

Paper#: K278

Interplay of Management Control Systems and Social Enterprises: A Case Study of a Social Enterprise in Vietnam

Rui Vieira

University of Amsterdam Business School
r.j.o.vieira@uva.nl

Tran Thi Lan Ha

University of Amsterdam Business School
Tran.lan.ha@gmail.com

Brendan O’Dwyer

University of Amsterdam Business School
B.G.D.Odwyer@uva.nl

ABSTRACT

This paper presents the results of a case study investigating the interplay between management control systems (MCS) and social capital in a Vietnamese social enterprise. We examine how bonding and bridging forms of social capital operated to resolve the tensions between the social and business goals of the social enterprise, and how this process was affected by the enterprise’s MCS. We show how an over-reliance on informal MCS and weak boundary systems contributed to financial mismanagement which threatened to simultaneously erode bonding capital, cultural capital and economic capital. This suggests that formal MCS, in particular strong boundary systems, may need to be enrolled earlier in a social enterprise’s development to prevent the risk of eroding well established bonding capital reinforced by strong belief systems. Unlike prior research in non-corporate contexts we found little evidence of belief systems deterring bridging capital. Moreover, in contrast to some prior research our findings suggest that belief systems should *not* necessarily add an efficiency focus to core social and cultural values when trying to resolve the tension between economic and cultural capital. Our case suggests that in some instances this focus should be integrated in diagnostic systems and interactive systems, with no need for the involvement of belief systems.

Keywords: Social Capital, Management Control Systems, Social Enterprises, Vietnam