

The interplay between management control systems and organisational interpretive schemes in change towards sustainability

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Abstract

Purpose: This paper seeks to understand organisational change towards greater social and environmental sustainability, specifically focusing on the role of management control systems (MCS) in this process. The majority of the extant literature in management accounting and organisational change focuses on change that moves organisations towards greater commercialisation or a single bottom line. In the context of change towards sustainability where economic, environmental and social concerns have to be balanced, this paper argues that role of MCS in change is better understood within the context of organisational interpretive schemes (Laughlin, 1991).

Design/methodology/approach: In this paper the changes in MCS are theoretically framed using Simons (1995) levers of control framework, while the extent of organisational change is theorised using Laughlin's (1991) pathways of change model and Hopwood et al.'s (2005) approaches to sustainability typology is used to frame the direction of change. The empirical data is derived from an in-depth case study of an Australian multinational corporation in the banking sector.

Findings: The findings show that the process of organisational change and the role of MCS in change, especially in the sustainability context are better understood by viewing MCS as situated within and influenced by an organisation's interpretive schemes.

Practical implications: The paper suggests that if change of a radical nature is desired then change efforts must initially be concentrated toward altering the organisational interpretive schemes.

Originality/value: This paper examines the role and true nature of MCS in the context of change towards sustainability as opposed to change towards greater commercialisation.