



The Role of Management Control Systems in Open Strategy Processes

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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.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

Paul Jeyaranjan Thambar

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Abstract

The objective of this thesis is to understand the operation of open strategy processes, which are strategic activities that take place beyond the firm boundary and at the inter-firm level. Three related exploratory research questions are examined: *Why do firms engage in open strategy processes? How can management control systems facilitate open strategy processes? How do meta-capabilities influence firms' engagement in open strategy processes?* Management accounting researchers have considered strategy and management control systems (MCS) to be firm-level phenomena (Chenhall, 2003). Langfield-Smith (2005) has suggested that firms carry out inter-firm strategic activities, however, there is limited management accounting research that has explicitly examined this issue. We have limited knowledge of the factors that influence a firm's decision to engage in an open strategy process, of the systems required to facilitate these open processes and the meta-capabilities required which are resources used by a firm to facilitate strategic thinking and to support open strategy activities.

The thesis makes two contributions to management accounting theory. The first contribution is to introduce open strategy processes to the management accounting literature. By doing so, it extends our understanding of strategy processes beyond the firm-level. The second contribution of this thesis is to explain the operation of open strategy processes. This is based on the development of a framework (antecedent factors, collaboration mechanisms and meta-capabilities) for open strategy processes. Antecedent factors are external to the firm and provide incentive to engage in open strategy processes. These factors incentivise firms when their impacts are similar through their effects on firm-level factors (operational activities, revenue yields and production costs) and when these firms control limited amounts of strategic assets (research and development, innovation and commercialisation skills) to manage these external impacts.

Management control systems are theorised to operate *between* firms as collaboration mechanisms to enable open strategy processes. These mechanisms provide the *context* for firms to engage in collaborative activities and provide the basis for *coordination* of open strategy activities and resource appropriation. The meta-capabilities required for firm engagement in open strategy processes are identified and how they are used and deployed through management control systems that operate *between* firms is theorised.