

2nd Global Conference on Business and Social Science-2015, GCBSS-2015, 17-18 September
2015, Bali, Indonesia

Management Control System Design: An Interpretive Ethnography

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Abstract

This study is intended to explore the cultural values underlying the company's management control system design by using interpretive paradigm, an ethnographic method is carry out to explore the cultural meanings. The researcher chooses the X Padang Restaurant group (GRPXJ) as a research object. The GRPXJ management control system (MCS) is affected by the Minangkabau culture and modern values. Its MCS design is flexible, and it is not hierarchical organizational structure but more flat, decentralization patterned with large autonomy in every branch, accounting system are based on *mato* profit-sharing, and the management of restaurant is more like a self-organizing entity.

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Peer-review under responsibility of the Organizing Committee of the 2nd GCBSS-2015

Keywords: self organizing, culture; management control; decentralization, *mato* profit-sharing

1. Introduction

Ontological assumptions of the interpretive paradigm considered the social reality as those created by the human mind. Management control system (MCS) is an enterprise social reality created through experience and the human mind. Therefore, the formulation of the concept of management control system is not value free but value laden carried out by the author. The concept of management control system can be seen for example in the book by Robert N Anthony and Vijay Govindarajan, entitled Management Control System (Anthony & Govindarajan, 2007) and Modern Management Control System by Kenneth D. Merchant (1998). By using the interpretive perspective, those books of MCS can be seen as a value-laden, namely the values of a modern business-based capitalist economy. The concept states that the purpose of the management control system design is to implement the company's strategy to produce

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financial performance and the execution of the strategy to optimize the interaction between the design of the organizational structure, management control, human resource, and organizational culture (Anthony & Govindarajan, 2007: 5)

With a different environment background of the two books, Efferin & Hopper (1997) found that the management control system shaped by cultures, ethnic differences, history, politics, and commercial considerations. This means that management control system design is contextual which means that it can not be generalized, but it depends on the uniqueness of the company, which is influenced by socio-cultural of community, leadership, human resources, and political factors, where the company is located.

In the context of cultural studies, Hofstede (2010: 313-314) states that corporate culture is different from one another, because the organizational culture is influenced by culture, in which the actors, who determine the course of the organization, experiencing life and establish cultural values on himself. Excavation of the values that underlie the design of control system management into social and cultural roots that formed the cultural values needs to be done to shape the concept of management control systems. If Efferin and Hopper (2007) conducted a study of culture that shaped the MCS in a manufacturing company owned by Indonesia Chinese citizens, founded in the territory of Javanese culture. This study, however intends to explore the cultural value behind management control system in the Padang restaurant business organizations, owned by Indonesian Minangkabau's ethnicity, founded in Jakarta, Indonesia.

Padang Restaurants used as a research object are X Padang Restaurant group in Jakarta (GRPXJ), which is a business group that is founded outside the territory of the Minangkabau culture - but its founders are people who come from Minangkabau, West Sumatra, and still usual with Minangkabau cultural values. The grouping of Padang Restaurant into a restaurant which is in the region of Minangkabau culture, and that is not, is important to do because there are indications that when the Padang Restaurant is founded and located in the area of culture Minangkabau of West Sumatra Indonesian, the value of Minangkabau culture dominates the management of the restaurant (Naim et al., 1987). On the contrary, in the case of GRPXJ organization, which is founded in the city of Jakarta, the values influence the management of the restaurant is not only the values of Minangkabau, but also the values influenced by the dominant values that exist in Jakarta (see Hanif et al., 2015: 129; Hanif et al., 2013a). GRPXJ organization, however still has uniqueness as a Padang Restaurant whose management is based on mato profit-sharing, and the system that makes every branch of the restaurant an autonomous business unit (Hanif et al., 2015; Hanif et al., 2013a:2013b).

This study is intended to explore the cultural values that underlie the design of management control systems in GRPXJ. The research question is how the main actors of GRPXJ organization and management team understand and interpret the organization's management control system? Through this study the researcher expected to produced research findings that can enrich and give an alternative of potential concepts of management control systems.

2. Reseach Method

Selection of interpretive paradigm aims to understand and explore the meaning of a symbol (Triyuwono, 2012: 217-218). Symbols and meaning are two different thing. Symbol is something that is visible on the surface of reality, meanwhile, meaning is an understanding and a sense contained behind the symbol. This research uses an ethnographic method to explore the meaning of culture, that is embodied in the design of management control systems in GRPXJ organization. The reason behind choosing GRPXJ as an object of research, GRPXJ management has it own a uniqueness, different from others companies, using mato based profit-sharing in its management system (see Hanif et al., 2015).

Field study chooses an ethnography method of James P. Spradley with the developmental research process to obtain a complete picture of the cultural meaning of GRPXJ management control system, which is carried out systematically. The steps of process reseach developmental concept as follows: (1) establish informants, (2) interview informants, (3) make a notes of ethnography, (4) ask descriptive questions, (5) analyze the interview, (6) make domain analysis, (7) propose structural question, (8) make taxonomic analysis, (9) ask a contrast question , (10) make component analysis, (11) discover of the themes of culture from the informants perspective, (12) write a ethnography report (Spradley, 1997). Spradley approach is an emic approach, ie digging meaning of people within the organization regarding cultural atmosphere of MCS as part of their world. Then, the emic approach is combined with ethical approach

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