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Reward Systems, MAS Information and Managerial Performance: The Impact of Ownership Type

Thu Thi Nguyen

Department of Accounting, Finance and Economics, Business School

Griffith Griffith University, Australia

thu.nguyen@griffith.edu.au

Lokman Mia

Department of Accounting, Finance and Economics, Business School

Griffith Griffith University, Australia

l.mia@griffith.edu.au

Allen Huang

Department of Accounting, Finance and Economics, Business School

Griffith Griffith University, Australia

a.huang@griffith.edu.au

ABSTRACT

Reward systems and managerial use of broad scope management accounting system (MAS) information are critical in improving managerial performance. Researchers remark that reward systems may affect the use of MAS information and performance; however, these effects vary in different contexts. Previous studies have examined the effects of contingency factors, such as organisational structure and external environment, on the use of MAS information and managerial performance. In transitional economies, however, such studies are few in number. Reward systems and ownership type play important roles in transitional economies and they are different from western countries. This empirical study, using a contingency approach, examines the relationships between reward systems and managerial performance, taking into account the role of managerial use of MAS information and ownership type in the context of Vietnam. One hundred and eighty-two department managers in Vietnamese enterprises with different ownership types participated in a cross-sectional survey. The findings indicate that managers' perception of the link between reward systems and performance was positively associated with managerial performance directly and indirectly via the use of MAS information. Regarding the impact of ownership type, the significance of the relationship between reward systems and managerial performance was driven by privately owned enterprises (POEs) and foreign-owned enterprises (FOEs). In addition, with the structural model for state-owned enterprises (SOEs), the use of MAS information fully mediates the relationship between reward systems and managerial performance while it plays a partial mediating role in POEs and FOEs.

Keywords: Contingency, department managers, transitional economies, Vietnam