

Abstract:

This study explored the direct relationship between competitive strategy and management accounting system (MAS) design. We collected data from 145 responses in a survey of 500 middle managers of publicly owned companies, and used the structural equation model (LISREL 8.0 for Windows) to test our hypotheses. The empirical evidence revealed the following:

1. Differentiation strategy and broad-scope accounting information have positive direct and indirect relationships through perceived environmental uncertainty (PEU) and decentralization.
2. Firms adopting a differentiation strategy have indirect demand on aggregated information through the perceived increase in environmental uncertainty and delegation levels.

However, the direct effect of differentiation strategy on aggregated management accounting information dose not exist.

Keywords: information characteristics, competitive strategy, decentralization, environmental uncertainty, structural equation model.