to organizational success. Encouraging business skills development among finance professionals will further enhance their capacity to act as trusted advisors, fostering growth and resilience in dynamic market environments.

H1c. The management accountant's higher Competence level in people skills enhances the MA's ability to act as a Business Partner. (Not Supported, N/A)

This hypothesis was not supported despite extensive literature highlighting the importance of people skills. Effective communication, collaboration, and interpersonal influence are critical for bridging the gap between financial functions and broader organizational needs (Spence, 2019). However, the results suggest that other factors, such as structural power or organizational support, may overshadow the direct impact of people skills on the business partner role.

One explanation for this result may lie in the organizational context. In environments where decision-making relies on data-driven insights and hierarchical authority, interpersonal interactions may have a limited role in shaping the perception and influence of MAs. Additionally, variations in organizational culture could account for this finding, as some firms may need to pay more attention to the interpersonal competencies of their finance professionals.

This result recognizes the importance of people skills but highlights the need to explore how these skills interact with other competencies and organizational dynamics.

H1d. The higher Competency level of the management accountant in terms of digital skills enhances the MA's ability to act as a business partner. (Supported, p=0.005)

The hypothesis that digital skills enhance the MA's ability to act as a Business Partner is supported, confirming the critical role of digital competence in modern finance. MAs' ability to leverage advanced analytical tools, manage big data, and integrate technology into decision-making processes distinguishes them in their strategic contributions. Spence (2019) emphasized that digital fluency allows finance professionals to remain relevant and competitive in a rapidly evolving technological landscape.

Digital skills enable MAs to streamline processes, derive insights from complex datasets, and support organizational agility. This is consistent with the dynamic capabilities framework (Teece, 1997), highlighting the importance of adapting to technological changes to maintain competitive advantage. MAs with digital skills are better equipped to integrate financial data with operational and market insights, positioning themselves as business partners.

Organizations should prioritize training and development programs to enhance the digital skills of their finance professionals. By investing in digital literacy, firms can ensure their MAs remain at the forefront of innovation and contribute to data-driven strategies.

H2. The increased human capital of the management accountant enhances the MA's ability to act as a Business Partner. (Not Supported, p=0.832)

The hypothesis that increased human capital among Management Accountants (MAs) enhances their ability to act as Business Partners was not supported. This result diverges from the theoretical foundation of human capital theory, which suggests that attributes such as education, experience, and specialized knowledge improve managerial effectiveness and organizational outcomes (Becker, 1964). While human capital is traditionally linked to performance, the findings indicate that its direct influence on the role of business partners may be less pronounced in this context.

One explanation for this outcome is that more than human capital is needed with the structural and organizational conditions that empower MAs to leverage their expertise. As Crook et al. (2011) highlighted, organizational support and leadership dynamics often mediate the strategic application of human capital. In environments where MAs need more authority or strategic influence, the impact of their education and experience may be diminished.

These findings suggest that while human capital remains a valuable asset, its effectiveness as a driver of the business partner role depends on complementary factors. Another factor could be multicollinearity with the Competence Level; as the researchers observed, the Human Capital Factor had statistical significance when the Competence level was excluded from the analysis.

H3. Greater organizational support for the management accountant enhances the MA's ability to act as a Business Partner. (Supported, p=0.017)

The findings confirm that organizational support significantly enhances the ability of MAs to act as Business Partners. This aligns with Eisenberger et al. (1986), who proposed that perceived organizational support (POS) fosters employee commitment and performance. Providing resources, recognition, and opportunities for involvement in strategic decision-making empowers MAs to contribute effectively to organizational goals.

Organizational support facilitates MAs' technical and operational capabilities and signals their value. As Kuvaas (2008) demonstrated, this enhances their confidence and motivation to take on strategic roles. Access to advanced tools, training programs, and inclusion in decision-making committees strengthens their ability to influence and support business decisions.

These findings emphasize the importance of a supportive environment for MAs. Organizations should actively invest in creating structures and processes that promote collaboration, recognize finance professionals' strategic potential, and encourage their engagement in cross-functional initiatives.

H4. The stronger structural power of the management accountant enhances the MA's ability to act as a Business Partner. (Supported, p=0.000)

The hypothesis that structural power enhances the MA's ability to act as a Business Partner is strongly supported. Structural power, formal authority, and organizational influence enable MAs to impact decision-making processes. Pfeffer (1981) emphasized that power is a fundamental element of organizational effectiveness, as it allows key individuals to implement strategic initiatives.

MAs with structural power have the authority to participate in high-level discussions, provide financial insights, and support strategies that align with organizational goals. This aligns with Finkelstein's (1992) finding that structural power facilitates the implementation of decisions and enhances leaders' credibility within organizations. Including MAs in top management teams and their direct reporting lines to executives further enhances their ability to act as Business Partners.

The findings highlight the need for organizations to ensure that MAs hold roles with sufficient authority to influence strategic outcomes. By involving MAs in decision-making structures, firms can leverage their expertise to drive financial performance and operational efficiency.

H5. The higher ability of the Management Accountant to act as a Business Partner leads to improved Firm Financial Performance. (Supported, p=0.028)

The study confirms that MAs who act as Business Partners contribute to improved financial performance, reinforcing their strategic importance. This finding is consistent with the CGMA (2015) report, which highlighted the value of MAs in supporting resource allocation, identifying growth opportunities, and managing risks to drive financial success.

MAs actively engaging in strategic decision-making provide insights that enhance profitability, optimize costs, and improve return on investment (ROI). Their involvement in aligning financial strategies with organizational goals positions them as catalysts for sustainable growth, validating the role of the business partner in achieving financial objectives. This aligns with the resource-based view (Barney, 1991), emphasizing the strategic value of leveraging internal expertise.

Organizations would benefit from recognizing the financial benefits of empowering MAs as Business Partners. Providing them with the tools, authority, and collaborative opportunities to influence strategy can enhance their impact on key performance indicators, supporting long-term organizational success.

H6. Transformational leadership moderates the relationship between the Management Accountant's ability to act as a Business Partner and the Firm's Financial Performance. (Significant but not Supported, p=0.050)

Although transformational leadership showed significant moderation (value= 0.050), the hypothesis is not supported due to the negative path (-0.038). Transformational leaders inspire and motivate employees to exceed expectations, creating an environment conducive to innovation and strategic collaboration (Bass, 1985).

This finding aligns partially with Wang et al. (2011), who found that transformational leadership enhances employee engagement and organizational performance. Leaders who communicate a shared vision and encourage intellectual stimulation create opportunities for MAs to contribute strategically, but these effects may be contingent on broader contextual elements.

The results suggest that while transformational leadership is a supportive environment, its impact on the MA's ability to act as a business partner requires further exploration. Future studies could investigate how leadership styles interact with organizational dynamics and individual competencies to shape financial outcomes.

H7. The transactional leadership style moderates the relationship between the Management Accountant's ability to act as a Business Partner and the Firm's Financial Performance. (Not Supported, p=0.256)

The hypothesis that transactional leadership moderates this relationship was not supported. Transactional leadership focuses on compliance, task completion, and reward-based performance, which may not sufficiently encourage the strategic collaboration required for the business partner role (Judge & Piccolo, 2004). While effective for routine operations, this leadership style may need more flexibility to adapt to complex strategic environments.

As businesses increasingly face dynamic challenges, leadership that prioritizes adaptability and long-term vision, such as transformational leadership, may better support MAs' strategic potential.

These findings highlight the limitations of transactional leadership in influencing the business partner role.

H8. The Transformational leadership style is positively associated with the Firm's Financial Performance. (Supported, p=0.031)

The study confirms a positive association between transformational leadership and financial performance. Transformational leaders inspire employees, foster innovation, and align organizational goals with individual contributions, directly impacting key financial metrics. This finding supports the research by Wang et al. (2011), which identified transformational leadership as a significant driver of organizational success.

Transformational leaders create a culture of adaptability and engagement, enabling their teams to navigate challenges and capitalize on opportunities. This leadership style enhances MAs' strategic contributions, allowing them to align financial insights with organizational priorities and support long-term growth.

Organizations prioritizing inspirational and visionary leadership are better positioned to achieve superior financial performance.

H9. The Transactional leadership style is positively associated with the Firm's Financial Performance. (Not Supported, p=0.695)

The hypothesis that transactional leadership positively impacts financial performance is not supported. This finding aligns with research suggesting that while effective for maintaining operational stability, transactional leadership may not address the strategic complexities required for sustained financial growth (Judge & Piccolo, 2004).

Transactional leaders focus on enforcing rules and achieving specific outcomes, which may limit creativity and adaptability. In dynamic environments, this approach may fail to foster the proactive decision-making and strategic insights needed for significant financial gains. Organizations relying heavily on transactional leadership may need help innovating and responding effectively to market shifts.

These results suggest that transformational approaches should complement transactional leadership to balance stability with innovation. Leadership strategies integrating operational efficiency and strategic foresight can better support the firm's financial and organizational goals.

6. SUMMARY, IMPLICATIONS AND OUTCOMES.

Summary of Findings

This investigation aimed to identify the antecedents/ factors of management accountants that enable them to act as business partners and contribute to the financial performance of a small business in the USA. To contribute to business and financial knowledge, accounting and finance scholars, and aspiring management accountants to become better business partners.

This research underscores as antecedents Competence Level with four subfactors: Technical Skills, People Skills, Digital Skills, and Business Skills; Human Capital, Organizational Support, and Structural Power as factors to contribute to the ability of the Management Accountants as business partner, which in turn positively affects the financial performance of a business.

Theoretical Implications

This research contributes to the knowledge of management accountants' roles and their impact on organizational performance. As per the literature review section, the investigation can contribute with practical applications as follows:

Resource-Based View (RBV): The study highlights the importance of internal capabilities—such as competence level, business skills, digital skills, structural power, and organizational support—in enhancing the ability of management accountants to be business partners. This confirms RBV's assertion that firms' competitive advantages should take advantage of their unique resources and capabilities (Barney, 1991). Firm resources include all assets, capabilities, organizational processes, firm attributes, and information knowledge the firm controls, including its personnel, such as management accountants. The findings extend this theory by demonstrating how these internal resources can be leveraged in smaller organizational contexts to enhance financial performance.

Dynamic Capabilities Framework: The research provides empirical support for the dynamic capabilities framework (Teece et al., 1997), highlighting how management accountants contribute to organizations' ability to adapt, integrate, and reconfigure internal and external competencies in response to changing environments. MAs catalyze strategic agility, enabling firms to exploit opportunities and mitigate risks.

Transactional Cost Theory: The study enriches transactional cost economics by examining management accountants' organizational support and structural power (Williamson, 1981). It demonstrates that firms can minimize transaction costs by empowering management accountants with decision-making authority and resources, improving overall organizational efficiency.

Competence Framework Validation: The empirical validation of the CGMA Competence Framework reinforces its relevance, particularly in the context of small-sized firms. The findings emphasize the critical role of technical, business, people, and digital skills in enabling MAs to transition from traditional scorekeepers to strategic partners (Spence, 2019).

Leadership Theory Contribution: The moderating effects of transformational and transactional leadership styles add depth to leadership theory. The results show that transformational leadership amplifies the strategic influence of MAs, fostering innovation and long-term value creation, while transactional leadership ensures compliance and operational efficiency (Bass, 1985). These findings highlight the interplay between leadership styles and MAs' effectiveness in achieving financial performance outcomes.

Small Business Contextualization: The study bridges a significant gap by focusing on small-sized firms, providing evidence that the antecedents enabling MAs to act as business partners differ in smaller, resource-constrained settings compared to larger firms. This contextualization contributes to a more nuanced understanding of management accounting in diverse organizational environments.

Human Capital Theory: The study's findings corroborate Becker's (1964) human capital theory, affirming that investments in education, experience, and skill development are pivotal for enhancing MAs' effectiveness. These results underscore the strategic value of developing human capital to drive organizational success.

In summary, this research advances theoretical frameworks by demonstrating how internal capabilities, leadership dynamics, and organizational contexts influence management accountants' roles as business partners. Integrating multiple theoretical perspectives enriches the understanding of MAs' contributions to financial performance, offering a robust foundation for future studies in this field.

Discussion of Practical Implications

This research's findings offer valuable practical implications for business leaders, management accountants, and policymakers seeking to enhance the role of management accountants (MAs) as strategic business partners and improve organizational financial performance.

Business owners and leaders should recognize the strategic value of MAs and leverage their expertise beyond their traditional accounting roles. MAs' contributions to strategic decision-making can enhance agility and resilience, particularly in dynamic market conditions.

The study suggests that businesses benefit from investing in skill development to enhance MAs' ability to be strategic partners. Organizations should provide opportunities for MAs to develop technical, digital, and interpersonal skills. Tailored training programs and access to advanced technological tools can empower MAs to align with strategic goals better.

Fostering a supportive environment also benefits MAs' contributions to the organization. Leaders should create an organizational culture that values collaboration and empowers MAs with the authority and resources to act as business partners. This includes involving them in strategic committees and decision-making processes.

The research suggests that Management Accountants should Expand their Competence Areas. MAs must proactively enhance their skills in business operations, data analytics, and leadership. These competencies enable them to provide actionable insights that influence key decisions.

Another critical factor for MAs is building influence and structural power within the organization. By fostering relationships across departments and demonstrating their value in cross-functional initiatives, MAs can strengthen their organizational influence and become indispensable partners in achieving business objectives. To this end, they should advocate for inclusion, actively seek roles that integrate them into strategic planning processes, and emphasize their ability to bridge financial expertise with organizational strategy.

The findings could additionally be helpful for policymakers and professional bodies by educating them on how they can promote resources and frameworks that help small businesses integrate MAs into strategic roles, recognizing these firms' unique challenges.

Standardizing Competency Frameworks: Professional organizations like the CGMA and AICPA should continue refining and promoting frameworks that outline the competencies required for MAs to excel as business partners. This can be achieved by encouraging certification and education. Professional bodies can incentivize certifications and continuing education programs emphasizing the importance of digital and strategic skills in modern accounting roles.

Finally, small business ecosystems must leverage MAs business partner role to enhance cash flow management, investment decision-making, and performance monitoring. These contributions are vital for achieving stability and growth in competitive markets. Another important implication is realizing that MAs can play a critical role in embedding environmental, social, and governance (ESG) metrics into business strategies, helping organizations achieve sustainability while maintaining financial performance.

These practical implications highlight the transformative potential of MAs when empowered to act as business partners. By addressing organizational barriers and investing in professional growth, firms can unlock significant strategic and financial benefits, ensuring sustainable success in an increasingly complex business environment.

Limitations and Suggestions for Future Research.

Sample representation: The studio proposed to analyze the impact on the financial performance of small businesses with fewer than 500 employees. However, the researcher encountered the (Pultz, 2018)challenge of the size of qualified participants in the Cloud Research database; due to this limitation and to ensure the size of the sample was appropriate, the researcher decided to expand the sample to include businesses with more than 501 employees in the analysis, which accounted for 50.7% of the participants. While the perspective is broader, it maintains the focus on the ability of the management accountants to act as a business partner and the impact of this role on the financial performance. This shows how researchers need to adapt and be willing to maintain flexibility and openness. Sabina Pultz (2018) stated, " Conducting research requires openness and sensitivity to the empirical material one finds while collecting data. Although it would be easier if one were able to plan and foresee how a research process would turn out, I argue here that it is better to engage with the unexpected experiences and reflect on them rather than attempt to make qualitative research appear to be a controllable practice."(Pultz, 2018).

A cross-sectional design was employed in this research, which gives the perspective of a specific given point in time, with the limitation of tracking temporal changes; according to the article Cross-sectional versus Longitudinal Survey Research: Concepts, Findings, and Guidelines, "Marketing academics and practitioners frequently employ cross-sectional surveys. In recent years, editors, reviewers, and authors have expressed increasing concern about this approach's validity—these concerns center on reducing common method variance bias and enhancing causal inferences. Longitudinal data collection is commonly offered to solve these problems."(Rindfleisch et al., 2008). However, this also opens the opportunity for future research.

Additional factors can be added to the studio to improve its explanatory power. The R-squared for Business Partner of 44.8% and Financial Performance of 9.2% suggest that additional factors can influence both dependent variables. For Business Partners, factors such as artificial intelligence or external economic conditions for financial performance can increase the explanatory power, which can be considered for future research to strengthen this model.

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LIST OF TABLES.

APPENDICES

Informational Letter

INFORMATIONAL LETTER
EXPLORING THE ANTECEDENTS OF THE MANAGEMENT ACCOUNTANTS AS BUSINESS PARTNERS AND THEIR CONTRIBUTION TO THE FINANCIAL PERFORMANCE IN THE U.S. SMALL-SIZED FIRMS.

Hello, my name is Victor Orozco. You have been chosen randomly to be in a research study about what factors contribute to the Management Accountant's (MA) ability to act as a Business Partner and what the impact of this role is on the firm's financial performance in US Small firms. If you decide to be in this study, you will be one of 200 people in this research study, and you will be compensated with $10.00 for your participation. Participation in this study will take 30 minutes of your time. If you agree to be in the study, I will ask you to do the following things:

1. Click the "Start" button to access the survey.

2. Carefully read each of the questions and respond according to your experience.

3. Click the "Submit" button once all responses have been provided.

No known physical, psychological, or emotional risks are associated with participation in this study beyond the possible mild discomfort related to answering survey questions. It is expected that this study will benefit society by furthering people's knowledge about the factors that contribute to the Management Accountant's (MA) ability to act as a Business Partner and the impact of this role on the firm's financial performance in US Small firms.

There is no cost or payment to you.

You will remain anonymous.
If you have questions for one of the researchers conducting this study, you may contact Victor Orozco at voroz010@fiu.edu

If you would like to talk with someone about your rights to be a subject in this research study or about ethical issues with this research study, you may contact the FIU Office of Research Integrity by phone at 305-348-2494 or by email at ori@fiu.edu.

Your participation in this research is voluntary, and you will not be penalized or lose benefits if you refuse to participate or decide to stop. You may keep a copy of this form for your records.

Informed Pilot Instructions

Cover Letter and Instructions for Informed Pilot Participants

Dear Informed Pilot Participant,

Thank you so much for your willingness to provide insights regarding the "EXPLORING THE ANTECEDENTS OF THE MANAGEMENT ACCOUNTANTS AS BUSINESS PARTNERS AND THEIR CONTRIBUTION TO THE FINANCIAL PERFORMANCE IN THE U.S. SMALL-SIZED FIRMS." study.
The business environment has become dynamic and characterized by rapid technological changes; external conditions keep the global economy continuously challenging businesses to grow and improve their financial performance. When delving into the strategies to respond to a disruptive environment such as COVID-19, Raj (2020) found that different organization levels were discussed at the organizational and individual levels; at the managerial level, the organizational structure is featured with entrepreneurial mindsets, resilience, responsiveness, and decentralized management and at the personal level the locus is on management and leadership, how to get managers with the right qualities and how managers should use their abilities(Dhillon et

al., 2020). Among those managers, Accountant Management is critical for shaping and participating in the organization's strategic routines.

The investigation aims to identify the antecedents of Accountant Management to enable its ability to act as a Business Partner and contribute to the Financial Performance of a US Small business.

In this research, you are asked to join other expert panel members to critique a draft of the survey instrument intended for data collection in this study. We greatly appreciate your interest in sharing your expertise in survey design by assisting in developing the survey instrument. To direct you in this task, please find below an overview of the critical elements of this study and specific directions for your tasks.

Please direct any questions regarding this study or the instructions provided herein to the following:

Name: Victor Orozco, FIU Doctoral Candidate

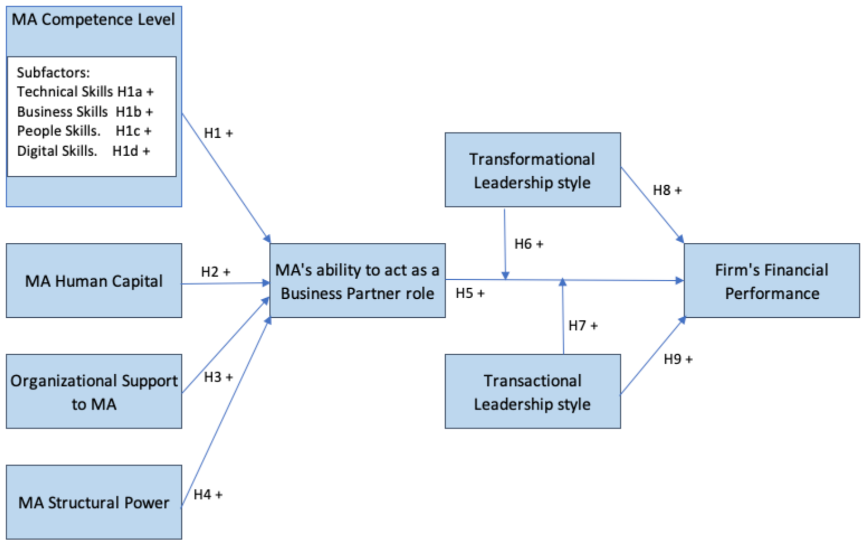
Phone: 784-414-76-24

Email: voroz010@fiu.edu

Study overview

Despite the importance of small businesses and their pivotal role in the US Economy, limited investigation has been conducted into how management accountants contribute to firms' financial performance and the understanding of the antecedents that enable the management accountant to act as a business partner. The investigation aims to identify the antecedents of Accountant Management to help its ability to act as a Business Partner and the contribution to the Financial Performance of a US Small business by answering the research question: What factors contribute to the Management Accountant's (MA) ability to act as a Business Partner, and what is the impact of this role on the firm's financial performance in US Small firms?

For this research, a management accountant is conceptualized as the head of the firm's financial/accounting department. This position supports and advises the management of an organization in achieving its economic, public, and financial goals. It has several titles, such as Chief Financial Officer (CFO), Controller, Finance Manager, General Accountant, etc. Measurement model proposed (Figure 1)



<u>Instructions for Review of Survey and Related Materials</u>

<u>Review of the survey</u>

The respondents will be supervisors or have higher positions in management accounting for small U.S. organizations.

<u>Constructs items:</u>

1. **Competence:**
    1.1 Technical Skills: Enable finance professionals to collect, store, process, and analyze information according to professional accounting standards.
    1.2 Business Skills: Enable finance professionals to use their knowledge of the business and the ecosystems in which it operates to transform data into insights. This allows companies to evaluate their strategic positioning.
    1.3 People Skills: The ability to communicate effectively influences the decisions, actions, and behaviors of decision-makers and others throughout the organization. Collaborating and working with partners is also an essential skill.

1.4 Digital Skills: To remain relevant, finance professionals must keep pace with technological advances, from basic digital literacy to more profound expertise in cloud computing, cybersecurity, data analytics, and digital costing.

2 **Human Capital:** A manager's human capital attributes, such as education and work experience, influence managerial capabilities and productivity so the manager can see or capitalize on alternatives others cannot identify.

3 **Organizational Support:** Perceived organizational support is assumed to increase the employee's affective attachment to the organization and their expectancy that more significant effort toward meeting organizational goals will be rewarded.

4 **Structural Power:** Power-influence research examines the influence processes between leaders and other organizational actors.

5 **Business Partner:** The Management Accountant in the business partner role brings the "financial perspective into managerial decision-making" processes.

6 **Bean Counter:** The management accountant handles internal financial reporting and traditional cost accounting duties in the Bean Counter role.

7 **Transformational Leadership**: Transformational leadership provides workers with the motivation, support, and intellectual stimulation to innovate.

8 **Transactional Leader**: Leaders leverage rules and policies to focus on the details and goals.

9 **Firm's Financial Performance**: Financial performance measures include return on assets (ROA), return on equity (ROE), return on investment (ROI), return on sales (ROS), sales growth, and market capitalization.

As a reviewer, you are requested to review and evaluate the survey questionnaire. Specifically, we are asking you to evaluate each question and the overall flow of the survey and provide feedback on your evaluation. We ask for any suggestions to improve the overall survey instrument.

When you open the reviewer version of the survey, you will find each question and an input box where you may provide feedback related to the question. Please consider the following **potential issues** in evaluating each question:

- Is the question *clear and understandable*?
- Is the question targeted to Finance and Accounting Professionals?
- Does the question rightly measure the variable of interest (variable will be grayed out at the end of each question in the survey)
- Is the question double-barreled? Double-barreled questions cover more than one topic. And" or "or" within a question usually makes it double-barreled.
- Is the question *leading?* A leading question suggests to the respondent that the researcher expects or desires a specific answer.
- Is the question *loaded?* A loaded question asks the respondent to rely on their emotions more than the facts. Loaded questions contain "emotive" words with a positive or negative connotation.

- Is the question *confusing?* A confusing question lacks clarity, making it difficult for the respondent to comprehend it in the desired/required manner.
- Is the question *ambiguous?* An ambiguous question is open to multiple interpretations and has a double meaning.
- Is the question *easy to understand and answer*? If the respondent can easily understand and answer the question using the provided response choices

Thank you for your time and feedback

Victor Orozco
FIU Doctoral Canditate
voroz010@fiu.edu

Measurement Instrument (Survey)

Demographics Questions:

What is your gender?

- ❍ Male
- ❍ Female
- ❍ Non-binary/third gender
- ❍ I prefer not to say.

What is your age?

- ❍ Under 18
- ❍ 18 - 24
- ❍ 25 - 34
- ❍ 35 - 44
- ❍ 45 - 54
- ❍ 55 - 64
- ❍ 65 - 74
- ❍ 75 - 84
- ❍ 85 or older

What is your current title position?

- ❍ Staff
- ❍ Supervisor
- ❍ Manager

- ❍ Controller
- ❍ CFO
- ❍ Other (specify) ____

What is the size of the company you work for?

- ❍ 1-10 Employee
- ❍ 11-100 Employees
- ❍ 101-500 Employees
- ❍ 501 + Employees

Where is the company you work for established?

- ❍ In the United States of America (specify the State) _______________
- ❍ Outside the United States of America

Which department do you work in at your company?

- ❍ Finance
- ❍ Accounting
- ❍ Audit
- ❍ Financial Analysis and Planning
- ❍ Taxes
- ❍ Other Finance or Accounting department related (specify) __________________
- ❍ Other non-Finance or Accounting department-related

Constructs:
Competence Level:

Subfactor 1: Technical Skills (Likert scale 7-point)

Score the Competence level of Management Accountant in your company from Foundational to Expert to:

Record financial transactions according to professional accounting standards.

Create financial reports using appropriate accounting standards.

Ensure the organization fulfills its statutory and regulatory obligations according to accounting standards.

Analyze the financial statements to provide insights about the financial performance and compare them with others.

Apply organizational procedures to manage financial risks to which the organization might be exposed.

Please answer "expert" in this question.

Subfactor 2: Business Skills (Likert scale 7-point)

Score the Competence level of Management Accountant in your company from Foundational to Expert to:

1. Articulate the organization's general sense of identity – outlining why the organization exists.

2. Understand the industry in which the business operates, including identifying opportunities while ensuring compliance with regulatory obligations.
3. Integrate all aspects of a project to ensure resources are available when and where needed.
4. Ensure that the expected outcome from a project is produced in a controlled manner (quality, timely, and cost-effective).
5. Understand and interpret the impact of external factors, such as market/industry trends and consumers.

Subfactor 3: People Skills (Likert scale 7-point)

Score the Competence level of Management Accountant in your company from Foundational to Expert to:

1. Establish and manage internal and external relationships to meet organizational objectives.
2. Use proper influencing skills to obtain positive outcomes that align with the organization's strategic direction.
3. Translate financial information effectively to various audiences using various mediums, including digital tools.
4. Establish cross-functional partnerships using various collaborative tools to create value for the business.
5. Please answer "Intermediate" in this question.

Subfactor 4: Digital Skills (Likert scale 7-point)

Score the Competence level of Management Accountant in your company from Foundational to Expert to:

1. Understand information, data, and content in a digital environment.
2. Use multiple techniques to create interactive dashboards.
3. Identify and resolve technical issues using digital tools.
4. Develop a set of choices that align the organization's data strategy to its business strategy.
5. Develop appropriate metrics measurements to provide the organization with analytics-based solutions.

Human Capital

Human Capital (Likert scale 7-point) Please respond to the following questions (from Strongly disagree to Strongly agragree Stronglyr Management Accountant possesses the essential technical knowledge required for their responsibilities

HCMC2: Our Management Accountant has a strong understanding of our organization's strengths and weaknesses

HCMC3: Our Management Accountant is well-informed about the strengths and weaknesses of our suppliers

HCMC4: Our Management Accountant works well with our suppliers to ensure smooth cooperation

HCWC5: Our Management Accountant is highly capable of solving problems.

HCWC6: Our Management Accountant understands our operational processes clearly.

HCWC7: Our Management Accountant's experience is highly relevant to their current role.

Structural Power (Likert scale 7-point)

Please Respond to the following questions (from strongly disagree to Strongly agree)

StPo1 The Management Accountant has significant influence as a member of the top executive team.

StPo2 The Management Accountant is highly involved in multiple roles within our organization, such as Chief Financial Officer or Vice President of Finance and Administration.\

StPo3 The Management Accountant has been with the Organization longer than most other managers.

StPo4 The Management Accountant holds a significant level of ownership in the Organization.

StPo5 The Management Accountant has a significant influence on major resource allocation decisions, such as capital expenditures or large investments.

StPo6 The Management Accountant plays a key role in organizational redesign, including changes to the formal structure or the selection and assignment of executives.

StPo7 The Management Accountant has a substantial influence on decisions related to acquiring or divesting major business units and entering or exiting major markets.

Organizational Support (Likert scale 7-point)

Please Respond to the following questions (from strongly disagree to Strongly agree)

OrSu1: The organization values the Management Accountant's contribution to its well-being.

OrSu2: The organization strongly considers the values of Management Accountants.

OrSu3: The organization considers the opinion of Management Accountants when making decisions that affect them.

OrSu4: The organization really cares about the well-being of Management Accountants.

OrSu5: The organization notices and acknowledges when Management Accountants do their best.

OrSu6: The organization cares about the general satisfaction of Management Accountants at work.

OrSu7: The organization shows concern for the well-being of Management Accountants

OrSu8: The organization cares about the opinions of Management Accountants.

OrSu9: The organization takes pride in the accomplishments of our Management Accountants at work.

Business Partner (Likert scale 7-point)

Judge how frequently each statement fits the Management Accountant in your organization. (from Never to Always).

BuPa1: Working on analyses to support strategic planning purposes.

BuPa2: Discussing Organization perspectives with upper management.

BuPa3: Conducting sensitivity analyses on key drivers of Organizational performance

BuPa4: Explain to management how changes in non-financial performance measures affect profitability.

BuPa5: Discuss strategic issues with senior management.

Bupa6: Participate in a steering committees.

Transformational Leadership (Likert scale 7-point)

Judge how frequently each statement fits the Management Accountant in your organization. (from Never to Always)

TrFo1: Instills pride in me for being associated with him/he

TrFo2: Specifies the importance of having a strong sense of purpose.

TrFo3: Goes beyond self-interest for the good of the group.

TrFo4: Acts in ways that build my respect.

TrFo5: Considers the moral and ethical consequences of decisions

Transactional Leader (Likert scale 7-point)

Judge how frequently each statement fits the Management Accountant in your organization. (from Never to Always).

TrSa1: Focuses attention on irregularities, mistakes, exceptions, and deviations from standards.

TrSa2: Discusses in specific terms who is responsible for achieving performance targets.

TrSa3: Concentrates their full attention on dealing with mistakes, complaints, and failures.

TrSa4: Keeps track of all mistakes.

TrSa5: Directs my attention toward failures to meet standards.

Firm's Financial Performance (Likert scale 7-point)

Please Respond to the following questions (from Strongly disagree to Strongly agree):

Fipe1: Has your organization performed better financially this year compared to last year?

FiPe2: Has your organization been more profitable than its competitors in the last year?

FiPe3: Have your organization's sales grown more this year compared to last year?

FiPe4: Has your organization's sales growth exceeded what upper management projected?

FiPe5: Has your organization's profitability been higher this year compared to last year?

FiPe6: Has your organization's profitability exceeded upper management's projections this year?

FiPe7: Has your organization exceeded last year's EBITA (Earnings Before Interest, Taxes, Depreciation, and Amortization) projections?

FiPe8: Has your organization surpassed the sales growth targets set for this year?

FiPe9: Has your organization exceeded the profit growth targets projected for this year?

VITA

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