

ABSTRACT

This research used the contingency and resource-based view theories to examine effect of management control systems on corporate performance mediated by capabilities corporate mediating, and to examine the effect of organizational culture on the relationship between management control systems and corporate capabilities. The specific aims of this research were to examine: the effects management control system consisting of beliefs system, boundary system, diagnostic control system, and interactive control system on corporate capabilities; the effects of corporate capabilities consisting of market orientation, innovativeness, organizational learning, and entrepreneurship on corporate performance; the direct effects of management control systems on corporate performance; and the mediating role of organizational culture in the relationship of management control systems and corporate capabilities.

This research employed a mail survey as data collection model and judgment sampling method. Sample were gathered from manufacturing company listed in the Indonesia Stocks Exchange and they are represented by Chief Financial Officers and managers as respondents. There were 229 respondents participate from 60 companies. The research used a Structural Equation Modeling to analyze the hypotheses of the study.

The results of this study indicated that management control systems consisting of beliefs system, boundary system, diagnostic control system, and interactive control system have a positive effect on corporate capabilities. The empirical evidence showed that corporate capabilities consisting of market orientation, innovativeness, organizational learning, and entrepreneurship have a positive significantly effect on corporate performance. Meanwhile, management control systems consisting of beliefs system, boundary system, diagnostic control system, and interactive control system do not affect on corporate performance. Furthermore, the empirical result also showed that organizational culture strengthen the effect of management control systems relationship on corporate capabilities.

Key words: management control systems, corporate capabilities, organizational culture, corporate performance, contingency theory, resource-based view theory.

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