

# **The Role of Control System in Increasing Corporate social Performance: The Use of Levers of Control**

**Hasan Fauzi**

Faculty of Economics  
Sebelas Maret University, Indonesia

**Azhar Abdul Rahman**

College of Business  
Universiti Utara Malaysia, Malaysia

---

## **Abstract**

One important instrument to be used in the control system design is strategic behaviors that can lead to the expected organization performance. Referring to the extended definition of strategic behavior using stakeholder-based strategic behavior, corporate social performance is kind of strategic behavior to be influenced by using control system. This paper discusses how control system, using Simons' levers of control can play important role in increasing the corporate social performance. The interaction between control system, including belief system, boundary system, diagnostic control system, and interactive control system, as well as the corporate financial performance (CFP) can affect the corporate social performance (CSP) due to fact that increase in CFP resulting from the appropriate use of control system components enables the company has more chance to do the CSP. The levers of control are deemed to form an integral part of employee socialization and support the development of an organization's culture, the system of shared beliefs, values, norms, and mores of organizational members which are deemed to be a primary determinant of the direction of employee behavior.

**Keywords:** *Control system, levers of control, corporate social performance, corporate financial performance*

---

## **INTRODUCTION**

Since a notion of Triple Bottom Line (TBL) had been coined by Elkington (1994) and the trend of business consid-

ering the interest of stakeholder groups had been increasingly common, the term corporate<sup>1</sup> performance has been extended to include not only financial aspect, but also social and environmental

---

Hasan Fauzi is Director of Indonesian Center for Social and Environmental Accounting Research and Development (ICSEARD) Faculty of Economics Sebelas Maret University, Surakarta, Indonesia, email: hfauzi2003@gmail.com. Azhar Abdul Rahman is Associate Professor of Accounting in the College of Business Universiti Utara Malaysia, email: azhar268@e-web.uum.edu.my.

dimensions. The inclusion of the two more dimensions in the corporate performance can be argued that the responsibility of corporation is not only to generate economic welfare (profit) but also to save people (society) and planet (environmental), a place where human beings are dwelling. All terms often called three Ps of TBL concept. This understanding is in line with one of the approaches to defining the concept of corporate social performance (CSP) as efforts by a company to meet multiple responsibilities, using multidimensional construct, including aspects of economic, legal, ethical, and discretionary (Carroll, 1977, 1999). The last two Ps of TBL, people and planet, can be referred to the last three aspects of Carroll's CSP (1977 and 1999). In addition, when referring to the concept of the stakeholder, the basic idea underlying the concept of TBL is to accommodate the interest of stakeholder groups including not only the one of shareholder group (O'Donovan, 2002; Henriques, 2004; Hubbard, 2006; Colbert and Kurucz, 2007).

In some decades ago, topics in corporate performance have been important area of research in strategic management and accounting literatures. The research area started examining the construct of performance (both in corporation and managerial perspective) and relating to other constructs such as strategy (Govindarajan and Gupta, 1985; Simons, 1987; Govindarajan and Fisher, 1990; Govindarajan, 1988; Liao, 2005; San-

diono, 2005), business environment (Woodward in Azumi and Hage, 1972; Gul, 1992; Chenhal et al., 1986), control system (Govindarajan and Fisher, 1990; Govindarajan, 1988; Liao, 2005; Sandino, 2005; Albernethy and Brownell, 1999; Pant and Yuthas; Wynn-William, 2001; Davila, 2000; Marginson, 2002; Haldma Laats, 2002; Salmon and Joiner, 2005; Coenders et.al., 2003; Alexander and Randolph, 1985), organization structure (Woodward in Azumi and Hage, 1972; Sandino, 2005). Furthermore, the area of research continues to be developed by focusing on predictor of corporate performance as done by Lenz (1980); Govindarajan & Gupta (1985); Govindarajan (1988); Tan and Lischert (1994) and Langfield-Smith (1997) with the findings that factors affecting corporate performance are matching of business environment, strategy, internal structure, and control system. The previous studies defined corporate performance by focusing on financial aspect. Not only has the corporate performance been heavily dominated by the financial aspect resulting from demand of financial market actor (shareholder group), but the performance also does not accommodate demands of other parties outside the market system mechanism<sup>2</sup>. Therefore, the concept of corporate performance that is also considering and measuring aspect of people (social) and planet (environment) as important part of a company's performance is needed.

Corporate performance is highly determined by how effectively and efficiently

<sup>1</sup> In this paper the word corporate and company have been used interchangeably for the same meaning.

<sup>2</sup> In stakeholder concept, the primary stakeholders The primary stakeholders are those directly affecting and affected by the decision to be made by the firm. They include stockholder, supplier, labor, and consumer. They interact with company using market mechanism, stockholder in financial market, labor and supplier in

factor market, and consumer in product market. The secondary stakeholders are those in society affected directly and indirectly by the firm's decisions. They include local communities, the public, business groups, media, social activist groups, foreign government, and central and local government. They communicate with company using non market mechanism.

the company's business strategy can be implemented (Walker et al., 1987 and cited in Olson, 2005). The success of the company's strategy implementation is highly influenced by how well the company is organized (Vorhies et al., 2003; Olson, 2005) and by the use of strategic behavior such as customer focus, competitor analysis, and innovation (see for example Chen, 1996; Gatignon, 1997; Olson, 2005). Therefore, one factor affecting corporate financial performance (CFP) is the strategic behaviors in organization. In the context of corporate social performance, the concept of strategic behaviors can be extended using the stakeholder theory to explain the fit between organization structure and corporate social performance (CSP). According to Chen (1996), Gatignon et al. (1997); and Olson et al. (2005), the strategic behaviors can be identified into some components: customer-oriented behavior, competitor oriented behavior, innovation-oriented behavior, and internal-cost behavior. The concept can be then extended using the components of stakeholder as developed by Donaldson et al. (1995). Supplier-focused behavior, employee-focused behavior, society aspect-focused behavior, and environment-focused behavior are examples of stakeholder-based strategic behavior that can be developed based on stakeholder perspective.

As stated by Ouchi (1977) and Robbin (in Olson et al., 2005), organization behavior refers to work-related activities of member of organization. That is the behavior of the organization members, in which any company's concern is how to control the behavior toward the company's goal. According to Snell (1992), controlling the behavior is done using a well-designed control system. One in-

strument to be used in the control system design is strategic behaviors that can lead to the expected organization performance. Referring to the extended definition of strategic behavior using stakeholder-based strategic behavior, thus, corporate social performance is kind of strategic behavior to be influenced by using control system.

This paper discusses how control system, using Simons' levers of control (Simons, 1995) can play important role in increasing the corporate social performance.

## **SUSTAINABLE CORPORATE PERFORMANCE**

Under stakeholder view, parties that are concerned with a company are not only those discussed in the input-output or stockholder view typically including shareholder, supplier, employee, and customer, but also other parties or groups in society. Frederick, Post, and Davis (1992) classify stakeholder groups into two categories: primary and secondary stakeholder. The primary stakeholders are those directly affecting and affected by the decision to be made by the firm. The second group called the secondary stakeholders is those in society affected directly and indirectly by the firm's decisions. They include local communities, the public, business groups, media, social activist groups, foreign government, and central and local government. Consequently, the decision made by the firm should positively satisfy the two groups.

There are many components constituting the stakeholder of a company. They have own interest and powers to influ-

ence the company. In some cases, they establish coalition to force the company to meet a certain interest. Therefore, it is logic that to be regarded “good” by stakeholders, they expect the company to achieve some performances to be satisfying all interests of stakeholder groups. Based on the stakeholder view and according to Atkinson, Waterhouse, and Wells (1997), the approach that a company should use to measure the company’s performance is the stakeholder approach or often called a stakeholder-based approach to performance measurement. By doing that the company’s performance will be measured in terms of three aspects: financial, social, and environmental.

## **CONTROL SYSTEM**

In mapping the contingency-based control system and performance studies, Fisher (1995) classified the studies into four level of analysis. In the first level, relation between contingent factor and management control system was made without going further to see the impact of the organizational outcome (performance). In the second, third, and fourth level, analysis of the relationship between contingent factor and control system was conducted and related to the performance. The difference was placed on the choice of contingency factor and management control system. The second level dealt with one factor for contingency and one for management control system, while one factor for contingency and more than one dimensions of management control system was for the third level. The fourth level had more than one contingency factor and more than one dimensions of management control system.

Gul’s (1991) study investigated the interaction effect (fit) between management accounting system and business environment on company’s performance and found that business environment defined as perceived environment uncertainty (PEU) affected the relationship between management accounting system and company’s performance. At the second level of analysis, Ginzberg (in Fisher, 1995), which used formality and procedures as dimension of control system design that interacted with environment, found that the control system affected the performance, while Govindarajan’s (in Fisher, 1995) study, which focused on performance appraisal system as a dimension of management control system, concluded that the control system had impact on the performance. The both studies supported the Gul’s (1991) study.

In an effort to explain the role of management control system to improve corporate’s competitive advantage, Pant and Yuthas, (2000) have stressed the importance of management control system to identify and build company’s dynamic capabilities in order to improve its effectiveness<sup>3</sup>. Wynn-Williams (2001) used public hospital setting in testing the role that management control system had played in explaining the determinant of effectiveness in the hospitals. In his study on management control system design in new product development, Davila (2000) found the correlation between some variables of management control system and performance. Some other resent studies trying to relate the management control system and company’s performance or effectiveness

<sup>3</sup> For the purpose of the discussion of this paper, effectiveness is defined as including three aspects: financial, social, and environmental.

had been conducted by others (Marginson, 2002; Haldma and Lääts, 2002; Salmon and Joiner, 2005; Sandino, 2005; Coenders, Bisbe, Saris, and Batista-Foguet, 2003; Liao, 2005, and Alexander and Randolph, 1985)

## THE LEVERS OF CONTROL

One important function of Management Control system<sup>4</sup> or control system for short is management tool to implement the organization strategy. Of the typologies in control system as discussed in management control literature (for example see Anthony et al., 1992; Maciariello et al., 1994; Merchant et al., 2003), Simons' (1995 and 2000) typology is the most complete and comprehensive, including: belief system, boundary system, diagnostic control system, and interactive control system. In corporate performance evaluation, so far the concept of control system has had some flaws. It has imbalances due to the domination of financial aspect. In addition, it has created some paradoxical situation between control and innovation, opportunity and attention, and short term and long term goal, and human behavior. One reason of the problems is that the old concept of control system had been defined as diagnostic control only. In that definition of control, the control process had been focused on the matter of routine mechanism or process of comparing some expected and realized performances. According to Simons (1994, 1995a, 1995b and 2000), to avoid the problem concept of control system should be extended by adding

three more levers: belief system, boundary system, and interactive control system. The function of belief system is to inspire the people in an organization to search for new ways and alternatives by providing them with the organization's clear vision, mission, statement of purpose, and credos through using formal and informal system. It is expected from the belief system mechanism, creativity and innovation in the organization will be continuously updated to meet the expected growth. The use of boundary system lever is meant to prevent unwanted impact of creativity and innovation by setting some rules limiting people to do in the form of code of business conduct, strategic boundary, and internal control. The role of interactive control system is to provide an organization with solution to cope with emerging strategic uncertainty and with new strategy given that emerging situation.

The careful and consistent use of the control system typology, often called levers of control, can lead to the improved corporate performance. The following is discussion on how the components of levers of control can be used to improve the corporate performance including corporate social performance. The four levers of control can be diagrammed in the figure 1.

### Belief System

Belief system is the one used in an organization to communicate an organization's core value to inspire people in the organization to search for new opportunities or ways to serve customer's needs based on the core values (Simons, 1995, 2000). In an organization the belief system has been created using variety of instruments such as symbolic use of in-

<sup>4</sup> In this paper, management control system or control system for short is defined as formal (also informal), information-based on routine and procedures managers use to maintain or alter patterns in organization activities (Simons, 1995 and 2000).

formation. The instruments are used to communicate the organization's vision, mission, and statement of purpose such that people in the organization can well understand the organization's core value. Westly et al. (1989; cited in Simons, 1995) supported the use of the instrument by arguing that great leaders and competent managers understand the power of symbolism and inspiration. The benefit of using the symbolic instrument especially at individual level is also provided by Feldman et al. (1981) by delineating that symbols produce belief and belief can stimulate the discovery of new realities. In this regard, Westly (1990 cited Simons, 1995) contended that managers will not be very eager to participate in search for opportunities if they do not understand the beliefs of organization and are not get involved in converting the beliefs into actions and strategies.

There is a need for an organization to formally communicate the core value, especially when it is facing the dramatic change in business environment such as competition, technology, regulation and other factors. The Change in the business environment creates a need for strong basic values to provide organizational stability (Simons, 1995). The importance of understanding the core is also supported by study of Kotter (in Simons, 1995) concluding that inspirational motivation can be created by (1) communicating vision that can address the value of people in an organization, (2) permitting each individual to be pleased about how he or she can contribute to implementation of that vision, (3) Providing eager support for endeavor, and (4) promoting public recognition and reward for all success.

The belief system can make people in an organization inspired to commit to organization goal or purpose. In this regard, commitment means believing in organizational value and willing to attempt some efforts to achieve the organizational goal (Simons, 1995). Therefore, the goal commitment can lead to improved corporate performance (Locke et al., 1988). The conclusion is consistent with what Klein et al. (1998) found in their study on situation constraints including goal commitment and sales performance. Chong et al. (2002) studying the effect of goal commitment and the information role of budget and job performance provides the same finding.

The resultant of belief system is new opportunities that may contain some problems. The boundary system concerns on how avoid some risks of innovation resulting from the belief system (Simons, 1995). The risks that possibly emerge can be operating, assets impairment, competitive, and franchise risks (Simons, 2000). On the other hands, the boundary system provides allowable limits for opportunity seeker to innovate as conditions encouraged in the belief system.

### **Boundary System**

There are two instrument used in boundary system to establish the limit in order avoid the risks: business conduct and strategic boundaries (Simons, 1995; Simons, 2000). The business conduct boundaries are focused on behavior of all employees in an organization. The source of the boundaries is of three folds: society's law, the organization's belief system, and codes of behavior promulgated by industry and professional association (Gatewood and Car-

roll, 1991; Simons, 1995). When uncertainty resulting from new opportunities is high or internal trust is low, the business conduct boundary is highly needed (Kanter in Simons, 1995). In the environment of high uncertainty, (Merchant, 1990 in Simon 1995) found that chances to manipulate the profit figures by managers is high. The manipulation is one of risks that can endanger the managers' company. Therefore, the business conduct boundary will be imposed in that situation to avoid the risk and, in turn, improve the corporate performance. The low in internal trust can result in the absence of shared commitment to the organization goal. No commitment to goal can affect the corporate performance. The objective of applying the business conduct boundary is to maintain the employee's commitment to organization goal and, in turn, can improve the corporate performance.

Strategic boundaries are defined as rules and limitation applied to decisions to be made by managers needing the organization's resource allocation as response of opportunities identified in the belief system (Simons, 1995 and 2000). Application of ROI of 20% as hurdle rate in the capital budgeting decision is one example. Updated negative list on business area that is not allowed to go into is another example. In his study using case approach in UK Telecommunication company, Marginson (2002) found that the boundary system-strategic boundary can motivate people in that company to search for new ideas or opportunities within the prescribed acceptable area. Thus, if well implemented, this system can avoid the potential risks and, in turn, can improve the organization performance.

### **Diagnostic Control System**

Diagnostic control system is the one used by management to evaluate the implementation of an organization's strategy by focusing on critical performance variables, which are the ones that can determine the success of strategy implementation and, at the same time, can conserve the management attention through the use of management by exception (Simons, 1995 and 2000). As a system relying upon the feedback mechanism, the diagnostic control system is an example of application of single loop learning whose purpose is to inform managers of outcomes that are not meeting expectation and in accordance with plan (Argyris, 1977 in Simons, 1995 ; Widener, 2006 and 2007). The single loop learning is a part of organization learning that indicates benefits of implementing management control system in general. Organizational learning originates in historical experiences that are then encoded in routines (Levitt and March, 1988; cited Widener, 2006 and 2007). Based on historical experiences, the organization adopts and formalizes "routines that guide behavior" (Levitt and March, 1998, 320). Therefore, control system can be said to be a learning tool. To support this conclusion, Kloot (1997), in his study using case study approach, investigated the link between control system and organizational learning and found that control system can facilitate organization control. Based on organization theory literatures, organization learning has impact on performance (Slater and Narver, 1995; Levitt and March, 1988). The argument underlying the association is that organization learning is very critical to competitive advantage. Organization with learning orientation will have

improved performance (Tippin and Sohi, 2003). Chenhal (2005) provided support for the finding by investigating the relationship of control system and delivery service using organization learning as mediating variable.

In addition to providing organization learning aspect, the use of diagnostic control system also can conserve management attention through the application of management by exception tool (Simons, 1995 and 2000). With the tool, the control system reports to management only if the deviation things happen. Therefore, efficient aspect will be resulted from the use of the tool. Simons (1991) also provided empirical evidence from the health care industry that managers feel overloaded with information if their attentions are focused on broad scope of control attributes and concluded that diagnostic control system could facilitate the efficient use of their attentions. According to Schick et al. (in Widener, 2006 and 2007), the information overload occurs when demand for information exceeds its supply of time. To encourage the efficient use of management attentions (time), the management attentions should be focused on the critical success factors and core competence that are likely associated with improved performance.

### **Interactive Control System**

In an attempt to implement the organization strategy, it is necessary to note that strategy initially set in strategic planning, often called intended strategy, in the classification of Mintzberg's (1978) typology of strategy, may not become realized strategy due to the fact that any strategy has inherent strategic uncertainty defined as external factors result-

ing from market dynamics, government regulation, and dramatic change in technology triggering the intended strategy become invalid (Simons, 1995; Simons, 2000). He proposed the use of Interactive control system to solve the obstacles. The control system will detect the driver of invalidity of intended strategy and follow them up by working together between top managers and their subordinates to create dialog and to share information in order to solve the problems. This process, if well designed, can stimulate double loop learning in which the search, scanning, and communication process allow the emergence of new strategies, strategy of which, in Mintzberg's (1978) strategy typology, is often called emerging strategy. Levit and March (1988) echoed that situation by stating that if the structural problems in organizational learning cannot be eliminated, they can be mitigated. In their study in the hospital area, Albernety and Brownell (1999) also support the conclusion that interactive control system can facilitate the organization learning. Considering the importance of organization learning as mentioned above, the process, in turn, can improve the organization performance.

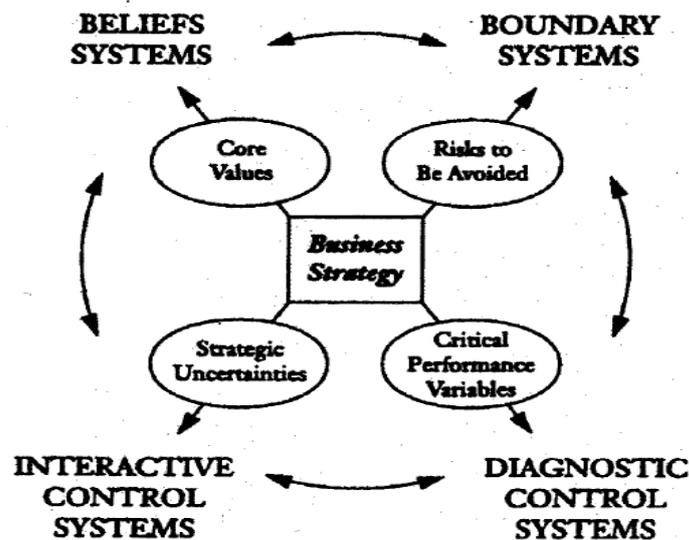
Based on theory of slack resource (Waddock et al., 1997), the interaction between control system, including belief system, boundary system, diagnostic control system, and interactive control system, as well as the corporate financial performance (CFP) can affect the corporate social performance (CSP) due to fact that increase in CFP resulting from the appropriate use of control system components enables the company has more chance to do the CSP.

Most prior literature considering the motives for socially responsive decision making derives from the business ethics

literature. Considerable attention has been given to determining the factors that influence 'ethical' organizational decision making (Soutar et al., 1994). For example, models of ethical behavior have been developed which indicate there is a set of situational variables which interact with and influence ethical decision making processes (Bommer et al., 1987; Stead et al., 1990; Trevino, 1986). One set of situational variables deemed to influence ethical decision making include work environment and organizational factors (Bommer et al., 1987; Falkenberg and Herremans, 1995; Singhapakdi et al., 2000; Verbeke et al., 1996). For instance, employee socializa-

tion processes aimed at internalizing socially responsive/ethical standards within individual employees have been held to influence socially responsive decision-making (Smith and Carroll, 1984; Soutar et al., 1994). The Control systems (levers of control) are deemed to form an integral part of employee socialization (Gatewood and Carroll, 1991). They support the development of an organization's culture, the system of shared beliefs, values, norms, and mores of organizational members (Gands and Bird, 1989), which are deemed to be a primary determinant of the direction of employee behavior (Robin and Reidenbach, 1987; Trevino, 1986).

Figure 1: Levers of Control



(Adopted from Simons, 1995b)

**CONCLUSION**

The use of levers of control to increase corporate social performance starts by extending concept of corporate performance including the Three Bottom Line (TBL): Financial, social, and Environmental. Vision and mission, statement

on purpose, and credos should be stated in three dimensions and communicated to internal and external factors. In belief system context, that instrument will guide the people in organization to act. The search for new ways and alternatives should be based on the sustainable performance. The boundary taking into

account the three factors will be set to anticipate the negative impact of some creativity by people. Also, the emerging strategic uncertainty should be coped with in interactive system by finding new strategies to be realized. Theoretically, the use of the levers of control will increase corporate social performance by controlling the corporate's socially responsible strategy and the people's strategic behavior in a organization.

Therefore, Using the levers of control will prevent from paradoxical situation and it also lead to the balanced corporate performance in terms of financial and non financial and in terms of varied stakeholders (not only stockholders).

## References

- Abernethy, M.A., & Brownell, P. (1999) "The role of budgets in organizations facing strategic change: an exploratory study", *Accounting, Organization and Society*, Vol. 24, No. 3, pp. 189-204.
- Alexander, J.W. & Alan, R.W. (1985) "The Fit Between Technology and Structure as Predictor of Performance", *Academy of Management Journal*, Vol. 28, No. 4, pp.
- Anthony R., Dearden, J., & Govindarajan, V. (1992) *Management Control System*. Homewood, I.: Irwin.
- Atkinson, A. A., Waterhouse, J. H., & Wells, R. B. (1997) "A Stakeholder Approach to Strategic Performance Measurement", *MIT Sloan Management Review*, April (Spring), pp. 25-37.
- Azumi, K. & Hage, J. (1972) *Organization System*. Lexington: D.C. Heath and Company.
- Bommer, M., Gratto1, C., Gravander, J., & Tuttle, M.(1987) "A Behavioral Model of Ethical and Unethical Decision Making", *Journal of Business Ethics*, Vol. 6, No. 4, pp. 265-280.
- Carroll, A.B. (1979) "A three-dimensional conceptual model of corporate social Performance", *Academy of Management Review*, Vol. 4, No.1, pp. 497-506.
- \_\_\_\_\_ (1999) "Corporate Social Responsibility: Evolution of a Definitional Construct", *Business and Society*, Vol. 33, pp. 268-295.
- Chen, MJ. (1996) "Competitor Analysis and Interfirm Rivalry: Toward A Theoretical Integration", *Academy of Management Review*, Vol. 21, No. 1, pp. 100-134
- Chenhall, R. H. & Morris, Deigan. (1986) "The Impact of Structure, Environment, and Interdependency on the Perceived Usefulness of Management Accounting System", *The Accounting Review*, Vol. 61, No. 1 (January), pp. 16-35.
- \_\_\_\_\_ (2005) "Integrative strategic performance measurement systems, strategic alignment of manufacturing, learning and strategic outcomes: An exploratory study", *Accounting, Organizations and Society*, Vol. 30, pp. 395-422.
- Chong, V.R., & Chong, K.M.(2002). "Budget Goal Commitment and Informational Effect of Budget Participation Performance: A Structural Equation Modeling Approach", *Behavioral Research in Accounting*, Vol. 14, pp. 65-86.
- Coenders, G., Bisbe, J., Saris, W. E., & Batista-Foguet, J.M. (2003) "Moderating Effects of Management Control Systems and Inno-

- vation on Performance. Simple Methods for Correcting the Effects of Measurement Error for Interaction Effects in Small Samples”, www.ssrn.com
- Colbert, B.A. & Kurucz, E.C. (2007) "Three Conceptions of Triple Bottom Line Business Sustainability and the Role for HRM", *Human Resource Planning*, Vol. 30, No. 1, pp. 21-29.
- Donaldson, T. & Preston L.E. (1995) "The Stakeholder Theory of the Corporation: Concept, Evidence, and Implications", *The Academy of Management Review*, Vol. 20, No. 1, pp. 65-91.
- Elkington, J. (2004) "Enter the Triple Bottom Line" in Henriques, A. and Richardson, J. (ed). *Triple Bottom Line: Does It All Add Up? Assessing the Sustainability of Business and CSR*. UK: Earthscan Publications.
- Fisher, J. (1995) "Contingency-based research on management control systems: Categorization by Level of Complexity", *Journal of Accounting Literature*, Vol. 14, pp. 24-53.
- Falkenberg, L., & Irene Herremans, I. (1995) "Ethical behaviours in organizations: Directed by the formal or informal systems?" *Journal of Business Ethics*, Vol.14, No.2, pp. 133-143.
- Frederick, W. C., James, E. P. & Davis, K. (1992) *Business and Society: Corporate Strategy, Public Policy, and Ethics*. McGraw-Hill International Edition
- Gandz, J. & Bird, F.G. (1989) "Designing ethical organizations", *Business Quarterly*, Vol. 54, No. 2, pp. 108-113.
- Gatewood, R.D., & Carroll, A.B. (1991) Assessment of Ethical Performance of Organizational Member: A Conceptual Framework". *Academy of Management Review*, 16(4):667-690.
- Gatignon, H., & Xeuereb, J.M. (1997) "Strategic Orientation of the Firm New Product Performance", *Journal of Marketing Research*, Vol. 34, No. 1, pp. 77-90.
- Govindarajan, V. & Gupta, A. K. (1985) "Linking Control Systems to Business Unit Strategy: Impact on Performance" in Emmanuel, C.R., Otley, D.T, and Merchant, K.A. (Eds.) *Accounting for Management Control*, International Thompson Business Press, (1996)
- \_\_\_\_\_ (1988) "A Contingency Approach to a Strategy Implementation at the Business-Unit Level: Integrating A Administrative Mechanism with Strategy", *Academy of Management Journal*, Vol. 31, No. 4, pp. 838-853.
- \_\_\_\_\_ & Fisher, J. (1990) "Strategy, Control System, and Resource Sharing: Effect on Business-Unit Performance", *Academy of Management Journal*, Vol. 33, No. 2 (Jun) , pp. 259-285.
- Gul, F.A. (1991), "The effects of management accounting systems and environmental uncertainties on small business managers' performance", *Accounting & Business Research*, Vol. 22, No. 85, pp. 57-61.
- Haldma, T. & Lääts, K. (2002). "Influencing Contingencies on Management Accounting Practices in Estonian Manufacturing Companies". [infutik.mtk.ut.ee/www/kodu/RePEc/mtk/febpdf/febawb13.pdf](http://infutik.mtk.ut.ee/www/kodu/RePEc/mtk/febpdf/febawb13.pdf)
- Henriques, A. & Richardson, J. (2004)

- The Triple Bottom Line: Does it All Add Up?*. London: Earthscan.
- Hubbard, G. (2006) "Sustainable organisation performance: Towards a practical measurement system", *Monash Business Review*, Vol. 2, No. 3 (November 2006).
- Klein, H. J. & Kim, J. S. (1998) "Field Study of the Influence of Situational Constraint, Leader-Member Exchange, and Goal Commitment on Performance", *Academy of Management Journal*, Vol. 41, No. 1, pp. 88-95.
- Kloot, L. (1997) "Organizational Learning and Management Control System: Responding and Environmental Change", *Management Accounting Research*, Vol. 8, No. 1, pp. 47-73.
- Langfield-Smith, K. (1997) "Management Control Systems and Strategy: A Critical Review", *Accounting, Organizations and Society*, Vol. 22, No. 2, pp. 207-232.
- Lenz, R.T. (1980) "Environmental Strategy, Organization Structure and Performance: Pattern in One Industry", *Strategic Management Journal*, Vol. 1, No. 3, pp. 209-226.
- Levit, B., & March, J.G. (1988) "Organizational Learning", *Annual Review of Sociology*, Vol. 14, pp. 319-340.
- Liao, Yao-Sheng. (2005) "Business strategy and performance: the role of human Resource management control", *Personal Review*, Vol. 34, No. 3, pp. 294 - 309
- Marciariello, J.A. & Kirby, C.J. (1994) *Management Control System: Using Adaptive Systems to Attain Control*. New Jersey: Prentice Hall.
- Marginson, D. E. (2002) "Management Control System and Their Effect on Strategy Formation at Middle-Management Level: Evidence from A UK. Organization", *Strategic Management Journal*, Vol. 23, No. 11 (November)
- Merchant, K.A. & Van Der Stede, W.A. (2003) *Management Control System: Performance Measurement, Evaluation, and Incentive*. England: Prentice Hall.
- Mintzber, H.(1978) "Patterns in Strategy Formation", *Management Science*, Vol. 24, No. 9.
- O'Donovan, G. (2002) "The social bottom line", *Australian CPA*, Vol. 72, No. 11.
- Olson, E.M., Slater, F.F., & Hult, T.M. (2005) "The Performance Implication of Fit Among Business Strategy, Marketing Organization Structure, and Strategic Behavior", *Journal of Marketing*, Vol. 69, No. 1 (Jul), pp. 49-65.
- Ouchi, W.G. (1977) "The Relationship Between Organizational Structure and Organizational Control," *Administrative Science Quarterly*, Vol. 20, No. 1, pp. 95-113.
- Robin, D.P., & Reidenbach, R.E. (1987) "Social responsibility, ethics, and marketing strategy: closing the gaps between concept and application", *Journal of Marketing*, Vol. 51, pp. 44-58.
- Pant, L.W. & Yuthas, K. (2000) "Competitive Control: Using the Management Control System to Promote Competitive Advantage" [www.ssrn.com](http://www.ssrn.com)
- Salmon, S. & Joiner, T. (2005) "How Integrative Management Accounting Information and Role Ambiguity Influence Managerial Performance" 19th Australia and

- New Zealand Academy of Management Conference, December Conference, Melbourne (ISBN 0-479-01131-0)
- Sandino, T. (2005) "Introducing the first Management Control Systems: Evidence from the Retail Sector". [www.ssrn.com](http://www.ssrn.com)
- Simons, R. (1991) "Strategic Orientation and Top Management Attention to Control System", *Strategic Management Journal*, Vol. 12, No. 1 (Jan), pp. 49-62.
- \_\_\_\_\_ (1994) "How New Top Managers Use Control Systems as Levers of Strategic Renewal", *Strategic Management Journal*, Vol. 15 (March), pp. 169-189
- \_\_\_\_\_ (1995a) "Control in an Age of Empowerment", *Harvard Business Review*, Vol. 73, No. 2 (March), pp. 80-88
- \_\_\_\_\_ (1995b) *Levers of Control: How Managers Use Innovative Control Systems to Drive Strategic Renewal*. Boston: Harvard Business School Press
- \_\_\_\_\_ (2000) *Performance Measurement and Control System for Implementing Strategy: text and Cases*. New Jersey: Prentice Hall
- Singhapakdi, A., Salyachivin, S., Virakul, B. & Veerayangkur, V. (1990) "Some Important Factors Underlying Ethical Decision Making of Managers in Thailand", *Journal of Business Ethics*, Vol. 27, No. 3, pp. 271-284
- Slater, S.F., & Narver, J.C. (1995) "Market Orientation and Organizational Learning", *Journal of Marketing*, Vol. 59, No. 3 (July), pp. 63-74.
- Smith, H.R. & Carroll, A.B. (1984) "Organizational Ethics: A Stacked Deck", *Journal of Business Ethics*, Vol. 3, No. 2, pp. 95-100.
- Snell, S. (1992) "Control Theory in Strategic Human Resource Management: The Mediating Effect of Administrative Information," *Academy of Management Journal*, Vol. 35, No. 2, pp. 292-327.
- Soutar, G., McNeil, M., & Molster, C., (1994) "The impact of the work environment on ethical decision making: some Australian evidence", *Journal of Business Ethics*, Vol. 13, No. 5, pp. 327-340.
- Tan, J.J., & Listchert, R.J. (1994) "Environment-Strategy Relationship and its Performance Implications: An Empirical Study of the Chinese Electronic Industry", *Strategic Management Journal*, Vol. 15, No. 1, pp. 1-20.
- Tippins, M.J., & Sohi, R.S. (2003) "IT competency and firm performance: Is organizational learning a missing link?" *Strategic Management Journal*, Vol. 24, pp. 745-761.
- Trevino, L. (1986) "Ethical Decision Making in Organizations: A Person-Situation Interactionist Model", *Academy of Management Review*, Vol. 11, pp. 601-617
- Verbeke, W., Ouwerkerk, C., & Peelen, E. (1996) "Exploring the Contextual and Individual Factors on Ethical Decision making of Sales people", *Journal of Business Ethics*, Vol. 15, No. 11, pp. 1175-1187.
- Vorhies, D.W., & Morgan, N. A. (2003) "A Configuration Theory Assessment of Marketing Organization Fit with Business Strategy and its Relationship with Marketing Performance", *Journal of Marketing*,

- Vol. 67, No. 1 (Jan), pp. 100-115.
- Waddock, S.A. & Graves, S.M. (1997) "The Corporate Social Performance-Financial Performance Link", *Strategic Management Journal*, Vol. 18, No. 4, pp. 303-319.
- Walker, O.C., & Ruekert, R. (1987) "Marketing's Role in the Implementation of Business Strategies: A Critical Review and Conceptual Framework", *Journal of Marketing*, Vol. 51, No. 3 (Jul), pp. 15-33.
- Westly, F., & Mintzberg, H.(1987) "Visionary Leadership and Strategic Management", *Strategic Management Journal*, Vol. 10, No. 1 (Summer), pp. 17-32.
- Widener, S.K. (2006) "An Empirical Analysis of the Levers of Control Framework", Paper presented in AAA's International Conference.
- \_\_\_\_\_ (2007) "An Empirical Analysis of Levers of Control Framework", *Accounting, Organization, and Society*, Vol. 32, No. 7-8, pp. 757-788.
- Wynn-Williams, Katherine L.H. (2003) "Determinants of Effectiveness in New Zealand's Public Hospitals," [www.ssrn.com](http://www.ssrn.com)