

# Integrating confidence evaluation between leaders and subordinates in the Management Control System: a proposed questionnaire

## Abstract

**Objective:** Analyze how the confidence between leaders and subordinates relates to the Management Control System (MCS) with a view to the attainment of the organizational objectives. The specific objectives are: to identify how confidence is established in the relation between leaders and subordinates inside organizations; to examine the relation between confidence and the execution of the MCS; and to elaborate a questionnaire for the leaders and subordinates for the future quantitative analysis of the relation between confidence and MCS components, facilitating the attainment of the organizational objectives.

**Method:** Case study including semistructured interviews at two companies in Curitiba (PR) and discourse analysis of the collected data.

**Results:** The three types of confidence occurred in the relation between leaders and subordinates, mainly due to the transparency of the MCS and of the goal attainment. The relationships of confidence that can appear in the elaboration and transmission of MCS information were also verified.

**Contributions:** This study innovates by proposing the items for the construction of a questionnaire that permits the joint analysis of the MCS package components and of the confidence types, in relation with the organizational objectives. The relevant role of confidence for the efficacy of the MCS is highlighted.

**Keywords:** Confidence. Leaders and subordinates. Organizational objectives. Management Control Systems.

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## 1. Introduction

In the accounting environment, trust has been defined as the adoption of a belief by one party in a relationship in which the other party is not going to act against its interests, where that belief takes place beyond doubt or improper suspicion and without detailed information about the actions of the other party (Tomkins, 2001). Trust is hard to gain and easy to break though because, once it is significantly affected, it will be difficult for the same people to regain it under the same conditions, eventually making employees choose to leave the organization (Smith, 2005).

Therefore, within organizations, trust between leaders and subordinates is “a very important issue because most relationships within an organization need to be built and nurtured over time” (Smith, 2005: 521). In this study, the label leader-subordinate is used to analyze the existing trust relationships within the organization, in line with the studies by Ferrante (2006), Hartman and Slapnicar (2009), Bruno (2013) and Vaz and Espejo (2017), which assess links between superiors, that is, the leaders, and people who act in positions under their subordination, i.e. the subordinates.

Considering how trust manifests itself within the information environment generated by Accounting, the study of control systems, and the way its configuration is presented to the users becomes a key part in understanding relationships among members of the organization. Control systems encompass formalized procedures and systems that use the information to maintain or change organizational activity standards (Simons, 1987), and that information is disclosed in a socially responsible manner, fulfilling an obligation to the stakeholders (Durden, 2008). Malmi and Brown (2008) indicate that systems, standards, practices, and values that aim to drive employee behavior are denominated management controls; if they are complete systems, as opposed to a simple rule, then they should be classified as a Management Control System (SCG). If they are only designed to support decision making at any organizational level, leaving systems unmonitored, they should be termed “management accounting systems.”

This study seeks to answer the following question: **How does trust between leaders and subordinates relate to the Management Control System in order to promote the achievement of organizational goals?** To answer this question, it aims to: identify ways of establishing trust in the relationship between leaders and subordinates within organizations; examine the relationship of trust for the execution of the Management Control System; and to prepare a questionnaire to be applied to leaders and subordinates, aiming for a future quantitative analysis of the relationship between trust and components of the MCS and facilitating the achievement of organizational objectives.

This study is justified when analyzing that the aspects related to the trust of the accounting professional extend to the actual configuration of the system, trust being an essential characteristic of the practice, to the extent that the role of the information and its communication can either construct or destroy the trust among the people involved in the organization (Baldvinsdottir, Hagberg, Johansson, Jonäll & Martons, 2011). Therefore, the justification for choosing the analysis of the trust construct in organizations is supported by this characteristic of the profession and the information the accounting system generates, which is intrinsically linked to its effectiveness.

In this sense, the General Principles of Management Accounting, entitled “stewardship”, builds trust and indicates that entities’ relationships and resources need to be actively managed so that the financial and non-financial assets, reputation and value of the organization are protected (AICPA, 2016). This is provided by the trust between the parties, as it is the “basis of good relations, either between colleagues or between organizations and clients, investors, suppliers and society in general” (AICPA, 2016, p.11). Therefore, Management Accounting professionals need to act with integrity, objectivity and constructively challenge decisions that do not align with company values, also encouraging their colleagues to act in a similar way (AICPA, 2016).

As a theoretical contribution, this study seeks to elaborate a questionnaire that permits a joint analysis of the components of the MCS package, according to the concept of Malmi and Brown (2008) and the trust aspects, establishing links with the organizational objectives, according to the theoretical model proposed by Vaz and Espejo (2017). It differs from previous studies as it provides, in the same model, the examination of the leader's trust in the subordinate and the opposite, the subordinate's trust in the leader, also including all the components of the MCS package in this same analysis. As a practical contribution, it seeks to provide a discussion within the organizations, highlighting the role of trust as relevant in achieving the effectiveness of the components of the MCS.

This study is organized as follows: in item 2, the theoretical background is presented, with concepts and earlier studies regarding MCS, trust, and organizational objectives. Item 3 presents the method adopted in this study. In Item 4, the data from the case studies are analyzed and discussed. Item 5 contains the Final Considerations, followed by the References used and the Appendix elaborated.

## **2. Confidence and the achievement of the Organizational Objectives set by the Management Control System**

According to Malmi and Brown (2008), the main focus of the Management Control System theory is to design the system to produce the desired ends. For Alves (2010, p. 07), the MCS minimizes the uncertainties arising from the difficulties and opportunities companies face, such as "changes in the demand for products and services, lower productivity, misalignment of the workforce in relation to strategic guidelines, lack of integration". Thus, the MCS assures the accomplishment of the organizational objectives, reducing the impacts that could not be foreseen in the company planning.

In terms of organizational goals, Kilmann and Herden (1976) indicate that organizations generally seek four organizational goals: internal efficiency (maximizing business efficiency with the highest possible sales volume at the lowest cost); external efficiency (maximize the firm's ability to acquire resources from other organizations and distribute products and services to customers); internal effectiveness (maximizing employee motivation and task engagement); and external effectiveness (maximizing the level of satisfaction of society - community, suppliers and consumers - with the company).

For Malmi and Brown (2008), seeing MCS as a package can facilitate the development of a more robust theory of control projection, supporting organizational goals and boosting organizational performance. In the view of Malmi and Brown (2008), the five elements of the MCS package are: cultural controls (values, beliefs and social standards); planning (define objectives of the organization's functional areas, providing the standards to be achieved in relation to the goal); cybernetic controls (set performance standards or goals to be met); reward and compensation (motivate and increase individual performance); and administrative controls (monitor behavior and indicate the governance structure).

Thus, while these five MCS elements individually perform the function of controlling employee behavior, it is important that they are understood as a package because the configurations and connections among the elements need to be analyzed according to the results and performance they produce (Malmi & Brown, 2008). For King and Clarkson (2015) and Bedford, Malmi and Sandelin (2016), there are several ways in which companies can combine management control practices in a particular strategic context in order to promote system effectiveness.

Also considering the elements that could favor the execution of the MCS, it was observed that earlier studies have repeatedly investigated its relation with the trust within organizations (Vaz & Espejo, 2017). In the field of Accounting, trust has been defined as the belief that management will carry out what is in the best interest of the organization (Smith, 2005).

According to Tomkins (2001), trust allows us to adopt schemes that provide freedom of choice without trying to process more information about the world than it is capable of doing. Thus, institutions can foster trust in relationships, anticipating positive motives without high levels of monitoring (Rousseau, Sitin, Burt & Camerer, 1998). Institutional controls can also undermine trust though, especially when legal mechanisms give way to rigid responses and conflict because, in more fluid work environments, trust can prove important to the ability of workers to self-organize (Rousseau et al., 1998).

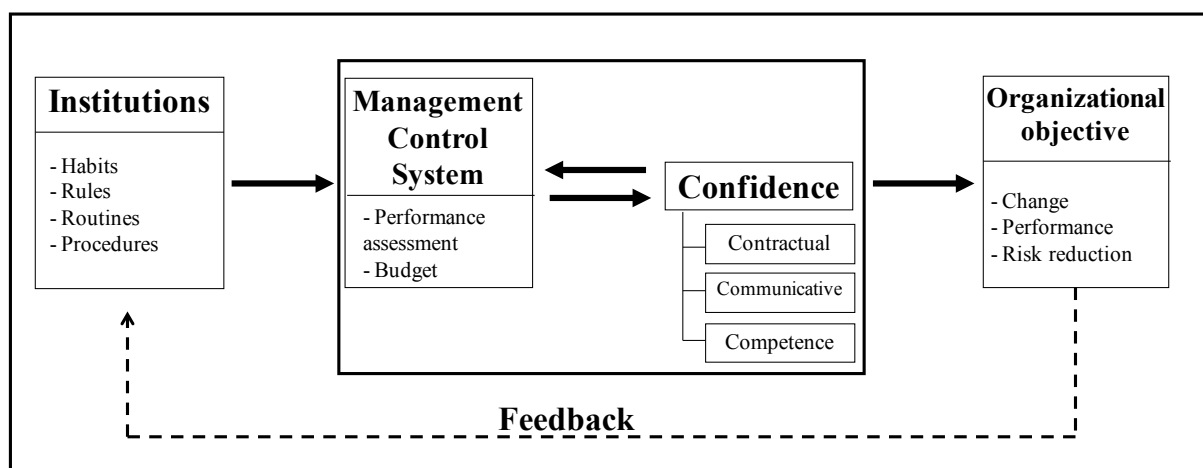
This impact of trust in the work environment is also highlighted by Reina and Reina (2007: 36), which indicate that “without trust, employees have little interest in being creative, taking risks and collaborating.” They also point out that trust is the basis for effective leadership and relationships in the workplace, producing organizational regeneration and renewal (Reina & Reina, 2007).

According to Reina and Reina (2007), trust can manifest itself in three types: contractual (mutual understanding between people, that is, each part of the relationship will comply with what it says it will do); communicative (provides employees with security to ask questions, talk honestly about what they think, raise questions, give and receive feedback and seek help to understand what they do not understand); and competence (identified when the leader seeks employee input, demonstrating confidence in the individual. Thus, employees’ confidence in their own competence is nurtured and, in return, trust in the leader is extended).

Previous studies on trust and MCS analyze the relationship between people in the organization. For Johansson and Baldivinsdottir (2003), performance evaluation is dependent on trust, as are production and reproduction of evaluation routines. According to Ferrante (2006), companies need to promote strategies to encourage and support employee efforts, including trust and leadership among leaders.

On the other hand, Hartman and Slapnicar (2009) verified that the subordinate’s trust in superiors depends on the formality of the performance evaluation process and this relationship is mediated by managerial perceptions of justice and feedback. Bruno (2013) indicated that, when leaders and subordinates feel in optimal flow conditions, the perception of mutual trust is high.

Considering these concepts and seeking to advance on the existing theory, Vaz and Espejo (2017) carried out research in which they used the meta-synthesis method, defined according to certain criteria and steps established by Hoon (2014), whose objective was to construct theory based on earlier qualitative case studies on trust and “MCS” themes. The result obtained was a theoretical meta-causal target network indicated in Figure 1.



Source: Translated from Vaz & Espejo (2017, p. 168).

**Figure 1.** Meta-causal network

According to Figure 1, Vaz and Espejo (2017) inferred, based on the articles analyzed in the elaboration of the steps of the meta-synthesis, four causal networks: institutions, Management Control System, trust and organizational objectives (Vaz & Espejo, 2017). The institutions represented the scope of the studies examined, that is, the organizations, especially their characterization as a succession of habits, rules, routines, and procedures (Vaz & Espejo, 2017). Regarding the MCS, the studies analyzed aspects such as performance evaluation and the budget, both with regard to formal and informal controls.

On trust, the weighted studies discussed the contractual, communicative and competence aspects, that is, in accordance with the typology by Reina and Reina (2007). Not all papers addressed the three types of trust simultaneously though, but at least one of them could be identified in each research (Vaz & Espejo, 2017). On the organizational objectives, the studies analyze aspects such as changes in the current system, focus on performance and reduction of business risk. At the end of the analysis, the feedback item was presented as the step after achieving the objectives, in which management internalizes trust in personal relationships, becoming an important part of the attainment of goals and objectives (Vaz & Espejo, 2017).

This research advances in relation to the study by Vaz and Espejo (2017) in proposing the first (qualitative) stages for the construction of a questionnaire that relates the constructs indicated in Figure 1. Therefore, after the indication of the literature on trust and MCS, the next item presents the method adopted for this study, which permitted the elaboration of the questionnaire.

### 3. Research Method

In this study, a qualitative approach to the problem was adopted in which, initially, two case studies were carried out as a research strategy, which enabled the analysis of trust relationships between leaders and subordinates and their impact on the achievement of the organizational objectives defined as components of the MCS package.

The case studies followed Eisenhardt's theoretical framework (1989), as it permits the recognition of patterns of relationships existing within and among the analyzed cases. The choice of this research strategy is justified by its characteristic of generating insights about the possible dimensions of the constructs, which are difficult to obtain using purely quantitative methods (Eisenhardt, 1989).

Therefore, semi-structured interviews were used as a data collection approach. The first version of the interview was submitted to a pre-test in December 2015, involving three professionals from different large companies, all based in the city of Curitiba (PR). After the pre-test, the first version was corrected, aiming for the respondent's easy understanding. Some issues were also excluded because they were considered repetitive in the pre-test.

After the validation of the semi-structured interview script, the case studies were carried out during January and February of 2016 with leaders and subordinates of two companies from the city of Curitiba/PR. The company of Case Study I is a telecommunications company, whose branch visited in Curitiba (PR) housed sectors of customer support and Human Resources. This case study had a total of 210 minutes of recording and the company provided one day for the interviews.

The company of Case Study II is a financial institution with headquarters in Curitiba (PR). This case study totaled 180 minutes of recording and the company was visited on three occasions in January and February 2016, according to the respondents' availability.

Prior to the completion of each interview, the confidentiality of the company name, the respondents and other information that the interviewees might not feel comfortable disclosing were guaranteed. The two organizations visited were relevant to the purpose of the study due to the availability and openness of the respondents, that is, the ease of access to information in these two companies allowed the subjects to present their ideas about the analyzed constructs.

Although the analyzed companies had different branches and sizes, the research objective was not impaired, as the focus of the study was not the comparison of two organizations of different sizes and branches, but rather the possibility of demonstrating that the trust construct can be analyzed in any type of company and MCS package configuration. Therefore, we believe that the number of respondents was sufficient to reach the objectives of this research.

The limitations of the research involve the possibility of bias due to the choice of companies and respondents, as well as the number of interviewees who assume the functions of leaders and subordinates in each company analyzed. The comparison between the interviewees' discourse sought to reduce these limitations though, and also offered the possibility of expanding this research to other companies of different branches and sizes.

The data collected in the interviews of the two case studies were weighted in the light of discourse analysis, according to Gaskell (2013). For this author, the analysis of interviews in qualitative studies is not a purely mechanical process, as it depends on the researcher's "creative intuitions" (Gaskell, 2013, p.86). It is vital for the researcher to focus his interpretations on the material collected in the interviews themselves though, in order to allow the corpus to justify its conclusions, avoiding erroneous or forced explanations (Gaskell, 2013). Given this, Gill (2013) states that the researcher should also be attentive to the silences, that is, to what he realizes that he was not told by the interviewee.

Therefore, the choice of not using software to analyze the data collected in the interviews is related to this search for the researcher's ability and sensitivity, because "due to the fact that the computer packages have many possibilities, they contain the danger that the researcher gets absorbed in technology and lose sight of the text" (Gaskell, 2013, p.88). In this research, this choice of discourse analysis is justified by the behavioral characteristic of the trust phenomenon in organizations that, at first, needs to be analyzed in its essence, a fact made possible by the researcher's personal analysis and his impressions when conducting interviews.

After the completion of the case studies, a questionnaire based on the selected theory and the answers to the interviews in the two case studies, with the purpose of verifying the relationship of trust between leaders and subordinates and its impact on the achievement of the organizational objectives defined according to the components of the MCS Package. A committee composed of five Accounting and Administration experts submitted to questionnaire to validation in October 2016. In this committee, some corrections and substitution of terms that had given rise to doubt and that could make understanding difficult were suggested. The version for quantitative evaluation of the questionnaire is shown in Appendix A, which also indicates the reference of the questions, including the discourse of the respondents of the case studies that supported their elaboration. We propose that a Likert scale from 1 to 10 be used to apply the questionnaire, being 1 - I completely disagree to 10 - I completely agree. The expected relationships between the constructs followed the study of Vaz and Espejo (2017), indicated in Figure 1 of this article.

Before indicating the methodological procedures of the research, the next item considers the analysis and discussion of the collected data, which permitted the elaboration of the questionnaire in Appendix A.

#### 4. Data Analysis and Discussion

In this research, two case studies were developed in distinct companies, focused on the analysis of the intra-organizational confidence phenomenon in its context in organizational realities. This analysis, in combination with the selected theory, as discussed in item 2, provided information that permitted the elaboration of the questionnaire in Appendix A. Thus, in the following sub-items, the company and respondents' characteristics are presented, followed by the discourse analysis of the interviews and statements.

## 4.1 Company and respondent characteristics

The company of Case Study I is a telecommunications company, particularly active in fixed telephony, pay-TV and Internet services. The headquarters visited in Curitiba (PR) houses the client support and Human Resources (HR) departments and employees. As for the interviewees, the company selected two leaders (subjects A and B) and three subordinates (subjects C, D and E) to participate in the research:

- Subject A: operations manager of the client support sector; four years on the job and 15 years in the company;
- Subject B: customer service quality manager; one year on the job and eight years in the company;
- Subject C: communications coordinator; three years on the job and ten years in the company;
- Subject D: quality coordinator; one year on the job and seven years in the company; and
- Subject E: supervisor of the quality monitoring area; two years on the job and six years in the company.

As for the company of Case Study II, initial contact took place in January 2016, at one of the company's commercial branches. The request was readily attended and the respondents demonstrated their interest in the possible research results, including benefits for the organization's future actions and planning. This is a financial company focused on consigned credit, real estate credit, credit for medium-sized companies and insurances. Three branches were visited in Curitiba (PR): one commercial branch, one administrative branch and the headquarters.

As for the interviewees, three leaders (subjects F, H and I) and one subordinate (subject G) participated in the study:

- Subject F: commercial manager of Curitiba region; eight years on the job and 11 years in the company;
- Subject G: commercial consultant; almost one year on the job and in the company;
- Subject H: commercial director of relationships with legal entities and company founder; and
- Subject I: product and Back Office managers; three years on the job and 16 years in the company.

In the next item, the data collected in the interviews on the MCS package are shown.

## 4.2 The respondents' perception on the Management Control System package

The questions of the semi-structured interview regarding the MCS and the relationship of trust perceived by the interviewees were separated into five blocks. In each of them, interviewees were questioned about their view of the five component elements of the MCS package according to Malmi and Brown (2008).

Regarding **cultural controls**, the first element of the Malmi and Brown package (2008), Case Study I respondents stated that values, beliefs, and standards the company shares with employees are available in the code of ethics. This code is disseminated to employees upon training as soon as they join the organization. According to subject D, employees need to sign a term stating that they have received and are in compliance with this code. That code also presents unacceptable behaviors and attitudes, as indicated in subject A's discourse.

Regarding the company of Case Study II, subject F stated that the availability of information about the values, beliefs, and standards of his company is constant, even being disclosed on the Internet portal for the entire community to access. According to him, the information is available in frames displayed in all work environments, aiming for the employees to recall them, also presenting the unacceptable behaviors.

Regarding the second element of the MCS package, **planning**, there was a certain divergence of perception among the interviewees. According to subject A (Case Study I), he does not have access to the company's long-term written plan, but participates in meetings at the beginning of each year, at which point the objectives of each area are indicated and what the company wants to reach. He also stated that the managers participate in these meetings. Subject B stated, however, that there is a written long-term plan of action for the company, and that the participation of all is stimulated.

Regarding Case Study II, subject I indicated the selectivity of the information, as long-term action plans are written, but are not formalized to all employees, "[...] because sometimes there are a lot of specific situations that are strategic to the bank, so if that leaks to the market, as the bank is a public company, this may end up favoring some".

As for the third element of the MCS package, the **cyber controls**, the interviewees were asked to reflect on budgets, financial and non-financial controls of the company. In Case Study I, only subject C claimed to be knowledgeable about the budget process in his area, while the other respondents said they did not know about it, as there exists specific company management for this.

In the company of Case Study II, subject F indicated that the budgeting process in the company is carried out "from the bottom up", that is, each area is responsible for the elaboration, passed on to the board for approval. Regarding the existing financial controls to follow the performance of the employees, subject F informed that the company works with the system of goals, which are proposed and monitored by the area itself, with board approval and observation of the market reality. He also indicated that there is a development plan for each team, prepared according to the need and to the next higher level. In this development plan, each employee is officially monitored, performed quarterly and including managers and directors, aiming to evaluate the general behavior of the employee and its relationship with the goals of the company.

On the fourth item of the MCS package, the **rewards and compensation** system, the interviewees were asked to explain the selection process and training of employees and the internal compensation policies of the company. In Case Study I, subject A indicated that remuneration policies are periodically reviewed in order to avoid flaws and feelings of injustice. He also said that this remuneration policy is already passed on to employees when they apply for a place in the company, which, according to him, avoids misunderstandings. In the view of subject A, this form of transmission is appropriate, as it avoids problems and there were no complaints after the completion of this process. He believes that one of the flaws is in the communication field though, because sometimes there is some change in the salary information without the time to inform the consulting firm that performs the hiring; therefore, sometimes the reported values may be incorrect.

Regarding Case Study II, subject F explained that when the employee is hired, it takes four to five days to get to know the company and its strategic areas in order to get a feel for the organization as a whole. After that, he goes through a period of adaptation to the function, where he accompanies other consultants for about a month. Then he starts working without direct supervision. In his view, this form of training is fit because the results obtained are positive. He believes that sometimes he lacks time to do recycling though, a point that could be improved in his vision.

Regarding the fifth item of the MCS package, the **administrative controls**, the interviewees were questioned about the organizational chart of activities and the policies and procedures of their area. In Case Study I, subject A stated that, before the restructuring of the company, all new formal organizational charts have already been passed on, including functions and names of employees. Organizational chart updates are not constant though, that is, they do not occur every time employees change. Regarding the policies and procedures, subject A said that they are formalized and available to all employees, including for online consultation on the organization's intranet. In his view, these policies are already transmitted to employees upon their entry into the company, and there are periodic training sessions that are aimed at updating employees to the new procedures adopted. In his opinion, however, subject A misses a more specific moment for feedback concerning policies and procedures.



Regarding Case Study II, subject F stated that there are formal organizational charts and flowcharts written for each function within the company, being highly disseminated in the employee's portal. There is also an indication of the appropriate profile to reach a certain position, which grants the employee a vision of the future, glimpsing which position he can reach, as the company values the promotion of internal talent to perform new functions.

In the next sub-item, the perception of trust between leaders and subordinates is analyzed in the interviews with the managers and employees of the two companies.

### 4.3 The trust relationship between leaders and subordinates in the companies

The trust relationship between leaders and subordinates was questioned through inquiries that sought to delimit the three types of trust in the organization: contractual, communicative and competence. Regarding **contractual trust**, when asked if one expects to receive trust from his/her leader in day-to-day actions, subject A (Case Study I) stated that "trust happens more during the time that we have of coexistence than properly expect something from it. Trust will come if he believes in my job or if he trusts that he is being seen and heard." Regarding Case Study II, subject F believes that trust occurs in his/her sector, mainly because he seeks a partnership relationship with his/her collaborators. In the view of subject F, the company's current control system facilitates the dissemination of trust among leaders and subordinates as, with formalization, there is always a place where the employee can consult information and solve doubts. For subject G, the most important thing is to focus his work on actions that can increase the confidence of his manager, as he aims for company growth.

Regarding **communicative trust**, in Case Study I, subject A stated that some behaviors of the collaborator may indicate that he relies on management, especially in relation to the attainment of goals and increased production. In addition, he believes that the "freedom to expose what he is feeling" is an example of trust.

Regarding Case Study II, subject F indicated that the main behavior of the employees to demonstrate confidence is their commitment to the results, and the openness towards the manager to deal with any problems. In the view of subject G, the main behaviors are mutual respect, focus on work and commitment to show the manager that he can be the right arm that he expects it to be. For subject H, the company seeks to disseminate the "owner behavior" in each employee, that is, that always seek the "economy, be it in the search for revenue or in the improvement of the process". In the opinion of subject I, this view makes the employees feel encouraged to think differently, that is, to build the results in a team, facilitating the evolution of the company.

Regarding **competence trust**, in Case Study I, subject A indicated that employees can also contribute to their personal development as, without it, there would be no need to have their position. For the subject B, the contributors contribute to its development, because the labor relations are composed of exchanges, be it of experience, of ideas, of creativity or of different ways of performing work.

Regarding Case Study II, subject F indicated that the employees help a lot in their personal development and always seek to take improvement courses to improve their management skills. Subject G also affirmed that the role of the manager in his personal development is important, as he expects actions from him that are not of an "executioner".

In the next sub-item, the respondents' perception of the organizational objectives of the two companies is analyzed, according to the information that arrives to each.

#### 4.4 The organizational objectives perceived in companies

In this block of questions of the semi-structured interview, the participants were invited to present their knowledge and opinion on the process of structuring the organizational objectives of the companies, according to Kilmann and Herden (1976). All were unanimous in stating that they know the objectives of their work area, as well as the goals that the organization intends to achieve in the long term. When questioned about what these objectives would be, however, some of the respondents did not know how to enunciate them.

In Case Study I, subject A indicated that the objectives specify ethics and respect, not only among employees but also with regard to clients and partners. In his discourse, he stressed that information on organizational goals is passed on to formal meetings.

Regarding Case Study II, according to reports from subjects F and I, during the same week of the interviews, the company president had participated in a meeting with all the managers and directors to present the bank's strategic plan for the next five years. After this meeting, communication and deployment would occur to the other employees of the company; this means that everyone will have access to the company's plans for the next five years. In the view of subject F, this process is quite effective, as it is the president offering space and talking to everyone; according to him, "this proximity generates enough confidence and enough insertion of content".

In the subitem below, the interviewees' statements are analyzed and discussed according to theory, in order to promote the understanding of the relationships between the constructs analyzed in this research.

#### 4.5 The relations among the organizations' institutional characteristics, the MCS, confidence and the objectives

Initially, to analyze the data obtained from the interviews, the institutional characteristics of the organizations stand out, especially their vision as a union of habits, routines, rules, and procedures (Burns & Scapens, 2000). Thus, the concept of Johansson and Baldvinsdottir (2003) is clear in the interviewees' discourse, who affirm that the institution shapes the action of individuals, especially in the coding of principles into rules and procedures, making them participants in the reproduction of organizational principles. This is seen in subject C's discourse when questioned about the company's goals, stating that there is an unfolding of information and that everyone has access to the data they need to know. It was also noticed in the report of subject F, indicating that the procedures were formalized in order to avoid that the information is lost in eventual exchanges of functions or departures of employees from the company.

Another moment in which the institutionalization of the rules and procedures was observed was when interviewees were questioned about communicative trust, especially in the discourse of subjects B and D, when they indicated that transparency in operations facilitates the understanding of what needs to be done, avoiding misunderstandings. Likewise, the tendency of the two companies to hold periodic meetings to disseminate new policies and procedures is a way of facilitating the institutionalization of new practices.

In addition to the meetings, another way to facilitate the institutionalization of procedures in the two companies is to make information available on other channels, such as the intranet and corporate e-mail. All respondents in the two case studies reported this.

Interestingly, this form of dissemination of information, as reported by the subjects of Case Study II, provided the fifth element indicated in Vaz and Espejo's (2017) meta-synthesis, that is, feedback (bottom of Figure 1). After reaching the objectives, the management has the possibility to internalize confidence in personal relationships, becoming an important part of the attainment of the goals and objectives. This was demonstrated in the interviewees' discourse when they indicated that the company possesses the characteristic of proximity to the top management. At appropriate times, the president himself meets with all the employees and seeks to spread the feeling of mutual trust. The current structure of the MCS aims to provide moments of contact between the employees and the management, and vice versa, in order to build a reciprocal relationship and growth.

Through the interviews, it was possible to identify the five elements of the MCS package and their relationship with trust in the two case studies. The respondents related contractual trust to the understanding of information from cultural controls, clarity of cyber controls, understanding and monitoring of goals, evaluation of employees' reward and compensation systems, and clarity of roles of administrative controls.

In turn, communicative trust is linked to the sharing of information regarding cultural controls, planning, rewards and compensation, and administrative controls. And competence confidence relates to the new employee's monthly follow-up on cultural control, the budget elaborated per area in the cyber controls, the rewards and compensation evaluation system, and organizational charts of administrative controls.

In addition, the respondents from the two case studies indicated the importance of trust between leaders and subordinates within organizations, either because of the MCS's own clarity, which also allows room to solve doubts (contractual trust), transparency in daily actions and a strong vision of attainment of goals and results (communicative trust), or the willingness of the leader to seek the contribution of his or her collaborator and share opinions in a constant search for skills improvement and personal development (trust of competence).

Finally, when analyzing the respondents' answers about the organizational objectives of the companies, it is verified that their definition is not very clear for all, although they recognize the objectives of their area. With regard to Case Study II, the company president disclosed this information personally to all employees, except for sensitive and strategic information. While no respondent states what the company's goals are, it is understood that such closeness to top management makes the employee more personal, perhaps a way to increase employee engagement and reduce turnover.

In addition, the results obtained in the two case studies, added to the theory identified in item 2 of this research, permitted the elaboration of the questionnaire indicated in Appendix A, which can be applied to different samples of leaders and subordinates in the organizations.

## 5. Final considerations

This study aimed to analyze how trust between leaders and subordinates relates to the Management Control System in order to attain the organizational objectives. In order to do so, it identified ways of establishing trust in the relationship between leaders and subordinates within organizations, examined the relationship of trust for the execution of the Management Control System, and finalized with the elaboration of a questionnaire that could be applied to leaders and subordinates in organizations, with a view to a future quantitative analysis of the relationship between trust and the components of the MCS and facilitating the achievement of organizational objectives.

Initially, the meta-synthesis proposed by Vaz and Espejo (2017) indicated a theoretical research model that demonstrated the role of trust in the scope of the MCS, addressing its relationship with the organizational objectives, in order to identify its performance in achieving the goals set. In order to achieve the objectives proposed in this research, two case studies were conducted in companies in Curitiba (PR). The data collection technique was the semi-structured interview and the data were weighted in the light of discourse analysis.

As a result, we observed the occurrence of trust in the direct relationship between leaders and subordinates. According to the interviewees' reports, contractual trust is facilitated by the way the MCS is currently structured in the two companies as there is always room to consult information and solve doubts. On communicative trust, a strong vision of goal and result attainment is indicated as a way of demonstrating this type. And the interviewees perceived the confidence of competence as sharing opinions in a constant search for skills improvement and personal development.

In the interviewees' discourse, the possible relations of trust that can appear in the elaboration and transmission of information in each element of the package was also observed: contractual trust (understanding the information of the cultural controls, planning, cybernetic controls, monitoring of the goals and evaluation of the employees' rewards and compensation system; clarity of administrative control roles); communicative trust (information sharing of the five elements of the MCS package); and trust of competence (monitoring of employees in cultural control, evaluation and rewards system and organizational charts of administrative controls).

It is important to note that the different activity areas did not impair the research objective was not impaired, because the focus of the study was not the comparison of two different organizations and branches, but the possibility of demonstrating that confidence can be analyzed in any type of company and in any configuration of the MCS package. Therefore, it is believed that the number of respondents was sufficient to reach the research objectives.

As a theoretical contribution, this study proposed the elaboration of a questionnaire that allows the joint analysis of the components of the MCS package, according to Malmi and Brown (2008) and the trust aspects, relating to organizational objectives, according to the theoretical model proposed by Vaz and Espejo (2017). Its differential is the analysis of both the leader's confidence in the subordinate and the inverse relationship - from the subordinate to the leader. As a practical contribution, it seeks to foster internal discussion within organizations, demonstrating the role of trust as an important element for the effectiveness of the components of the MCS package.

As limitations, the selection of two companies, both from the services sector, could generate bias in the elaboration of the questionnaire. The non-homogeneous number of leaders and subordinates interviewed in each organization can also represent a limitation. The validation of this questionnaire elaborated in companies from other branches and sizes would help in the evaluation and improvement of the instrument to measure the relations proposed in the research.

Thus, a suggestion for future studies is the comparison of this environment analyzed in the case studies with other companies of diverse branches, in order to verify how the confidence behaves in the other contexts. A quantitative analysis of the relationship between the constructs is also suggested through the application of the questionnaire in Appendix A, permitting validation in larger samples. Studies with triangulation of data within the same organization are also possible, promoting both qualitative and quantitative analyses in the same context and providing space for subjects to be interviewed and to express their opinion on the subject.

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#### Appendix A – Questionnaire on Confidence, MCS and organizational objectives

Questionnaire – suggestion: Likert scale from 1 to 10 (1 – I completely disagree; 10 – I completely agree)		Reference
Part A	Considering the organizational objectives as the goal the organization intends to achieve and which guide its behavior towards the future and the environment, answer:	
Block 1 – Organizational Objectives	I thoroughly know the objectives of my work area.	Durden (2008); Alves (2010)
	I know the process and who are the persons responsible for elaborating the objectives in my area.	
	I can affirm that the objectives of my work area are linked to the maximization of business efficiency with the highest possible sales volume at the lowest cost.	Kilmann and Herden (1976); Case study I - subjects B and E
	I can affirm that the objectives of my work area are linked to maximizing the company's ability to get resources from other organizations and distribute products and services to the clients.	
	I can affirm that the objectives of my work area are linked to maximizing the employees' motivation and engagement in their tasks.	
	I can affirm that the objectives of my work area are linked to maximizing the society's level of satisfaction – community, suppliers and consumers – with the company.	
	I consider that the elaboration of the objectives in my work area is transparent.	Case study I - subjects C and D
	I consider that the transmission channels of the objectives in my work area are appropriate.	Case study II - subjects F and I
	I have space to suggest changes in the objectives of my area to my superiors.	Case study II - subject F
	The company seeks to engage the employees and know their ideas.	Reina and Reina (2007)
I am able to easily identify the benefits and flaws in the elaboration and monitoring of the objectives.	Case study I - subject A	

<b>Part B (Questions on the Management Control System package)</b>		
Considering the company values, beliefs and standards, answer:		
<b>Block 2 – SCG – Cultural Controls</b>	I know the values, standards and beliefs that company shares with its managers and employees.	
	The employees' personal values influence the values the company itself disseminates.	
	A written declaration exists of the company vision and mission.	Malmi and Brown (2008); King and Clarkson (2015);
	A written code of conduct exists for all employees.	
	The code of conduct also defines unacceptable actions.	Bedford, Malmi and Sandelin (2016)
	The company encourages the employees' participation in social activities.	
	The training process of new employees includes monitoring this new member's adaptation some time after (s)he has been hired.	
	The employee selection process considers the new member's ability to adapt.	
	I believe that the company values, beliefs and standards end up affecting the employees' personal life.	
	I consider that the disclosure of the values, beliefs and standards is transparent.	Case study II - subjects F and G
	I consider that the transmission channels of the values, beliefs and standards are appropriate.	Durden (2008); Alves (2010)
	I believe that I get constructive feedback.	Reina and Reina (2007)
	I have space to suggest changes in the company values, beliefs and standards to my superiors.	Case study II - subject H
	The employee selection and training process considers individual skills.	Reina and Reina (2007)
The company encourages the employees to develop new skills.	Reina and Reina (2007)	
I am able to easily identify the benefits and flaws in the elaboration and disclosure of the company values, beliefs and standards.	Case study I - subjects A and B	
Considering the company planning, answer:		
<b>Block 3 – MCS – Planning</b>	I know about the existence of a written long-term action plan for the company.	Malmi and Brown (2008); Alves (2010);
	I know about the existence of a written short-term action plan for the company.	
	I know how the limits of the organization's actions are set (activities, markets, risks).	King and Clarkson (2015)
	I consider that the disclosure of the short and long-term plans is transparent.	Durden (2008); Alves (2010)
	I consider that the transmission channels of these plans are appropriate.	Case study I - subjects A and B
	I am encouraged to share information.	Reina and Reina (2007)
	In my company, sensitive topics are treated confidentially.	
	I have space to suggest changes in the company's short and long-term plans to my superiors.	Case study I - subject C
	I consider that the short and long-term plans set appropriate action limits.	Reina and Reina (2007)
I am able to easily identify the benefits and flaws in the elaboration and disclosure of the company's short and long-term plans.	Case study II - subject I	
Considering the company's budget and financial controls, answer:		

Block 4 – MCS – Cybernetic Controls	I thoroughly know the budget elaboration process in my area.	
	In my area, there are measures in case of non-compliance with the budgetary targets.	Malmi and Brown (2008); King and Clarkson (2015); Bedford, Malmi and Sandelin (2016)
	In my area, there are financial controls to establish employee performance standards.	
	In my area, there are non-financial controls to establish employee performance standards.	
	I consider that the disclosure of the budget and the performance indicators is transparent.	Case study II - subject F
	I consider that the transmission channels of the budget and the performance indicators are appropriate.	
	I am encouraged to admit my errors.	Reina and Reina (2007)
	I have space to suggest changes in the performance indicators to my superiors.	Case study II - subject F
	I have space to suggest changes in the budget in my area.	
I consider that the budget is appropriate.	Reina and Reina (2007)	
I am able to easily identify the benefits and flaws in the elaboration and disclosure of the performance indicators and the budget.	Durden (2008); Alves (2010)	
Considering the company's reward and compensation system, answer:		
Block 5 – MCS – Rewards And Compensation	I know the process and who are the persons responsible for monitoring and rewarding employee performance.	Malmi and Brown (2008); Alves (2010); King and Clarkson (2015)
	I consider that the disclosure of the employees' monitoring and reward process is transparent.	Durden (2008); Alves (2010); Bedford, Malmi and Sandelin (2016)
	I consider that the transmission channels of the employees' monitoring and reward process are appropriate.	Case study II - subjects F and H
	I have space to suggest changes in the employees' monitoring and reward process to my superiors.	Case study I - subject A
	I consider that the reward plans are consistent.	Reina and Reina (2007)
	I consider that the compensation plans are consistent.	
	I manage to easily identify the benefits and flaws in the employees' monitoring and reward process.	Case study I - subjects A and B
Considering the company's internal procedures, answer:		
Block 6 – MCS – Administrative Controls	In my company, a formal organizational chart exists with activity, job and function descriptions.	Malmi and Brown (2008); Alves (2010); King and Clarkson (2015)
	In my company, the lines of authority are strictly followed.	
	In my company, formal policies and procedures exist that describe what should be done in the organization.	
	I consider that the disclosure of the organizational chart and the policies and procedures is transparent.	Case study I - subjects B and C
	I consider that the transmission channels of the organizational chart and of the policies and procedures are appropriate.	Durden (2008); Alves (2010)
	I am encouraged to tell the truth.	Reina and Reina (2007)
	I am encouraged to stimulate good actions.	
	I consider that the delegation of tasks is appropriate to the functions.	Reina and Reina (2007)
	I have space to suggest changes in company policies and procedures to my superiors.	Case study II - subject I
	The company encourages the employees' freedom to make their own decisions.	Reina and Reina (2007)
I manage to easily identify the benefits and flaws in the elaboration and disclosure of company policies and procedures.	Case study I - subject A	



<b>Part C</b>		
<b>Now, consider your relationship with your managers: For Managers:</b>		
<b>Block 7 – Confidence Leaders And Subordinates</b>	I hope that my daily attitudes make my collaborator trust me.	Bruno (2013); Case study I - subject A; Case study II - subject F
	The disclosure of the company's Management Control System (policies and procedures, values, planning) helps to build confidence between my superior and me.	Johansson and Baldvinsdottir (2003); Case study I - subjects A and C
	I believe that information transparency is a key factor to demonstrate that I trust my collaborator.	Bruno (2013); Case study I - subjects A and D
	I believe that commitment to results is a key factor to demonstrate that my collaborator trusts me.	Case study I - subject C; Case study II - subjects F and H
	I believe that a good interpersonal relationship is important to demonstrate that I trust my collaborator.	Bruno (2013); Case study I - subject E
	I believe that my collaborators can greatly contribute to my professional development.	Johansson and Baldvinsdottir (2003); Case study II - subject F
	I always try to find a moment to exchange professional experiences between my collaborators and me.	Case study I - subjects A, B, C and D
<b>Part C</b>		
<b>Now, consider your relationship with your managers: For Collaborators:</b>		
<b>Block 7 – Confidence Leaders And Subordinates</b>	I hope that my daily attitudes make my superior trust me.	Bruno (2013); Case study II – subjects F and G
	The disclosure of the company's Management Control System information (policies and procedures, values, planning) helps to build confidence between my superior and me.	Johansson and Baldvinsdottir (2003); Case study I - subject E
	I believe that information transparency is a key factor to demonstrate that my superior trusts me.	Bruno (2013); Case study I - subjects A and D
	I believe that commitment to results is a key factor to demonstrate that I trust my superior.	Case study I - subject; Case study II - subjects F and H
	I believe that a good interpersonal relationship is important to demonstrate that my superior trusts me.	Bruno (2013); Case study I - subject E
	I believe that my superior can greatly contribute to my professional development.	Johansson and Baldvinsdottir (2003); Case study II - subject G
	My superior always tries to find a moment to exchange professional experiences with me.	Case study I - subjects A, B, C and D
<b>Part D</b>		
<b>Finally...</b>		
<b>Block 8 – Identification Of Respondent</b>	What is your gender?	
	What is your age range?	
	What is your education level?	
	What is your functional area in the company?	
	In what branch is your company active?	
	How long have you worked at this company?	
	How long have you performed this function?	