

University of Technology, Sydney

**A study of the incorporation of multiple and conflicting stakeholder
interests into Management Control Systems**

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CERTIFICATE OF AUTHORSHIP/ORIGINALITY

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

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Abstract

This study investigates why and how multiple stakeholder interests are incorporated into management control systems (MCS). Management accounting literature has typically acknowledged the orientation of MCS to the interests of traditional stakeholders (shareholders, customers and employees), however, less is understood about how the interests of non-traditional stakeholders (environment or community) are incorporated into MCS and the trade-offs that arise as a result. This study was conducted as a qualitative single case study in a large Australian Listed Property trust over 18 months. By articulating greater complexity in the control problem as a result of multiple and conflicting stakeholder interests, this study makes two contributions to stakeholder and MCS theory and practice. First, in addressing the question, 'how are multiple stakeholder interests incorporated into MCS?' this research develops an analytic framework that identifies the ways that stakeholders' interests may be included, that is, through (1) the systematic and overt recognition of multiple stakeholders' interests in organisational objectives; (2) the type of MCS in place; (3) the extent to which each stakeholder's interest is reflected in the design and use of MCS; and (4) in the configuration of the control package. Second, in addressing the research question, 'is stakeholder salience related to the incorporation of stakeholder interests in MCS?' this study finds evidence of a positive relationship between stakeholder salience and the extent to which stakeholder interests are incorporated in MCS. The study adopts and extends a model of stakeholder identification and salience (Mitchell, Agle & Wood 1997) to provide guidance on how stakeholders are prioritised in MCS design and use when multiple highly salient stakeholders are present in one organisation.