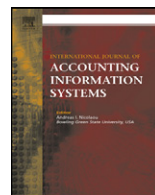




Contents lists available at ScienceDirect

International Journal of Accounting Information Systems



Enablers of top management team support for integrated management control systems innovations



Jessica Lee^a, Mohamed Z. Elbashir^b, Habib Mahama^{a,d,*}, Steve G. Sutton^{c,1}

^a Research School of Accounting and BIS, Australian National University, Canberra ACT 0200, Australia

^b College of Business and Economics, Qatar University, Doha, P.O. Box 2713, Qatar

^c College of Business Administration, University of Central Florida, P.O. Box 161400, Orlando, FL 32816, United States

^d College of Business and Economics, United Arab Emirates University, P.O. Box 15556, Al-Ain, UAE

ARTICLE INFO

Article history:

Received 7 January 2013

Received in revised form 22 July 2013

Accepted 28 July 2013

Keywords:

Top management team support
Integrated management control systems
TMT belief
TMT participation
TMT's strategic IT knowledge
TMT knowledge creation processes
CIO's strategic business knowledge
TMT/CIO interaction

ABSTRACT

Top management team (TMT) support has been identified as one of the most important critical factors to the success of management control systems (MCS) innovations. However, prior studies have taken TMT support for MCS innovations as a given rather than considering the factors that determine whether that support will actually exist and the extent thereof. Prior studies also follow a monolithic approach and treat TMT support for MCS innovations as a black box rather than a combination of processes and stages that develop sequentially over time. We conceptualise TMT support for MCS innovations as consisting of two stages (TMT belief and participation in MCS innovations). We draw on Upper Echelon and knowledge creation theories to motivate and test four enablers of TMT support for an integrated MCS innovation. We theorize the four enablers as TMT's strategic IT knowledge, TMT knowledge creation processes, CIO's strategic business and IT knowledge, and the interaction between TMT and the CIO. We test the research model using survey data that was collected from 347 Australian organisations. The results from the data analyses confirm the hypothesised relationships, supporting the theorized synergies among the four antecedents to TMT support. There are several implications for theory and practice that should be considered in future studies examining the role of TMT in supporting new MCS innovations.

© 2013 Elsevier Inc. All rights reserved.

* Corresponding author. Tel.: +61 2 6125 4857.

E-mail addresses: jess.lee.hc@gmail.com (J. Lee), mohamed.elbashir@qu.edu.qa (M.Z. Elbashir), Habib.Mahama@anu.edu.au (H. Mahama), Steve.Sutton@ucf.edu (S.G. Sutton).

¹ Tel.: +1 407 823 5857.

1. Introduction

The purpose of this study is to examine the enablers of top management team (TMT) members' support for integrated management control systems (MCS) innovations. Since Johnson and Kaplan's (1987) publication of "Relevance Lost: the Rise and Fall of Management Accounting", there has been significant attempts at innovating management accounting techniques and controls with the view to regaining practical relevance. More recently, management control innovations have focused on leveraging existing controls by taking advantage of the generative, analytical, and integrative capacity of information technology (IT) to develop integrated management control systems (Rom and Rohde, 2006; Williams and Williams, 2007; Grabski et al., 2011). The focus on "integrated" MCS rather than isolated MCS stems from the well-established view in management accounting literature that the management control systems of organisations do not operate in isolation; rather they are interrelated and work as a package (Otley, 1980; Dent, 1990; Chenhall, 2003; Malmi and Brown, 2008). The central issue in packaging controls through IT-based innovations is their ability to provide useful information through combining complementary management controls as a package. While in principle these innovations offer significant transformative capacities in the management control of organisations, research indicates that there is lower than expected adoption and implementation of these innovations (Granlund, 2011). The existing literature suggests that the lower uptake of these innovations is due to lack of top management team (TMT) support. Consequently, this paper focuses on examining the factors that drive TMT support for integrated MCS innovations.

Prior studies indicate that the role of TMT support is crucial for the successful adoption, implementation and use of MCS innovations. For instance, in contingency-based research, TMT leadership and support is one of the important organisational contingencies that determine the design and use of various MCS innovations (see for example, Cotton et al., 2003; Cavalluzzo and Ittner, 2004; Chenhall, 2004). Similarly, the strategic management literature highlights the important role that TMT plays in the design and use of MCS (Carpenter et al., 2004; Wilkin and Chenhall, 2010).² This line of research attributes the positive relationship between TMT support and the deployment of MCS to the authority and power inherent in TMT (Hambrick and Mason, 1984; Abernethy et al., 2010). Support by TMT is crucial as that determines the sufficiency of resources (such as finances, time, information and human resources) committed to MCS innovations (Anderson and Young, 1999; Chenhall, 2004; Naranjo-Gil and Hartmann, 2007) and also signals to organisational members what top managers consider strategically important to delivering outcomes.

Given the importance of TMT support for MCS innovation, most prior studies assume that such support will flow naturally and almost certainly for MCS innovation in all cases. Contrary to this, some existing research suggests that the nature and form of TMT support for MCS innovations are built over time and depend on several cognitive, psychological, and contextual factors (Hambrick et al., 1993; Lewis et al., 2003). Recent studies also show that the level of TMT support for MCS innovations varies across organisations (Anderson and Young, 1999; Liang et al., 2007). This evidence implies that rather than taking TMT support for MCS innovations as a given, it is essential to investigate and understand the enablers of the support. In doing so, this will enhance the theoretical and empirical links between their assumed reasons of existence and their impact on MCS innovations (Shields and Shields, 1998; Chenhall, 2003; Luft and Shields, 2003). Identifying the enablers of TMT support for MCS innovation will also help future research to build and test richer research models that link the antecedents of TMT support for MCS to organisational choices and outcomes.

This study makes several contributions to the current MCS literature. The study opens the black box of TMT support for MCS innovations by building and testing a richer model of the drivers of TMT support for MCS innovations. From a pragmatic standpoint, this study informs practitioners and consultants on how to generate TMT support for MCS innovations. By knowing these factors, organisations will be able to enhance them and achieve higher TMT support for integrated MCS innovation.

The structure of the remainder of the paper is as follows. The following section presents the theoretical development of the research model and hypotheses. An overview of the methodology, operationalization of constructs, data analysis, and discussion of results follow. We conclude with a discussion of limitations and implications of the findings for practice and future research.

² Upper echelon literature argues that organisations do not make choices but they are the reflection of its top managers who make those choices and decisions (Hambrick and Mason, 1984).

Download English Version:

<https://daneshyari.com/en/article/1005413>

Download Persian Version:

<https://daneshyari.com/article/1005413>

[Daneshyari.com](https://daneshyari.com)