

MANAGEMENT CONTROL SYSTEM AND ITS EFFECT ON ORGANIZATIONAL CITIZENSHIP BEHAVIOUR AND TURNOVER INTENTION

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Abstract: To realize the vision and mission of a company, human resources, especially managers have a very important role. Effectiveness, efficiency, and good performance must be owned by managers. Therefore, understanding and controlling the behavior of managers is something that must be done. With this requirement as a formal system in the company, management control systems are functioning to control a wide range of business activities, and it can be used to influence the behavior of managers. Organizational citizenship will encourage managers to do more business and in turn organizational citizenship is expected to reduce negative behaviors of employees such as turnover intention. This study examines: (1) the influence of organizational citizenship, 2) the role of organizational citizenship on turnover intention; and 3) the role of organizational citizenship as a mediating variable in the relationship between management control systems and turnover intention. This study has used the primary data analysis through questionnaire technique and applied descriptive and structural models to examine the relationship between variables. The results show that management control systems have a positive influence on organizational citizenship behavior, while organizational citizenship behavior has a negative influence on turnover intention. Further analysis shows that organizational citizenship behavior controls turnover intention.

Keywords: management control systems (MCS), organizational citizenship behaviour (OCB), turnover intention, warp partial least square 5.0, Indonesia

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Introduction

In this era of rapid economic growth, business competition must be faced by companies in various sectors globally and only companies that have high competitiveness will survive. Given the high demands of this business world, companies should be more intelligent in managing their resources, especially human resources that spearhead the achievement of organizational goals of managers.

However, in order to achieve organizational objectives, the company must be able to integrate the efforts of the workers and directly lead them to focus on the goals of the company (Ahmad et al., 2016). The need for human resource integration

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requires the company to have a management control system (MCS). MCS is also used to influence the behavior of human resources within the organization there by increasing the achievement of organizational goals (Flamholz et al., 1985). Furthermore, according to Simons (1995), the MCS is more effective if the company adopts the MCS's levers of control. The MCS's levers of control consists of four systems namely the belief system, the boundary system, the diagnostic control system, and the interactive control system. Simons (1994) explains that a MCS does not only consist of rules and performance evaluation, but the system is also able to encourage self-confidence and the learning process among employees.

Literature Review

According to Merchant and Van der Stede (2012), the MCS includes all the tools and systems that managers use to ensure that the behavior and decisions of employees are consistent with corporate goals and strategies. Simons (1994) divided the MCS into several dimensions of MCS, which is incorporated into the levers of control consisting of the belief system, the boundary system, the diagnostic control system, and the interactive control system, in which each dimension can solve the turnover intention problem. The four dimensions of levers of control developed by Simons (1994) have different effects to individual. Belief system and interactive system will tend to give a positive impact for the individual, it engendering to any form of behavior that can benefit the organization (Salem et al., 2018).

Furthermore, with the diagnostic control system, the monitoring is conducted by the supervisor on the achievement of targets and the realization and deviation that occurs with the work carried out by the subordinates. This is done so that the subordinates who run or occupy the position of the company's strategy can avoid the big risks that will result in corporate losses and impact on the loss of work; then the subordinates would feel protected and noticed by the company and the employees would feel comfortable and happy in the company. Finally, an interactive control system includes the good interaction that occurs between superiors and subordinates, in making decisions by subordinates. This means the subordinates are considered important and able and voluntarily take part in decision-making for the prosperity of the company, so that ultimately subordinates have no desire to move and look for a new job.

The hypothesis developed in this study are as follows:

H₁: MCS affects OCB positively

H₂: MCS affects Turnover Intention negatively

H₃: OCB affects turnover intention negatively

H₄: OCB is a mediating variable for the relationship of MCS and Turnover Intention.

Research Methodology

The population in this study is all middle-level and upper-level management (middle-top management) from 48 companies operating in the Industrial Forest Plantation (HTI) in Riau Province. In this study, we do not have complete information about the number of managers of the entire population we studied. Therefore, the sample was taken on the basis of the researcher's judgment that in one company has at least three managers in the middle-level and upper-level management positions. Based on the judgment, questionnaires were distributed directly to 48 companies of industrial forest plantations in Riau with 3 questionnaires for each company, so the total number of questionnaires distributed was 144 questionnaires. Of the 144 questionnaires distributed, 66 questionnaires were received. After doing the data preliminary analysis, it was found that 3 questionnaires were not filled completely, and 5 other questionnaires were invalid, so it was dropped. Thus, the total data that can be further processed is 58 (40%).

Data Analysis and Results

Table 1 present the descriptive statistic for the construct being studied.

Table 1. Descriptive Outcomes

	N	Actual Score Min-Max	Mean	Std. Deviation
MCS	58	90 – 154	5,76	0,70
Beliefs system	58	12 – 28	5,34	0,96
Boundary system	58	18 – 28	5,87	0,72
Diagnostic system	58	48 – 77	5,91	0,69
Interactive system	58	9 – 21	5,64	0,96
OCB	58	30 – 54	5,36	0,82
TOV	58	10 – 21	4,79	0,99
Valid N (listwise)	58			

Outer model is used to test the construct validity and instrument reliability (Latan and Ghazali, 2012; Hussain et al., 2019). The results are summarized in Table 2.

Table 2. Latent Variable Coefficients Parameter

Criteria	MCS	OCB	TOV	Notes
Full. Collin. VIF	2.235	1.885	2.742	Free of collinearity problem or <i>common method bias</i>
AVE	0.716	0.624	0.788	Valid
Cronbach's Alpha Coeff.	0.868	0.912	0.863	Reliable
Composite Relia. Coeff.	0.910	0.929	0.917	Reliable
R-squared Coeff.		0.357	0.645	

The common method bias is the bias caused by a common method variance (CMV) that affects the correlation between the variables measured by the same method (Jogiyanto, 2014). To evaluate the existence of the common method bias in this

study, the value of full collinearity test from WarpPLS program is used. Full collinearity test values are used to analyze the problem of vertical and lateral multicollinearity (Solihin and Ratmono, 2013). Table 1 above shows that all the construct variables in this study have MCS (2,235), OCB (1885), and TOV (2,742) <3.3, which means that all the variables in this study are free from the collinearity problem.

In a study that measures using a questionnaire, it is important to ensure that the data that will be analyzed has qualified the validity and reliability tests. In the analysis using the WarpPLS 5.0, the validity and reliability test results can be seen in the convergent validity and reliability from the latent variables' output coefficient. Validity in the equation structural analysis modeling (SEM) is divided into convergent validity and discriminant validity. Convergent validity is part of the SEM-PLS measurement model in which the WarpPLS 5.0 program can be seen from the AVE value and loading factors. According to Fornell and Lacker (1981) in Solihin and Ratmono (2013), the AVE criteria used should be above 0.05. Discriminant validity can be seen from the AVE's square root criteria in the diagonal column by a parenthesis that should be higher than the correlation between the same latent variables (Solihin and Ratmono, 2013).

In Table 2, we can see the AVE values of each construct variable such as MCS (0.716), OCB (0.624), and TOV (0.788) having values of above 0.5. Then, in the second order construct process MCS researchers consider that there are some indicators issued such as BES4, BS1, DCS1, DCS6, and DCS11, because it has an indicator value of loading of below 0.60 and the indicators have a high correlation to other construct dimension variables. Furthermore, in Table 3 below, it can be seen that the value of loading factors of each indicator value to each construct variable has a value of above 0.60. This means that all indicators of the construct variables used have correlations to their respective construct variables or can be said to meet the eligible validity.

Table 3. Loading Factors and Cross Loading

Constructs Indicators	MCS	OCB	TOV
BES	0.815	0.026	-0.167
BS	0.829	-0.02	-0.072
DCS	0.884	-0.04	-0.058
ICS	0.856	0.036	0.288
OCB1	-0.252	0.614	0.171
OCB2	0.373	0.838	-0.286
OCB3	-0.182	0.796	0.053
OCB4	0.065	0.837	-0.061
OCB5	-0.419	0.699	0.271
OCB6	0.08	0.832	-0.061
OCB7	0.186	0.847	-0.039
OCB8	0.001	0.826	0.045
TOV1	-0.306	0.163	0.798
TOV2	0.094	-0.003	0.924

TOV3	0.169	-0.136	0.933
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The discriminant validity is assessed based on cross loading and square root (square roots) average variance extracted (AVE). If the construct correlation with the measurement item is greater than the size of the other construct, it will show that the latent construct predicts the size on the block better than the other block size. It means that the correlation value of the same indicators in the same variable is better than the indicator of other variables (Henseler et al., 2012). In Table 3 above, the crossload value of each variable indicator in this study has fulfilled the requirements of discriminant validity where the correlation of the indicator on the variable measured is better than the correlation value with the other variable or indicator. The square roots average variance extracted (AVE) can be seen in Table 4.

Table 4. Square Roots Average Variance Extracted (AVE)

Variable Construct	MCS	OCB	TOV
MCS	0.846	0.576	0.735
OCB	0.576	0.790	0.675
TOV	0.735	0.675	0.887

In Table 4 above, it can be seen that each of the construct variables such as MCS (MCS), organization citizenship behavior (OCB), and turnover intention (TOV) can explain more variants in the measurement of the item / indicator itself than by sharing it with other construct variables. This is seen from the AVE root square values that are greater than the correlation between the latent construct variables in the model, so the above values are said to be good and qualify for discriminant validity

Furthermore, there are two ways to measure the reliability of a construct with reflexive indicators namely by looking at the value of composite reliability and Cronbach's alpha. If the Composite reliability or Cronbach's alpha generates more than 0.70 (confirmatory research), then all the constructs are reliable (Latan and Ghazali, 2012), which can be seen from the output latent variable correlation in the WarpPLS 5.0. The results of the reliability test in this study, can be seen in Table 1 above where the value of the Cronbach's alpha coefficients of each construct variable is MCS (0.868), OCB (0.912), and TOV (0.863) and above 0.70. The composite reliability coefficients construct variables are MCS (0.910), OCB (0.929), and TOV (0.917) and above 0.70. The results of these two criteria to measure reliability can conclude that all construct variables used in this study have a high reliability.

Structural Model (Inner Model)

Structural Model (inner model) is credited with the R-Square (coefficient) for each endogenous latent variable. The higher the R square, the better the model is (Solihin and Ratmono, 2013). The value of R-square for the OCB variable is

equivalent to 0.360. These results show that the MCS can influence 36.00% of the presence of OCB, while the remaining 64.00% is influenced by other variables. Furthermore, for the turnover intention variable, the obtained R-square is 0.652. These results show that 65.20% of the turnover intention variable is affected by the MCS, while the remaining 34.80% is influenced by other variables.

Furthermore, the Inner Model (inner relations, structural models, and substantive theory) describes the causal relationship between the latent variables (Southern and Ghozali, 2012). Hypothesis Testing with the WarpPLS 5.0 program was carried out with a 2-step study using a step-wise structural testing (Solihin and Ratmono, 2013). In the first step, the examination is done to determine whether the MCS has a direct influence on the turnover intention (H1). In the second step, estimation is done using the PLS with the OCB as a mediator variable as illustrated in Figure 2, to test the other hypotheses (H1-H4). In this study, prior to testing the proposed hypothesis, the first step is to look at the suitability of the four MCS indicators: belief system, boundary system, diagnostic system, and interactive system as MCS construct through second order analysis. After the results are known then the hypothesis were tested.

Results (see Table 3, panel B) show that MCS affects the turnover intention (coefficient: - 0.482; $p < 0.001$), thus the first hypothesis (H1) is supported statistically and accepted. The results of this study support the testing conducted by Chen et al. (2004), which state that the MCS can reduce the level of turnover intention in the company. The concept of the MCS (Simons, 1994), with its four dimensions will formally instill confidence in the company's vision and mission and the employees who are explicitly communicated to and systematically enforced to provide basic values, goals, and direction for the organization (Simons, 1994). This system is beneficial to the organization because it gives positive things through personal trust to the company so that turnover intention decreases. Furthermore, the boundary system is created through the execution of the code of ethics, the system of strategic planning, and the execution through orders given to business managers with inherent standards (Simons, 1994). Standards are imposed for each activity to be done in a planned manner with a definite purpose. Thus, the certainty of the task will provide comfort to the employees, especially managers in carrying out responsibilities, and turnover intention will be reduced.

Diagnostic system is a system used to motivate employees in order to provide performance and adjustment of their behavior, with goals to be achieved in the organization / company. The diagnostic control system is a formal feedback system used to monitor organizational outcomes and correct deviations that occur from predetermined performance standards (Simons, 1994). With this system enforced, performance appraisal will be done carefully and fairly, so the manager will give the best performance and not hesitate to stay in the company, so that turnover intention decreases. Finally, Interactive system is a system that allows employees to learn, so the organization can encourage new ideas that can be used to improve employees' positive behavior. The opportunity given and task delegation will make

the manager's ability to grow. This then creates a pleasant work atmosphere for those who are persistent and active so that turnover intention decreases (Kamarudin et al., 2019).

Furthermore, OCB has a negative correlation with turnover intention (coefficient: -0.398; $p < 0.001$) thus the third hypothesis (H3) is accepted. This result is in line with the results of Chen et al. (1998). Employees who show a high level of OCB will foster favourable norms and values of organizational behavior in accordance with the theory of P-O Fit (Cable and DeRue, 2002). OCB among employees is reflected through high sportsmanship towards one's colleagues. Thus, employees of organizations tend not to complain, maintain a positive outlook at work, and will work for the good of the group at the expense of personal interest. Therefore, an individual who behaves thus, tends to be committed to the organization and does not have enough to hold a negative image of their work environment. Therefore, OCB will make employees work permanently in the organization (Chen et al., 1998). In Table 5 (panel C), we can see the significant effect of MCS on turnover intention after mediated by OCB; it proves that the relationship between MCS and turnover intention has partial mediation by OCB.

Table 5. Significant effect of MCS on turnover intention after mediated by OCB

Panel A. Direct Effect - Without Latent Variable OCB in Model				
Direct Effect	Path Coeff.	Effect Size	P Value	Notes
MCS → TOV	-0.746	0.556	<0.001	Negative, large and Significant
Panel B. Direct Effect - With Latent Variable OCB (as mediator) in Model				
Direct Effect	Path Coeff.	Effect Size	P Value	Notes
MCS → TOV	-0.482	0.356	<0.001	Negative, large and Significant
MCS → OCB	0.597	0.357	<0.001	Positive, large and Significant
OCB → TOV	-0.407	0.289	<0.001	Negative, Moderate and Significant
Panel C. Indirect Effect - With Latent Variable OCB (as mediator) in Model				
Indirect Effect	Path Coeff.	Effect Size	P Value	Notes
MCS → OCB → TOV	-0.2476	0.180	0.003	Negative, Moderate and Significant
Notes: Effect Sizes have a rule of thumb as follows: small ≥ 0.02 ; moderate ≥ 0.15 ; and large ≥ 0.35 ; Level of Significance of P Value should be < 0.05 (P Value $< 5\%$)				

As per the discussion with reference to earlier studies, research work of (Cravens et al., 2004; Jensen et al., 2013; Kim, 2012; MacKenzie et al., 1991; Muhammad et al., 2014; Niehoff and Moorman, 1993) have reasonably justified the findings through symmetrical outcomes with this research.

Conclusions

This study was able to demonstrate empirically that the MCS affects the behavior of members of an organization such as the OCB and turnover intention. From the research conducted, all the hypotheses in this study are accepted. The study also managed to prove that the OCB is a partial-mediator in the relationship between the MCS and turnover intention. The importance of OCB is consistent with the findings of past studies such as Chen et al. (2004), which found that the MCS affects the OCB and the OCB affects employee turnover. However, they did not propose a mediation effect.

This study is subject to several limitations. First, the research was limited to a small number of samples obtained. This was due to the small population of industrial forest companies. Future research can be conducted in different types of industries such as construction and service industries. Future research is expected to add the number of survey's respondents and expand the scope so that the expected level of generalization will be accurate. Second, the study framework covers two organizational outcomes, OCB and turnover intention. Perhaps, future studies can include other factors such as job satisfaction, trust, motivation, and reward as outcome variables or mediation variables, such as Uusi-Kakkuri and Brandt (2015).

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SYSTEM KONTROLI ZARZĄDZANIA I JEGO WPŁYW NA ZACHOWANIE ORGANIZACYJNE OBYWATELI ORAZ ICH INTENCJE ZAKUPOWE

Streszczenie: Aby zrealizować wizję i misję firmy, bardzo ważną rolę odgrywają zasoby ludzkie, zwłaszcza menedżerowie. Menedżerowie muszą się charakteryzować skutecznością, wydajnością i dobrymi wynikami. Dlatego zrozumienie i kontrolowanie zachowań menedżerów jest czymś, co należy zrobić. Dzięki temu wymogowi w firmie funkcjonują systemy kontroli zarządzania, które kontrolują szeroki zakres działań biznesowych i mogą być wykorzystywane do wpływania na zachowania menedżerów. Obywatelstwo organizacyjne zachęci menedżerów do prowadzenia większej działalności, a z kolei obywatelstwo organizacyjne ma zmniejszyć negatywne zachowania pracowników, takie jak zamiary zakupowe. Niniejsze badanie analizuje: 1) wpływ obywatelstwa organizacyjnego, 2) rolę obywatelstwa organizacyjnego w intencjach zakupowych; oraz 3) rolę obywatelstwa organizacyjnego jako zmiennej pośredniczącej w związku między systemami kontroli zarządzania a intencją zakupową. W badaniu wykorzystano analizę danych pierwotnych za pomocą techniki kwestionariuszowej i zastosowano modele opisowe i strukturalne do zbadania zależności między zmiennymi. Wyniki pokazują, że

systemy kontroli zarządzania mają pozytywny wpływ na zachowanie obywatelstwa organizacyjnego, podczas gdy zachowanie obywatelstwa organizacyjnego ma negatywny wpływ na zamiar obrotu. Dalsza analiza pokazuje, że zachowanie obywatelstwa organizacyjnego kontroluje zamiar obrotu.

Słowa kluczowe: systemy kontroli zarządzania (MCS), zachowanie organizacyjne obywateli (OCB), zamiary zakupowe, metoda najmniejszych kwadratów, Indonezja

管理控制系统及其对组织公民行为和离职意图的影响

摘要: 要实现公司的愿景和使命, 人力资源尤其是管理者具有非常重要的作用。管理者必须拥有有效性, 效率和良好的绩效。因此, 理解和控制管理者的行为是必须要做的事情。将此要求作为公司的正式系统, 管理控制系统可以控制各种业务活动, 并可用于影响管理人员的行为。组织公民身份将鼓励管理者做更多的业务, 反过来, 组织公民身份有望减少员工的负面行为, 如离职倾向。本研究考察了: (1) 组织公民的影响, 2) 组织公民对离职倾向的作用; 3) 组织公民身份作为管理控制系统与离职倾向之间关系的中介变量的作用。本研究采用问卷调查技术进行原始数据分析, 运用描述性和结构模型检验变量之间的关系。结果表明, 管理控制系统对组织公民行为有积极影响, 而组织公民行为对离职倾向有负面影响。进一步分析表明, 组织公民行为控制着离职倾向。

关键词: 管理控制系统(MCS), 组织公民行为(OCB), 离职倾向, 扭曲偏最小二乘 5.0, 印度尼西亚