

Paper#: K273

Responsibility Accounting System as a Belief System

Norio Sawabe

Kyoto University

sawabe@econ.kyoto-u.ac.jp

Sumitaka Ushio

Chukyo University

ushio_su@mecl.chukyo-u.ac.jp

ABSTRACT

This paper investigates how core values affect the design and use of a responsibility accounting system in an organisation, and how the responsibility accounting system function both as a diagnostic control system and a belief system simultaneously. Informed by Simons (1995b, 2000) levers of control framework, we analyse the relationship between a belief system and diagnostic control system through the investigation of a company's core values and its responsibility accounting system using a case study method. The core values of the case organisation are found to be constituted with competing values, which are reflected in various parts of the responsibility accounting system. While it is found that the responsibility accounting system is used primarily as a diagnostic control system to monitor performances relative to pre-set plans, dynamic tensions emerges not only between the diagnostic control system and the belief system, but also within the belief system. The competing values that are reflected in the responsibility accounting system are communicated through to the responsibility centre. The dynamic tensions between competing values induce responsibility centre leaders to confront with and challenge managerial trade-offs, dilemmas, and conflicts. Incorporated with competing values, the responsibility accounting system both constrains and enables framing of their responsibility in action at the lower management levels. The findings illustrate how the responsibility accounting system used both as a diagnostic control system and a belief system enables fast and creative (re)actions to changing environments at the lower management level. This paper contributes to the literature on the levers of control framework in two ways: firstly, by providing a multi-layered view of dynamic tensions, and secondly by providing a dialectic view of the dynamic tensions.

Keywords: Levers of control; dynamic tensions; belief system, diagnostic control system, responsibility accounting system; core values; competing values; dialectic view