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## **“Management of Supersession to Produce a Tectonic Shift in the Organisational Paradigm”**

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### **Introduction**

Control systems seek to bring commonality of goals and process coordination within organizations. The need for goal sharing and coordination of activities and functions has become increasingly important among organizations in view of the increasing pressures on private companies to become more competitive and profitable to satisfy the requirements of their stakeholders. This continuous need for ever-improving bottom line performance indicators has largely influenced the internationalization of business, in terms of seeking new markets and/or new sources of inputs, and in order to respond to the needs of customers. In parallel, government bodies and non-governmental organizations face new challenges from their own stakeholders, who demand more streamlined and efficient operations. A significant number of public services have now

been privatized and subject to the same competitive pressures.

In such a context, public and private organizations alike have been reconsidering their internal processes. These processes are a key element to a better performance and/or efficiency, implying more congruence between the various sub-units and responsibility centers towards the organization's goals and objectives. From this perspective, one can argue that control systems imply some level of regulation on the employees/agents' behavior in an organization but also some level of empowerment to carry out their tasks.

### **Management Control System (MCS)**

There are diverse views on the nature, purpose and scope of MCS and the number of academic areas that research on this topic is clear evidence of such

diversity. Organizational behavior, accounting, management, public sector administration, and information systems are just some of these areas. Thus, the two definitions may not be generally acceptable ones, but they certainly contribute to the challenges faced by the organizations.

“ MCS is a set of interrelated communication structures that facilitates the processing of information for the purpose of assisting managers in coordinating the parts and attaining the purpose of an organization on a continuous basis” (Maciariello and Kirby, 1994, p. 1)

“Management control is the process by which managers influence other members of the organization to implement the organization’s strategies. The system used by management to control the activities of an organization is called its management control system.” (Anthony and Govindarajan, 1998, p. 17).

### **Objectives of the Study**

The objectives of the study are as follows:

(1) To model and empirically test explanations of dysfunctional behaviors(s) among middle-level,

functional managers arising from specific sub- systems of Management Control System(MCS).

(2) To extend the model and evidence to include the effects of two previously researched contextual variables, specifically task uncertainty and the superior’s interactive vs diagnostic use of controls.

(3) To identify and provide evidence on the effects of an institutional-theory led factor on the relationships between MCS and dysfunctional behavior.

In light of the various issues raised ,the following points are of pertinent:

(1) To what extent do particular types of Management Control Systems (MCS) generate or limit dysfunctional behavior, amongst subordinate managers in the application of those sub-systems?

(2) To what extent is the relationship between MCS sub-systems and dysfunctional behavior influenced by contingency variables?

(3) Does Institutional Theory-Inspired concepts, as perceived by a sub-unit manager, moderate the relationship between MCS sub-systems and dysfunctional behavior?

MCS is a generic term and this study will select specific management control sub-systems/mechanisms. The Management Control Mechanisms will be Budgetary Participation (BP) and reliance on accounting performance measures (RAPM). In view of the financial orientation of these two control mechanisms, a non-financial control sub-system, namely standard operating procedures, will also be chosen. Since inter-relationships between these control sub-systems/mechanisms are not assumed in this study, their impact on dysfunctional behavior, as moderated by contextual variables, will be considered individually.

BP and RAPM are the two sub-mechanisms that will be selected for this study on the grounds that there are still strong criticisms in terms of their lack of theoretical and empirical coherence within the contingency paradigm. The selection of contextual variables will be considered after an extensive review of current theoretical and empirical arguments. Task uncertainty will be viewed to be of considerable interest in light of the support expressed in the literature (Galbraith, 1973; Hartmann, 2000).

### **Limitations**

The study also wishes to accept certain limitations, especially with reference to:

- a) Due to financial as also time constraints the study will be restricted to our place ?, thus the conclusion arrived at the end will rely on short term experience.
- b) Being an opinion survey, the personal biases of the respondents may be vectored into their responses.
- c) Time constraints, resource constraints will be some of the limitations.
- d) The sample may affect the results of the study, therefore, the findings and conclusions of the study will only be suggestive & not conclusive.
- e) The sampling error may appear due to the kind of sampling technique adopted.
- f) Indifference and lack of interest exhibited by a few respondents may lead to unauthentic responses.
- g) Time will prove to be a major constraint as far as collection and

### **INTRODUCTION**

It provides the detail of control systems involving tools such as budgets, variance reports, standard operating procedures, or performance-based remuneration or more recent techniques such as the balanced scorecard which are specifically designed to ensure goal congruence. This chapter will also highlight, how control systems facilitate the monitoring or regulating of the behavior of directors, managers and other supervisory personnel in an organization. This Section of the study will also give an explanation about contemporary management theories, which suggest, managers have been empowered in terms of having authority to take decisions whilst being accountable to the higher levels of management.

### **MCS: Theoretical and Empirical Literature Review**

**This** review of the theoretical and empirical literature on the contingency paradigm in management control systems. The scope of MCS will be defined and categorization of the various MCS dimensions used in management accounting research will be proposed. Subsequently, a review of the findings related to the selected MCS sub-systems/mechanisms will be highlighted.

Third part will consider the use of dependent variables in contingency theory-based studies and a discussion on the need to focus on dysfunctional behavior. This chapter will also highlight the main issues and limitations arising from the research methods applied in contingency-based research. Finally, the chapter will conclude with an analysis of lessons learnt and provide detailed explanation of the research gaps to be taken up by this current study.

### **Institutional Perspectives and Legitimacy**

This will consider the perspective of Institutional Theory. A general review of the aspects and implications of the theory will be presented. Whilst the DiMaggio and Powell's (1983) view of new institutionalism will be analyzed, this chapter will also examine the more critical views of Brunsson (1989) on institutional processes within the organizations. A review of current institutional-based accounting research will be also presented. These will lead towards suggesting the use of an institutional theory based variable in the MCS domain.

### **Data Analysis and Discussion**

This will analyze and discuss findings from the data collected. All the independent and dependent variables will be first tested for validity and reliability, and the hypotheses formulated in Chapter 4 will be considered. These hypotheses are broadly categorized in relation to the testing of the direct effects, the intervening effects (task uncertainty and superiors' style of use of controls) and the moderating effects (legitimizing nature of controls).

### **Conclusions and Recommendations**

This will provide a reflection on the main findings and contributions to the extant literature. The implications of these findings for management control research will be considered, taking into account any limitations that may be of relevance to future research. In light of these implications, specific research suggestions and recommendations are formulated.

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