

Management control and their limitations



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Management controls, their limitations, and the nature of social constraint: the implications for corporate governance practice Draft (M. Phil/Ph. D) research proposal by Peter Carroll University of Greenwich, Business School Paper presented at the Management Control Association workshop at The Institute of Chartered Accountants in England & Wales, Friday 27th February 2009 Draft research proposal (approval by University's research committee to be obtained) Please do not quote without permission. Comments welcome to the author at[(mailto:)]ac. uk Abstract

A series of corporate collapses over the last two decades has generated considerable debate and a strengthening of corporate governance requirements. But throughout the belief has been maintained that reliance can be placed on the effectiveness of systems of internal(/management) control. The proposed research seeks to critically review the foundations of this doctrine through a theoretical and empirical review of management controls, their limitations, and the nature of social constraint. A critical realist methodology is adopted within which current debates in social theory about the relationship between human agency and social structure within the process of structuration will be examined, including issues concerning the nature of social constraint and emergence within social phenomena, and areas of possible empirical disagreement highlighted. An extensive research design combined with primarily a qualitative approach is proposed and multiple case studies of recent corporate collapses, together with a major corporate accident, will be undertaken using histographic methods.

The empirical work seeks analytic rather statistical generalizations and proposed methods are outlined for safeguarding the validity and reliability of

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the findings. The on-going, iterative and uncertain nature of research is recognized and a high-level management, baseline plan incorporating both elements of both fixed and flexible design put forward. Introduction Research focus and problems: A series of corporate collapses has occurred over the last 20 years or so, which have given rise to considerable debate about corporate governance and an increased focus upon the effectiveness of internal controls and risk management.

Yet despite numerous changes in corporate governance requirements and a tightening-up of regulations to a point where there are concerns about the costs and administrative burdens of these regulations, such corporate scandals[1] continue unabated. Past scandals have generally been treated, especially by officialdom, as relatively isolated incidents of audit and/or regulatory failure, however, the current global financial crisis suggests that there may be broader system-wide problems.

Many of the principles, concepts and models that underlie corporate governance discourse and practice have remained largely unchanged, and unchallenged, throughout this period. The idea that reliance upon systems of internal (/management) control by directors, managers, auditors and, indirectly, other stakeholders has remained a central tenet through-out. The research, which will be both theoretical and empirical, seeks to establish: • what basis is there for placing reliance upon management/internal controls within organizations; and the extent of any such reliance? A broad structurationist social theory will be adopted, which recognizes the interdependence of structure and agency in explaining the production of social structures; whilst starting from a position of agnosticism on the <https://assignbuster.com/management-control-and-their-limitations/>

question of the nature of the relationship between these two elements.

Within this framework, management controls will be viewed in relation to the nature of social constraint and as human activity/social systems.