

Management Control, Strategy and Sustainability: A Review of the Literature

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Introduction

- **Objective** – to review the literature on the relationship between management control, strategy and sustainability (organisation of the literature, state of our current knowledge, future research directions)
- **Motivation**
 - Key role of (sustainability) management control systems in shaping processes of (sustainability) strategy formulation and implementation is widely acknowledged (e.g. Simons, 1990; Langfield-Smith, 1997; Berry et al, 2009; Epstein and Wisner, 2005; Gond et al. 2012)
 - A growing body of literature on management control, strategy and sustainability has emerged over the last years and calls for further research have been made (e.g. Parker, 2000; Burritt, 2004; Chung and Parker, 2008; Durden, 2008)
 - Practical need to further embed sustainability into organisations and challenges in translating strategic aspirations for sustainability into practice (e.g. CIMA and Accenture Research 2011)

Key concepts

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- **Management control**

Formal and informal mechanisms, processes, systems, and networks used by organizations for conveying the key objectives and goals elicited by management, for assisting the strategic process and on-going management through analysis, planning, measurement, control, rewarding, and broadly managing performance, and for supporting and facilitating organizational learning and change (Ferreira and Otley, 2009)

- **Strategy**

Direction and scope of an organisation over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholders' expectations (Johnson, 1987)

- **Sustainability / CSR**

Broadly defined: responsible, ethical, social, environmental, sustainable; with links to the strategic measurement, control and management of the interaction between business, society and/or the environment (Bennett and James, 1997)

Research design

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- **Iterative approach**

1. Definition of keywords (see Appendix);
2. Keyword-based search on databases (EBSCO, Pro Quest ABI/Inform Global);
3. Review of abstracts and papers to select relevant articles;
4. Analysis of referencing section to identify further key articles (as well as books and book chapters);
5. Refinement and completion of the selection of papers.



- Initially, more than 70 papers selected for review

- **Difficulties**

- « Emerging » association which can be studied through various disciplinary lenses
- No-generally-accepted definitions of the concepts
- Implicit links between ‘MC, Strategy and Sustainability’
 - Stakeholder approach to socially-responsible MC
 - Integration of conventional and sustainability MC systems with implicit link to strategy
 - Process of sustainability strategies implementation with few details about MC

Emerging framework for analysis

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- **Frameworks**
 - Theoretical frameworks
 - Strategy frameworks
 - MC frameworks/models
- **Content**
 - Research focus
 - Research scope/questions
 - Integration perspective
 - Type of controls considered
- **Methodology**
 - Conceptual/theoretical/empirical
 - Research method and design

First observations - Frameworks

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- **Theoretical frameworks**
 - Less evident (one third with almost no reference to theory/frameworks)
 - Very little explicit use of traditional theory schools (RBV, contingency theory)
 - Practice-orientated “theories”/ frameworks (BSC, Bus Excellence Framework) prevalent
- **Strategy frameworks**
 - Traditional understanding of strategy, deliberate view of strategy
 - Few studies explore the role of MCS in formulating strategy
- **MC frameworks/models**
 - Frequent use of SBSC framework as strategic performance measurement system
 - Broader more recent performance management and control frameworks not applied

First observations - Content

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- **Research focus**
 - Process of sustainability strategies implementation with few details about MC
 - Sustainability management controls with implicit link to strategy
 - Strong focus on the relationship between all three aspects
- **Research scope/questions** (based on Tucker et al, 2009)

MC	Design	Use
Strategy		
Content	e.g. Dias-Sardinha et al, 2002	?
	e.g. Perego and Hartmann, 2009	
Process	e.g. Dias-Sardinha et al, 2007	e.g. Adams and Frost, 2008
	e.g. Gond et al, 2012	

First observations - Content

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- **Integration perspective**
 - We aim to include the integration notion into Tucker et al's (2009) framework
 - Integration of control systems and their impact on strategising sustainability (Gond et al, 2012)
 - Role of control systems in the integration of strategies (Yakhou and Dorweiler, 2004)
- **Types of controls considered**
 - The large majority of the reviewed articles concentrate on ***formal and accounting-based control mechanisms*** – despite the important role informal control might play in this context (e.g. Norris and O'Dwyer, 2004) and the previously demonstrated interactions between formal and informal controls (Langfield-Smith, 1997)

Preliminary findings - Methodology

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- **Conceptual/theoretical/empirical**
 - More than half of the papers are prescriptive without any empirical part (or with illustrative cases only)
 - Empirical papers: often descriptive, illustrative
- **Research method and design**
 - Often (single) case-based, 7 survey-based papers (./ . Tucker et al, 2009)
 - In-depth fieldwork → response to calls for more « engaged research » (eg Adams and Larrigana-Gonzales, 2007)
 - Mostly large private firms (few SMEs, one public firm)
 - Respondents/interviewees: often CSR managers (exceptions: CEOs, Galbreath, 2010; Financial managers/controllers, Perego and Hartmann, 2009), multiple respondents from various departments in some of the single case studies

Thank you for your attention.

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