

**EFFECT OF ACCOUNTING CONTROL SYSTEMS ON EMPLOYEES'
DYSFUNCTIONAL BEHAVIOUR AMONG SELECTED MANUFACTURING
COMPANIES IN KWARA STATE**

By

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**BEING A DISSERTATION SUBMITTED & PRESENTED TO THE
DEPARTMENT OF ACCOUNTING AND FINANCE,
COLLEGE OF HUMANITIES, MANAGEMENT AND SOCIAL SCIENCES, KWARA
STATE UNIVERSITY, MALETE,
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**IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF
MASTER OF SCIENCE (M.Sc.) DEGREE IN ACCOUNTING**

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CERTIFICATION

This is to certify that this thesis titled “Effect of Accounting Control Systems on Employees’ Dysfunctional Behaviour of Selected Manufacturing companies in Kwara State” was written by Wahab LAWAL with matriculation number: 15/27/MAC018 has been read and approved as meeting the requirement for the award of Master of Science (M.Sc.) Degree in Accounting, Kwara State University, Malete, Nigeria.

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DEDICATION

This project is dedicated to the Almighty Allah.

ACKNOWLEDGEMENTS

I am most grateful to Almighty Allah for showering His mercies on me and for giving me the strength, ability and understanding throughout the course of this programme and for the successful completion of this project work.

My deepest appreciation goes to my indispensable and dynamic supervisor, Prof. Nassar, Lanre Moshood and co-supervisor Dr. Mubaraq Sanni for their guidance, motivation, patience and useful comments that led to the completion of this research. Almighty Allah will continue to elevate you, shower them with His Baraka and guide them in all their endeavors (*Ameen*). I also appreciate the effort of the Head of Department, Dr. Emmanuel Imoloame and all staff of the department for their assistance during the period of my studentship. I also appreciate the contributions of Dr. Olaniyi, T.A. of Department of Accounting and Finance, University of Ilorin and Dr. Brimah, A. of the department of Business and Entrepreneurship, Kwara State University. My special appreciation also goes to Alhaji. Mustapha AbdulRasaq for his assistance during the programme.

My special appreciation goes to my parent, I pray they live long to reap the fruits of your labour. My special and warm appreciation to my love and dearest, Mrs. Zainab Lawal for her love, care, support, patience and understanding during the course of this programme. Almighty Allah shall always be with you and grant your wishes. To all my lovely children, you are my strength and happiness that keep me going. I will not fail to appreciate all my friends and family members, Almighty Allah will continue to be with you all.

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ABSTRACT

Series of questions have been raised on why employees of organization behave unethically and engage in corrupt practices, which as a consequence, adversely affect the realization of the company objectives. These problems have been attributed to weak accounting control system in place in various organizations. This is because the accounting control system that is expected to generate relevant information that would direct and motivate employee to pursue organizational objectives seems not to be effective, given the series of dysfunctional behavior reported in different literatures. Therefore, the broad objective of this study is to examine the effect of Accounting Control System on dysfunctional behaviour of employees in manufacturing companies in Kwara State. Survey research design was employed. The population of the study consists of two hundred and twelve (212) line managers of sixteen manufacturing companies. One hundred and thirty-eight (138) were randomly selected as the sample size. The primary data was collected through questionnaire which was analysed using both descriptive and ordinary least square regression analysis techniques. Ordinary least square regression analysis was employed in testing hypotheses one to three while Analysis of Variance (ANOVA) was used in testing the fourth hypothesis. The study found out that reward system, performance measurement and budgetary control system have significant negative effect on the employee's dysfunctional behavior in practice at 5% significant level (Beta coefficient, T-value and P-value of -.217, -2.149 and 0.034; -.190, -2.209 and 0.044; -.142, -2.290 and 0.046 respectively). This implies that reward system, performance measurement and budgetary control system restrict and reduce the level of employee dysfunctional behaviour. The result of the Analysis of variance (ANOVA) revealed that there is significant difference in the level of dysfunctional behaviour practice among the various sub-sectors of the selected manufacturing companies in Kwara State as shown by P-value and F-statistic of 0.000 and 6.894 respectively. The study therefore recommends that the management of companies should use both intrinsic and extrinsic reward system and the use of both quantitative and qualitative performance measurement to enhance ethical behavior at work place.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Series of controversies and arguments have been raised on why employees of organization behave unethically and engage in corrupt practices, which consequently affect the vision, mission and goal(s) of the organization adversely. These problems have been attributed to weak accounting control system in place in various organizations. This is because the accounting control system rarely state the objective to be achieved, generate relevant information and motivate the right kind of behaviour from company's employees. The unethical behaviour of firm's employee is due to loopholes available in the accounting control system (ACS) which has led to the series of failure and collapse of companies around the world (Kaptein, 2011).

For instance, in the cases of Enron, Worldcom, Global Crossing and Tyco, it was reported that part of the reason for their collapse was as a result of dysfunctional behaviour and lapse in management accounting controls. In the case of Enron and Worldcom, Chief Executive Officers' (CEOs) and top management compensation in these companies was so heavily tied to stock options that executives were motivated to manipulate financial data to keep the short-term stock price at a satisfactory level (Stein, 2007). Levine (2005) reported that one of the executives at Enron stated that they viewed rules differently from other people and as a result, rule bending became an organizational norm, whereby organizational members derived pride in getting around the rules to their own favour.

Dysfunctional behavior is the term used to connote the unethical and corrupt practices of the employees. Employees could engage in dysfunctional behavior through gaming or manipulation

of information. Gaming involves taking advantage of the loopholes in the rules and systems under which organization operates in order to achieve the most favourable personal outcome, irrespective of the actions the superior prefers while information manipulation arises when the subordinate altered (by falsifying data and company's record) the free flow of information and report only aspect of information set that support their own interest (Soobaroyen, 2007; Fisher & Downes, 2008; Adnan, Muhammad Jamil & Moh'd Nor, 2013).

Nigeria is not left out of the problem of employees' dysfunctional behaviour. The case of Intel Nigeria Limited and Cadbury Nigeria Plc are case studies in Nigeria. In the case of Intel Ltd, the deviance behaviour of the employees were not checked nor questioned which subsequently led to the serious decline on its productivity (Akikibofori, 2013). To curb this menace, different actions have been taken in different part of the world. For instance, Sarbanes – Oxley Act (2002) was enacted due to outcry of the public for more stringent and robustly enforced regulations in order to prevent the re-occurrence of the Enron case. In Nigeria, however, the bodies that are responsible for overseeing the conduct and behavioral activities of employees are the Nigerian Labour Congress (NLC) and Trade Union Congress (TUC). The Nigerian Labour Congress oversees, control and regulate the workplace and reward for public workers while the Trade Union Congress deals with the activities of workers of private organizations. However, different scholars have argued that the best way to curb unethical and corrupt practices of employees in their workplace is by putting effective Accounting Control System (ACS) in place (Emeni & Urhoghide, 2014). This is because regulations, rules and societal norms only do not insure against dysfunctional behaviour that has the capacity for institutional reached, but workable accounting control system must be put in place.

Accounting control system deals with employee's behaviour and the people in the organization make things happen. Therefore, effective accounting control systems are necessary to guard against the possibilities that the employees may engaged in incongruity (Drury, 2011). ACS has the potential to reduce the risk of dysfunctional behaviour occurring which subsequently minimizes the impact at an individual, organization and institutional level as well as negative outcome at a societal level when it occurs (Clíodhna, Thomas & Ronan, 2016).

There are different components of ACS that could be used to control dysfunctional behaviours such as ethical system, budgetary system, performance measurement system and reward/compensation system and so on. This study focused on three variables of ACS and they are budgetary system, performance measurement system and reward/compensation system.

Hence, this study examined the effect of accounting control systems on dysfunctional behaviour of employees in selected manufacturing companies in Kwara State.

1.2 Statement of the Problem

The persistent rise in the reported cases of employees behaving unethically as well as engaging in information manipulations has raised series of questions on the effectiveness of organizations' management and accounting control system. This has been attributed to the inability of the accounting control systems to keep an effective watchful eye on all employees and as a result of which there is high tendency that managers would paint a better picture of their performance as well as manipulating elements of an established control system for his own purposes. For instance, in Nigeria, the reported cases of Nigeria Cadbury Plc and Intels Nigeria limited where lack of accounting control systems provided room for unethical behaviour by the employees.

The form of reward put in place by firms has contributed to the practice of dysfunctional behavior. Reward system may promote competition between the subordinates, when the reward is made to one employee for the result of collective/group efforts. Interest in reward may force other employees that are neglected to engage in dysfunctional activities. More so, setting unattainable target by the managers were used as a punitive measure which could lead to dysfunctional behavior of employees, thereby leading to creation of budget slack and information asymmetry. In addition, relying on accounting performance may create an unfavourable psychological effect on the employees. Excessive reliance on meeting targets (accounting figures only) could force employees' to engaging in dysfunctional behaviour when non-financial measures are being ignored. More so, the kind of accounting control systems put in place in different companies could affect the behaviours of their employees differently making employees to engage in dysfunctional behaviour differently.

Different studies (such as Abata, 2014; Yuen, Law and Tayles, 2015; Tanubrata, 2016; Saad, 2016; Chong and Strauss, 2017; and Hamonangan, Abdul and Indira, 2017) have been conducted on the effect of accounting control systems on employees' dysfunctional behaviour but these studies have provided conflicting results ranging from positive, negative to uncorrelated findings. Based on the extant literature reviewed and to the best of the researcher's knowledge, the previous studies has neglected examining the effect of accounting control systems on employees' dysfunctional behaviour in manufacturing companies in Kwara State. Based on the extant literature reviewed, it was also observed that none of the Nigerian studies has examined the effects of ACS components together on dysfunctional behavior in the Nigeria context. Hence, this study fills the gaps identified in the literature.

1.3 Research Questions

From the foregoing, the following research questions were raised to guide the study:

- i. To what extent does reward system influence employee's dysfunctional behaviour of selected manufacturing companies in Kwara State?
- ii. What is the effect of budget control system on employees' dysfunctional behaviour of selected manufacturing companies in Kwara State?
- iii. To what extent does performance measure affect employee's dysfunctional behaviour of selected manufacturing companies in Kwara State?
- iv. What is the difference in the level of dysfunctional behaviour practice among various sub-sector in manufacturing companies in Kwara State?

1.4 Objectives of the Study

The general objective of this study is to investigate the effect of accounting control systems on employees' dysfunctional behaviour of selected manufacturing companies in Kwara State. To achieve the objective, the following specific objectives were pursued to:

- i. Examine the extent to which reward system influence employees' dysfunctional behaviour of selected manufacturing companies in Kwara State.
- ii. Assess the effect of budget control system on employees' dysfunctional behaviour of selected manufacturing companies in Kwara State.
- iii. Investigate the extent to which performance measures affect employees' dysfunctional behaviour of selected manufacturing companies in Kwara State.

iv. Assess the difference in the level of dysfunctional behaviour practice among various sub-sector in manufacturing companies in Kwara State.

1.5 Statement of Research Hypotheses

The hypotheses below were formulated and tested in the course of the study in order to answer the research questions raised above:

H₀₁: Reward system has no significant influence on the employees' dysfunctional behaviour of selected manufacturing companies in Kwara State.

H₀₂: There is no significant effect of budget control system on employees' dysfunctional behaviour of selected manufacturing companies in Kwara State.

H₀₃: Performance measure has no significant effect on employees' dysfunctional behaviour of selected manufacturing companies in Kwara State.

H₀₄: There is no significant difference in the level of dysfunctional behaviour practice among various sub-sector in manufacturing companies in Kwara State

1.6 Significance of the Study

This study is motivated by the growing concerns by policymakers, investors, regulators and public concern on the behavioural aspect of employees which have created series of problems for companies in achieving their objective(s). Therefore, this study provides empirical evidence on the effect of accounting control system on dysfunctional behaviour of manufacturing companies in Kwara State. The results of this study will be of great benefit to the academic field of knowledge, regulators and policy-makers on how to improve the accounting control system.

The result of the study will contribute to the academic field of knowledge by providing more empirical evidence on the scanty research on dysfunctional behaviour and accounting control system in Africa, especially in Nigeria. Moreover, it will also serve as a body of reference for future researchers in the area of dysfunctional behaviour and accounting control systems.

The policy-makers and government will also benefit from the outcome of this study. The result of this study will assist them in making pragmatic policies that will assist in setting a reasonable reward in order to encourage the employees, thereby reducing the high level of dysfunctional behavior. The result of this study will be of great benefit to the practitioners as it will help assist them in determining combination of accounting control system that should be put in place in order to minimize the unethical behaviour or dysfunctional behaviour of the employees. It will also assist them in identifying the various loopholes and strategies used by the employees in practicing dysfunctional behaviour.

1.7 Scope of the Study

This study focused on the effect of accounting control systems on dysfunctional behaviour among selected manufacturing companies in Kwara State. This sector was chosen as a result of large number of employees that are usually involved in various stages of production and these employees have different behaviours and demand which could lead to dysfunctional behavior.

The dependent and independent variables for this study are dysfunctional behaviour and Accounting control system respectively. The study centered on manufacturing sector in Kwara state as at 2018 because to the extent of literature search, few or no studies focus on manufacturing companies in Kwara state as unit of analyses.

CHAPTER TWO

LITERATURE REVIEW

This chapter focuses on the conceptual review of the variables used in the study, the various theories relating to the study and the empirical review of previous studies on the subject matter.

2.1 Conceptual Review

2.1.1 Accounting Control Systems

In every organization, there must be a structured/standardized control system in order to achieve the organizational goal. To achieve this organizational goal, all the employees must contribute positively to the successful implementation of the control systems put in place. Control in management accounting refers to a set of procedures, tools, performance measures, systems and incentive that organizations use to guide and motivate all employees to achieve organizational goals (Collin, 2012). A system is said to be in control if it is on the path to achieving a firm's strategic objective(s) and deemed out of control if otherwise (Rheeder, 2015). Therefore, from the definition above, it could be deduced that for a control process to have meaning and credibility, the organization must have the ability and knowledge to correct the situations that are out of control.

Control is applied at different level within an organization. Merchant and Van Der Stede (2007) classified control into two which are strategic control and management control. Merchant and Van Der Stede (2007) defined strategic control as an external focus that lay emphasis on how a firm, given its strengths and weakness and limitations, can compete with other firms in the same industry. They see management control systems as a collection of control mechanisms that mainly

focus on internal activities which aimed at influencing the employees' behaviours in desirable manners in order to brighten the probability that the organizational goals will be achieved.

Management control systems represent in a broader term that encompass accounting control systems but it also includes other controls such as action, personnel, social controls and accounting control system. Hence, the term accounting control system, management accounting control systems and management control systems are often used interchangeably. Both management accounting control system and accounting control system refer to the collection of practices such as budgeting, standard costing and periodic performance reporting that are normally administered by the management accounting functions (Jorge, 2015).

Jordge (2015) defines Accounting and control systems (ACS) as “part of the global information system, through which it is collected, processed, analysed and communicated information (financial and non-financial, internal and external) used for planning, monitoring and controlling of different organizational activities, to optimize the use of resources, to support the process of decision making and to the performance evaluation process”. Ernesto, Jacob and David (2015) in Bibe and Malagueno (2009) see management accounting and control system as a “set of procedures and processes that managers use in order to provide valuable information in decision making, planning, monitoring, evaluating and ultimately to ensure the achievement of their personal goals and the goals of the organization”.

Therefore, it could be deduced from the definitions above that Accounting Control System (ACS) involves the procedures used in communicating information about the organization's planning, monitoring, controlling and evaluating the organization's activities at different levels which could enhance the optimal use of resources, better performance measures, compensations (rewards) to

employees and effective decision making in order to achieve the organization's set goals and objectives.

Rheeder (2015) opined that in developing a good management accounting and control system, technical and behavioural characteristics of the designs must be taking into consideration. He opined that the technical factors fall into two categories which are the relevance of the information generated and the scope of the system. The relevance of the information is measured by accuracy of the information generated, the timeliness of that information in order to provide feedback for performance measurement; the consistency of the ACS framework which could be applied globally across the units or divisions of an entity; and the flexibility of the ACS designed which allows the employees to use the systems available information in order to customize its application for local decision. The scope of the ACS must be comprehensive and include all activities across the entire value chain of the organization (Rheeder, 2015).

Moreover, the behavioural aspect of the design must also be considered in building management accounting and control system. This is because human interests and motivations can vary significantly as the major role for control systems is to motivate behaviour congruent with the desires of the organization.

However, in considering the behavioural characteristics of ACS, four major factors are to be considered (Collin, 2015). These factors include embedding the organization's ethical code of conduct into ACS design; using a mix of short and long-term qualitative and quantitative performance measures (or the balanced scorecard approach); empowering employees to be involved in decision making; and developing an appropriate incentive system to reward performance (Collin, 2015 and Rheeder, 2015).

Wayne (2014) observed that many managers want to do what is best for their companies as they usually try to implement new systems without considering the behavioural implications and

consequences of using a ACS. He suggests that when managers did not pay adequate attention to these factors (technical and behavioural factors), goal congruence may not occur, motivation could be low, and worst of all, employees may be encouraged to engage in dysfunctional behaviour.

2.1.2 Approaches to Measurement of Accounting Control System

Different scholars have used various approaches to measure accounting control system. Some of the approaches include budget participation, reward system, performance measurement, budget control, organizational structure, relevance of information, scope of the system and others. Hence, this study focused on reward system, budget participation and performance measurement.

An important measure of accounting control system is reward system. Reward systems, are all the employers available tools that may be used to attract, retain, motivate and satisfy employees (Armstrong, 2012). This encapsulates the totality of organizational investment make in its people and it is everything employee's value in the employment relationship. Bratton and Gold (2013) also observed that reward systems are all the monetary, non-monetary and psychological payments that an organization provides for its employees in exchange for the work they perform. Salah (2016) categories reward system into two groups, financial and non-financial rewards. The financial rewards are the extrinsic rewards while the non-financial rewards are the intrinsic rewards. Yousaf, Latif and Saddiqui (2014) are of the opinion that there are three types of rewards i.e. extrinsic, intrinsic and social rewards. Yousaf, Latif and Saddiqui (2014) further stated that extrinsic rewards are physical benefits such as pay, salaries, bonus, fringe benefits and career development.

The intrinsic rewards are intangible psychological rewards such as appreciation, meeting new challenges, positive and caring attitude from employers, job rotation, and sense of achievement, professional growth and individual recognition. The social rewards arise from the interaction with

other people on the job and may include supportive relationship with managers, supervisors and co-workers. Reward systems may promote competition between subordinates where cooperation would have been preferable, and may encourage the manipulation of actions and reports so that decision takers and performance evaluators may be misinformed.

Reward systems of an organization are designed with the objective of increasing organizational productivity, and rewarding those who achieve an expected level of performance. Cascio (2010) states that intellectual capital is critical to business successes. To keep up ahead with the steep new-product curve, it will be crucial for business to attract, retain best thinkers and keeping them engaged.

Zanelli (2004) observed that the reward system of an organization has repercussion on motivating work when workers are rewarded in a tangible way (cash bonuses, salary increases) or intangible (praise or public recognition) because they have demonstrated behaviours considered desirable for the organization. In contrast, Gibeon and Silvio (2015) observed that the main problem for most reward systems in organization is not related to the measurement of performance, but rather to the distortion introduced by those which are measured. They assume that objective measures of performance are imperfect. Therefore, reward contracts based solely on financial measures create distorted systems and this can be reduced by introducing measurements with subjective components such as the introduction of balance score card.

Another important measurement of accounting control system is budget control system. Budget participation is a process where work units, either superiors or subordinates are involved and have influence in determining the budget targets. (Siallagan, Abdulrohman and Januarti (2017). Suhartini Raidi and Sari (2015) also observed that participation in the budgeting process grants

authority to the chiefs of work units of the accountability centre to set their budgets. Tanumbrata (2016) in Brownell (1982) argues that the budgetary participation is a process where individuals involve themselves and influence the budget whose performance will be evaluated and probably be rewarded based on the achievement of budget targets. Siallagan (2017) opined that involving subordinates in the process would increase a sense of togetherness, a sense of belonging, initiatives to provide ideas and wider acceptance of the final decisions.

Participative budgeting involves top and lower level manager in making the budget. This will increase the sense of responsibility among the managers and force them to be more creative and always make effort to reach the goals. However, in budget participation, it could lead to setting of either too low or too high standard budget, which induce budgetary slack or pseudo participation (Tanubrata, 2016). Budgetary slack occurs when managers purposively underestimate revenues or overestimate costs. It is also known as budget padding. Pseudo participation arises when total budgeting process control is borne by the top manager and low participation from the lower level management.

Vander de Stede (2000) observed that when business unit managers create slack, they exploit their position of superior knowledge about business possibilities or corporate management to get performance targets that are deliberately lower than their best guess forecast about the future. More so, Chong and Strauss (2017) opined that in participative budgetary settings, subordinates will seek to exert the influence on the performance criteria incorporated in their budgets in order to attain what they believe to be an achievable budget. Subordinate believed that building slack into their budgets as a means of protecting their own personal interests is a rational economic behaviour and that they are justified in doing so. Participation of subordinate in budget process will allow managers the opportunity of having access to vital and local information. In contrast, subordinates

may choose to alter or withhold the original or private information which could lead to creation of slack in the budget and information asymmetry.

Abata (2014); Saad (2016); Vincent and Strauss (2017) observed that a well-organized budgeting system and participation will encourage the genuine participation and involvement of operating management in the preparation of budget and the establishment of agreed performance levels have positive and motivating effect. This indicates that budget participation will ensure that attainable standards are set and pursued. In contrast, Suharman, (2011) and Noor, Jamil and Nor (2013) found that participation has negative relationship with dysfunctional behaviours.

Another important aspect of management accounting and control system is the performance measurement. There is no concluding and accepted definition of performance measurement as it has received different debate from different scholars. For instance, Neely Adams and Kennerly (2002) define performance measurement as “the process of quantifying the efficiency and effectiveness of past actions”. Metawie and Gilman (2005) defined performance measurement as “an assessment of an organization’s performance which include the measures of productivity (which quantifies the outputs and inputs of an organization and expresses the two as a ratio, that is ratio of output to input), effectiveness (which determines the relationship of an organization’s output to what an organization is intended to accomplish), quality (which examines an output or the process by which an output is produced) and timeliness (which evaluates the time involved in producing an appropriate output).

Parmeter (2013) and Emeni and Urhoghide, (2014) states that historical financial data is not enough to satisfy the performance measurement in the new era of technological economy which has increased the complexity of organization itself and the markets in which they compete. This is

because financial reports are less indicative of shareholders' value. The sustainable shareholders' value is instead driven by non-financial factors such as employees' satisfaction, customers' loyalty, organization's innovation and internal processes (Cumby and Conrod, 2001). Gomes, Yasin and Lisboa (2004) opined that performance measurement must possess certain characteristics such as reflecting relevant non-financial information based on key success factors of each business unit; implemented as a means of translating strategy and monitoring business results; must be aligned and fit within a strategic system; should be based on organizational objectives, critical success factors and customer needs which monitors both financial and non-financial aspects; and must change dynamically with strategy as well as linked to reward systems.

According to Eduardo and Raymond (2000) in Cameron (1983), organizational performance may be assessed in terms of process, response or impact. The organizational performance process deals with the internal working of an institution, the response concentrates on institution's activities. Recently, it has been observed that the balanced scorecard and the EFQM Business Excellence Model (EFQM, 1999) have been used to assess performance measurement system. They both provide a structural approach for identifying improvement, opportunities and threat and translating company's strategy in achievable goal target and specific task. However, other competing techniques have been introduced such as performance measurement matrix, SMART performance pyramid, performance prism, Kanji Business Excellence performance system, theory of constraint (Keegan et al, 1989; Lynch and Cross, 1991; Neely, et al, 2001; Kanji, 2002; Goldratt, 1990).

Marginson, McAulay, Melving and Van Zijl (2011) opined that the interactive utilization of non-financial performance can be important for generating a positive psychological experience and indirectly increasing performance. Van der Stede (2006) also opined that diversity in performance measurement benefits performance of firm irrespective of the firm's strategy because firms with

more extensive performance measurement systems have higher performance especially firms that include objective and subjective non-financial measurements. However, Beekes, *et al.*, (2010) concluded that the excessive reliance on meetings targets in performance appraisal is excessively linked to dysfunctional employees' behaviour whether financial or non-financial targets are used in performance evaluation.

Therefore, it could be deduced from the definition above that performance measurement involves the way in which the past actions of workers are being quantified in an effective and efficient manner in order to show how the firm is being managed and the kind of goods and values provided for the various stakeholders. Traditionally, the focus of performance measurement has been emphasized on financial measures only such as the accounting ratios (return on asset, return on equity and so on).

2.1.3 Dysfunctional Behaviour

An “employee” is one who a person has the right to “direct and control” in the performance of some compensated duties, and accordingly, it is appropriate to hold the “employer” liable for the torts of the employee he “controls.” An individual who works part-time or full-time under a contract of employment, whether oral or written, express or implied, and has recognized rights duties is known as an employee (Dan,2001)

Behaviour can be defined as a response/s which is observed directly/indirectly. Direct observation is possible by studying the responses of people to a work environment. Indirect observations are decision making processes and attitudes, in terms of results or how people describe them verbally (Hanan, Dina and Ossman, 2015). Human behaviour is very much unpredictable. In behaviour we cannot assume one set pattern of behaviour. Behavior can be categories into: (i) Caused behaviour, (ii) Motivated behaviour, (iii) Goal oriented behaviour. From these observations it can be

understood that behaviour is a dependent factor. By understanding behaviour one can predict, direct, change and control behaviour of individuals or group (Narayan and Bharati, 1993).

Employee behaviour is defined as an employee's reaction to a particular situation at workplace. Employees need to behave sensibly at workplace not only to gain appreciation and respect from others but also to maintain a healthy work culture. Mathur and Gupta (2012) emphasized that the behaviour of employees in the workplace have a direct correlation to the business operations, and concurrently, its success. Typically, professional behaviour generate collaborative work product and elevate the status of the company, while poor or unprofessional behaviour have the potential disrupt productivity, decrease morale and create poor public image.

Every organization has different goals and objectives that are set to be achieved. These objectives cannot be attained without cooperation from its employees and other resources. Therefore, all employees are expected to behave ethically in line with the organization's policies, procedures, rules and regulations set in order to achieve this objective. However, in this new era, it is observed that employees' behaviours are not in tandem with the organization's rules and regulations, thereby resulting to dysfunctional behaviour.

Jaworski and Young (1992) defines dysfunctional behaviour as "actions in which subordinate purposefully attempts to manipulate elements of an established control system for his own purposes. Dysfunctional behaviour is defined as the voluntary acts of the employees to manipulate the elements of the performance measurement and control system in order to produce a better report, either for the benefit of the subordinates, superiors or for self-interest (Adnan, Jamil and Nor, 2013). Hence, dysfunctional behaviour means the actions taken in an unethical ways either by the manager or employees intentionally in order to mislead various stakeholders by producing a report with better performance report for personal gain at the expense of the organization's performance and effectiveness.

Employees engage in dysfunctional behaviour either for personal gain or for the company's competitive advantage (Jaworski and Young, 1992). Therefore, the influential role of leadership

should not be underestimated when examining dysfunctional behaviour. As posited by Prati, McMillan-Copehart and Karriker (2009), leaders develop quality relationships with organizational members and can influence norms and guide behaviour.

There are many forms of dysfunctional behavior. Adnan, Jamil and Nor (2013) in Birnberg, Turopole and Young (1983) classified dysfunctional behaviour into six namely biasing, smoothing, focusing, gaining illegal act or falsification and filtering. This makes some forms of dysfunctional behaviour to be redundant. Jaworski and Young (1992) classified dysfunctional behaviour into gaming and information manipulation and have been adapted by different authors such as Soobaroyen (2007) and Adnan, *et al.*, (2013).

Jaworski and Young (2007) defined gaming as choosing an action which will achieve the most favourable personal outcome regardless of the actions the superior prefers. More so, Fisher and Downes (2008) defined gaming as taken advantage of the loopholes in the rules and system under which they operate which is as a result of subordinates' rebel following a belief that the control system measures performance on the wrong task or only on a limited number of their required tasks.

2.2 Theoretical review

The study reviewed various theories formulated on the effect of accounting control systems on dysfunctional behavior. These theories include the Theory X and Theory Y, Equity theory, agency theory and goal theory. The research examines the authors of the theories, the philosophy behind the theories and how they relate to the study.

2.2.1 Theory X and Theory Y

Theory X and Theory Y was an idea devised by Douglas McGregor in 1960. It encapsulated a fundamental distinction between management styles. Theory X assumes that employees are, by nature, reluctant to fulfill the obligations of their job and instead will find ways to avoid work or

otherwise reduce their work output in a bid to expend the least amount of effort possible. Theory X is an authoritarian style where the emphasis is on “productivity, on the concept of a fair day's work, on the evils of feather-bedding and restriction of output, on rewards for performance (Tim Hindle, 2003). Theory X has been considered as a negative way of dealing with employees. Therefore, in order to detect an attempt by the staff to avoid work, it is demanded a strict control and monitoring of behavior. In relation to the research objective the form of control and monitoring techniques to ensure that employee discharge their duties diligently are performance measurement and reward system. The authority must keep a careful eye out for sabotaging effects by self-interested employees and find the cause of disruptions, handing out penalties in the belief that a sincere wish to avoid responsibility is the root cause for the majority of trouble.

Theory Y is the diverse to that of Theory X. Theory Y posits that employees actually become more productive when more trust and responsibility is delegated to them. According to Theory Y, employees do wish to work and be productive and the act of doing well at work is itself a strong motivator. Rather than taking the view that employees must be forced to do what management want and that they will not, under any circumstances, do anything beneficial for the company under their own direction. Theory Y is a participative style of management which assumes that people will exercise self-direction and self-control in the achievement of organizational objectives to the degree that they are committed to those objectives. Based on the research objective, allowing employees to be involved in budget preparation and review of their various units or departments through participative budgeting system enhance attainment of the organizational goal. Theory Y stands in a unique place in management history and advocated a heightened awareness of management's responsibility for the human side of employer-employee relations. In a nutshell, according to McGregor (1960), “Man is a wanting animal and as soon as one of his needs is satisfied, another appears in its place. McGregor urged companies to adopt Theory Y. Only it, he believed, could motivate human beings to the highest levels of achievement. Theory X merely satisfied their lower-level physical needs and could not hope to be as productive.

Theory X assumptions believe that workers must be controlled and threatened with punishment in order to work in line with organization's goal. Conversely, McGregor saw Theory Y hold assumptions that workers care about the organization, will seek responsibility, and exercise self-control. In essence, the implicit assumption of this theory is that a good control and monitoring device should be employed by the organization to reduce negative tendency of the employees

2.2.2. Equity Theory

Equity theory was propounded by Adams (1963) and was improved in 1965. This theory proposes that individuals who perceive themselves as either under-rewarded or over-rewarded will experience distress, and that this distress leads to efforts to restore equity. Four propositions capture the objectives of the theory: Individuals evaluate their relationships with others by assessing the ratio of their outcomes from and inputs to the relationship against the outcome/input ratio of a comparison other; if the outcome/input ratios of the individual and comparison other are perceived to be unequal, then inequity exists; The greater the inequity the individual perceives (in the form of either over-reward or under-reward), the more distress the individual feels; the greater the distress an individual feels, the harder he or she will work to restore equity and, thus, reduce the distress.

Equity restoration techniques include altering or cognitively distorting inputs or outcomes, acting on or changing the comparison other, or terminating the relationship. Leventhal (1976), suggested three distribution rules that an individual might employ when allocating out-comes to others: the contribution (equity) rule, where others are rewarded outcomes in proportion to their inputs; the needs rule, where others are rewarded based upon their legitimate needs; and the equality rule, where others receive equal outcomes irrespective of their individual inputs. These distribution rules, as Mow-day (1983) indicated, suggest that different norms govern the allocation of rewards.

However, the limitation of this theory is that it only considers the reward to employees alone based on the employees' input and outcome without considering the achievement of organization's set goals and objectives.

2.2.3 Goal Setting Theory

It was postulated by Locke and Latham (1979). The theory states that an individual's goals regulate conscious human behavior, and that is what that makes it purposeful. They further elaborate on the notion that human behaviors are unique among living things, as their behaviors are not only goal-directed, but also conscious in nature. In other words, the basic underlying logic behind goal setting theory is that human actions are purposefully directed ones. According to goal setting theory, having different performance goals is the underlying motivational explanation for why some people perform better than others.

The two major features of human goals are the content and the intensity of the goals (Latham and Locke, (1991). The research that has been conducted on GST has focused on the specificity and the difficulty as regards to content of the goals. Specificity refers to the goals being very specific rather than vague. Difficulty refers to the level of the goal that is intended to be achieved. However, the level of difficulty is not constant as it depends on the individual that is going to reach that goal. One individual might find a specific goal easy, while another might find it very hard. When the individual's ability and commitment are adequate enough, he/she performs better when the goals are harder. In other words, the harder the goal is, the higher the performance.

Dweck,(2006)point out that specificity and difficulty attributes of the goals have been primarily studied and the findings are consistent in that specific and difficult goals lead to better and higher performances as opposed to vague and unchallenging goals. Latham and Steele (1983) emphasize that there is a linear relationship between the difficulty of attaining the goal and the performance produced in actually attaining it.

Intensity, which is the second characteristic of goals, refers to the mental process which involves “scope, clarity, mental effort, etc.” (Heslin, Latham and VandeWalle, (2005) Research findings indicate that the individuals who are engaged in reaching a goal deeply and expansively are more likely be committed to achieving the goal. Another finding is that the higher the subject is committed to the goal, the better he/she performs.

Heslin and VandeWalle (2008) reported that some researchers suggest that the performance will be higher when the employees participate in the goal-setting process. However, based on the research, Newstrom (2011) state that there is no significant difference in goal setting treatments, the performance remains almost equal when the goals are assigned and when they are set with the participation of the employee. However, Newstrom (2011) elaborate on the fact that both assigned and participative-set goals result in better performances than the ones that are merely told. One of the conclusions that are suggested by Latham and Steele (1983) is that “participation in goal setting resulted in greater understanding of task requirements that that which occurred when goals were assigned to subjects”. This theory only looks at budget participation and performance measurement of the employees but failed to consider the reward for high or low performance and the company’s goals attainment.

2.2.4 Agency theory

Agency theory was developed by Jensen and Meckling (1976) and later developed by Fama and Jensen (1983). Jensen and Meckling define an agency relationship as “a contract under which one or more persons (the principal) engage another person (the agent) to perform some services on their behalf which involves delegating some decision making authority to the agent”. In an agreed-upon contract between the parties, all rights and responsibilities such as compensation arrangements, information systems, allocation of duties and ownership rights are specified (Baiman, 1990).

According to agency theory, the principal has two basic options in seeking to control the agent in terms of the contracts to be agreed upon; that is, behaviour-based contracts and outcome-based contracts (Eisenhardt, 1989). When choosing behaviour-based contracts the principal chooses to monitor the agent's behavior (actions) and then reward that behaviour. The other option, outcome-based contracts, compensates agents for achieving certain outcomes (outputs).

However, both the principal and the agent are utility maximizers. If both parties are so called utility-maximizers. There is good reason to believe that the agent will not always act in the best interests of the principal (Jensen & Meckling, 1976). This underlying assumption, that all individuals are considered to be motivated solely by self-interest, is common to all agency models (Baiman, 1990). So, the action taken by the agent may diverge from the cooperative action. And instead of taking the action that will maximize the group's welfare, another path is chosen by the agent whereby so-called agency problems arise. It is important to recognize however, that even if an agent tries his/her best to follow the principal's interests, his/her actions will always be coloured by his/hers interpretations of these. The agent's interpretation of the situation may still, unintentionally, lead to a diverging action thereby resulting in agency problems.

Jensen and Meckling (1976) defined a firm as a 'set of contracts between the factors of production'. They described that firms are the legal fictions, where some contractual relationships exist among the persons involved in the firm. Agency relationship is also a kind of contract between the principal and agent, where both the party work for their self-interest that leads to the agency conflict. In this context, principals exercise various monitoring activities to curb the actions of the agents to control the agency cost. In the principal– agent contract, the incentive structure, performance evaluation and information asymmetry plays a crucial role and these elements helped in building the theory of ownership structure.

Jensen and Meckling (1976) portrayed the firm as a black box, which operates to maximise its value and profitability. The maximisation of the wealth can be achieved through a proper coordination and teamwork among the parties involved in the firm. However, the interest of the

parties differs, the conflict of interest arises, and it can only be relegated through managerial ownership and control. However, the theoretical underpinning for this study is theory X and Y

2.3 Empirical Review

2.3.1 Effect of Reward System on Dysfunctional Behaviour

2.3.1.1 Empirical Studies on Developed Countries

Akter (2012) assessed the effect of employees' satisfaction of Sainsbury's in the United Kingdom. The data was sourced through the questionnaire administered to thirty (30) employees of the sample firms and was analyzed through descriptive method. The result of the study indicates that the employees of the company were happy with the reward system.

Alfandi and Alkawsaneh (2014) examined the role of incentives on employee performance for the employees of the Jordanian tourism and travel institutions. Data was sourced through questionnaire administered to forty-four (44) respondents from twenty eight (28) institutions in Amman. The result of the multiple regression analysis indicates that there is an adequate level of incentives provided to employees. Moral incentives, rewards, efficiency of reward system and promotions are factors influence employee performance positively in Jordanian travel and tourism institutions.

Muhammad and Owais (2015) assessed the impact of reward on employee performance of Malakand private school in Switzerland. The data collected through the questionnaire administered to one hundred (100) respondents was analyzed using correlation and multiple regression statistical techniques. The study concludes that there is positive relationship between rewards (extrinsic and intrinsic) and employee's job performance. Most of the organizations implement rewards system to increase the job performance and job satisfaction.

In the study of Murphy (2015) on the effect of reward systems on employee performance of United Kingdom, data was sourced through interview and questionnaire administered to the sample

respondents and was analyzed with the use of descriptive method. The study found out that reward system has significant positive effect on employees' performance.

Pendleton and Robinson (2017) examined the effects of combining incentives on workplace labour productivity in United Kingdom. The data of the study was sourced from the Management Questionnaire of British Workplace Employment Relations Survey, 2004 (WERS04) of one thousand, three hundred (1,300) workplaces was analyzed using regression method. The study found out that profit-sharing enhances the effect of collective performance-based reward and that two group incentives are more effective than a single individual incentive.

2.3.1.2 Empirical Studies on Developing Countries

Cherotich, Chepkilot and Muhanji (2015) assessed the impact of reward on employee behavior in Kenya. Data was collected from one hundred and eight (108) employees of banks selected through stratified random sampling and was analyzed through correlation and regression analysis. The result of the study established that rewards significantly affect individual behaviour positively.

Salah (2016) investigates the influence of rewards on employees' performance in Jordan using extrinsic, intrinsic, social, and reward mix. Pearson product moment correlation coefficient was used to analyze the data collected through questionnaire to three hundred and eight (308) workers of unified mining companies in the southern part of Jordan. The results showed that there is a statistical significant relationship between rewards types and employees' performance.

Khan, waqas & Muneer (2017) investigated the impact of rewards (intrinsic & extrinsic) on employees performance in courier companies in Pakistan. Data was collected from 60 respondents of courier level from selected four companies. Through Questionnaire correlation c-efficient analysis and regression analysis was used to test the hypothesis. ANOVA was conducted to determine the difference. The results show that there is a significant influence of intrinsic & extrinsic rewards on employees job performance.

Ndungu (2017) conducted a study on the effects of reward and recognition on employee job performance in Kenyatta University. Questionnaire as research instrument was used and distributed to 332 employees of Kenyatta University. Pearson correlation and multiple regression were applied. Results showed significantly positive relationship between reward and recognition employee performance.

Anku, Amewagah & Glover (2018) examined concept of reward management reward system and corporate efficiency. Questionnaire was used to elicit information. The result shows that the reward system plays an essential role in motivating workers to perform innovatively.

2.3.1.3 Empirical Studies on Nigeria

Bello and Adebajo (2014) examined the impact of reward system on employees performance selected secondary schools, Lagos State. The data was collected through questionnaire administered to two hundred (200) and was analyzed with the use of Pearson product moment correlation coefficient. The findings revealed that there is a significant relationship between employee's performance and salary package, employee job allowances and performance and in-service training and employee's performance.

Ejunudo (2014) examined the effect of pay reward system on performance of the Delta State Civil Service. Questionnaire administered to seventeen (17) staff was used to collect data and was analyzed with the use of regression analysis. The result of the study revealed that incongruence of the pay reward system and the central guiding principles of fairness, costs of living and moderation, the ingrained culture of poor performance and the dysfunctional employee mode of entry have negatively impacted on the performance of staff.

Mbah, Mgbemena, and Ejike (2015) examined the impact of effective reward system on employee performance in civil service using Anambra state civil service as a case study. Pearson correlation coefficient and multiple regression analysis were employed in analyzing the data sourced through questionnaire administered to three hundred and fifteen (315) senior civil servants on nominal roll of the various ministries in Anambra State. Findings from the study shows that pay reward and some non-financial rewards of employee recognition, conducive work environment and staff development are positively and significantly related to employee performance in civil service.

Idemobi, Ngige & Ofili (2017) examined the relationship between organization reward system and workers attitude to work. Data for the study was gathered from 1,367 workers of selected media companies in Delta State with the aid of structured questionnaire. This was analysed using chi-square test. The results revealed that workers satisfaction with the organizational reward system will make them to develop positive attitude to work as well as higher commitment.

Ajayi (2019) investigated employee performance among selected tertiary institutions: evidence from intrinsic reward system. A total of 360 structured questionnaire were administered to elicit information from the target respondents of universities data staff of Ado Ekiti gathered were

analyzed using hierarchical regression models. The result showed that consultative participation significantly affect institutional stability.

From the above, based on extant literature reviewed and to the best of the researcher's knowledge, it could be deduced that there is no studies on the effect of reward system on dysfunctional behavior as the studies reviewed were based on reward system and performance of firms and they all centered on public sector. Therefore, this study aims to fill the gap in the literature.

2.3.2 Effect of Budget Control system on Dysfunctional Behaviour

2.3.2.1 Empirical Studies on Developed Countries

Simmons (2012) investigates the relationship between participative budgeting, budget evaluation and organizational trust held by administrators in post-secondary educational institution in Canada. A 50 item questionnaire was distributed to college and university administrators and was analyzed through regression analysis. The outcome of the result of the study shows that participation has a negative relationship to the level of budget gaming.

Yucel & Gunluk (2007) assessed the effects of budgetary control justice perceptions on the relationship between budgetary participation performance in turkey. The data obtained through questionnaire distributed to 256 managers in companies in Kazakhstan, Kyrgyzstan, and Uzbekistan was analysed with the use of correlation analysis. The result of the study revealed that budgetary participation and procedural justice perception affected performance positively. In addition, performance was affected negatively in environments where rigid budgetary control was practiced. Also, The effect of procedural justice perception on the relation between budgetary participation and performance, on the other hand, was negative.

Malte (2013) examined the Effects of Tight Budgetary Control on Managerial Behaviour in the Swedish Public Sector: Emphasizing Motivation, Commitment, Satisfaction, and Stress. Sample of 62 managers were taken through online questionnaire sent via email to the participants. The data collected was analysed with Multivariate Analysis of Variances (MANOVA) .The result of the thesis research study revealed that the majority of the local managers in the Swedish public sector actually experience tight budgetary control. Both, organizational commitment and stress were respectively negatively and positively related with tight budgetary control.

Chong and Strauss (2017) examined the effects of participative budget emphasis, information asymmetry and procedural justice on slack. Using a structural questionnaire to collect data from respondents consisting of 116 managers from listed Australia manufacturing firms, the results of the Pearson Correlation Co-efficient and regression analysis indicate that subordinate propensity to create budgetary slack is low when budgetary participation, information asymmetry and budget emphasis are all high.

2.3.2.2 Empirical Studies on Developing Countries

Lui (2011) examined the relationship among budgetary control system, budgetary perceptions and performance in a Chinese hospital. Questionnaire administered to one hundred and thirty-two (132) budgeting managers from the public hospitals was used to collect data. The result of the Pearson correlation analysis shows that when the degree of budgetary feedback and budgetary participation were high, the budgetary motivation and budgetary attitude would be high but the propensity to budgetary slack would be low when budgetary motivation and budgetary attitude is high.

Moolchand, Narendra and Koshina (2012) examined the behavioural aspects of budgeting with emphasis on public sectors/services budgets in India using meta-analysis. The result shows that accounting techniques and human relations are inextricable bound with each other. The behaviour aspects of budgeting are significant and the manager has to minimize the behavioural problems within the accounting system. The most common view is that the budgeting process in particular and MCS in general cannot afford to ignore the impact or behaviour on these processes.

In the study of Abdubakar and Amiruddin (2014) on the impact of organizational factors on budgetary slack, data was collected through questionnaire administered to four hundred and fifty (450) managers in listed companies in Bursa Malaysia and was analyzed using multiple regression analysis. The study found out that there is a negative and significant relationship between management style and budgetary slack.

Yuen, Law and Tayles (2015) assessed the influence of organizational commitment and job-related tension on budgetary slack in China. The data obtained through questionnaire distributed to one hundred and fifty-two (152) middle managers of nineteen (19) hotels chosen as sample was analyzed with the use of regression analysis. The result of the study revealed that high budgetary participation and managers who report low job-related tension are associated with a reduced propensity to create budgetary slack while low committed managers with higher job-related tension are associated with a greater propensity to create slack in budget.

In addition, Suhartini, Riadi and Sari (2015) assessed the role of managers involved in budgeting process to managerial performance considering the gender perspective in Indonesia. Data was sourced through the questionnaire administered to male and female managers and was analyzed

using partial least square (PLS) analysis technique. The result shows that there was no difference between male and female managerial performance.

Ghozali and Setiawan (2016) assessed the effect of budget participation on budgetary slack in local government with organizational commitment and environmental uncertainty as moderating variable in Indonesia. Data collected through questionnaire administered to one hundred and twelve (112) respondents was analyzed with the use of multiple regression analysis. The result revealed that budgetary participation will reduce the budgetary slack.

Siallagan, AbdulRohman and Januarti (2017) investigate the role of organizational commitment dimensions in the relationship between budgetary participation and budgetary slack and the influence of budgetary participation on performance of Indonesia. Questionnaire was used to collect data from the head of departments and office agencies. The result of the partial least square (PLS) regression analysis revealed that budgetary slack is negatively influenced by budgetary participation and budgetary slack negatively affects performance.

Femilia, AbdulRohman and Fikry (2017) examined the effects of E-procurement capability to budgetary slack in Indonesia local government. Questionnaire was administered to one hundred and fifteen (115) staff of E-procurement service unit through mail and was analyzed through regression analysis. The study found out that e-procurement is negatively associated with budget slack.

Effendi (2017) investigates the influence of budgetary participation, reliance on accounting performance measures, standard operating procedure of local government towards dysfunctional behaviour in Indonesian local government. The data collected through questionnaire administered to the target respondents was analyzed using regression analysis. The outcome shows that

budgetary participation and standard operating procedures have effect on dysfunctional behaviour of local government, while accounting performance measures partially negative effect and dysfunctional behaviour has a positive effect of local government performance.

2.3.2.3 Empirical Studies on Nigeria

Odia and Okoye (2012) carried out a theoretical review on budget gamesmanship and concluded that where there is pressure on the managers to achieve the set targets or to secure the position or job due to uncertain and perceived unfair performance evaluation budget games will be played.

Abata (2014) carried out a research study on the effect of participative budgeting on managerial performance in the Nigerian food products sector. Fifty questionnaires were administered used to gather data from the target respondents and regression analysis was used to analyzed the data. The results indicate that there is a significant relationship between managerial performance and participatory budgeting.

Siyanbola (2013) investigated the impact of budgeting and budgetary control on the performance of manufacturing company in Nigeria, using Cadbury Nigeria Plc, as case study. Data was collected through the questionnaire administered to twenty-six (26) respondents (both staff and customers of the company) and was analyzed through regression analysis technique. The result of the study revealed that budgeting is a useful tool that guides firms to evaluate whether their goals and objectives are actualized.

Fakile, Ojeka and Oyewo (2016) looked at Determinants of Subordinates' Participation in Budget Planning in Nigeria. The data were collected through the questionnaire administered to the sample respondents that have been working with their various firms for more than seven year years. The result of Pearson correlation coefficient and Ordinary Least Square (OLS) regression analysis

established that participation of subordinate in budget planning leads to goal clarity and budget goal acceptance.

Adenuga and Ojedirani (2017) examined the relationship between budget participation, organizational commitment and managerial performance in Nigeria. Primary data were obtained from copies of one hundred and ninety-two questionnaires distributed to members of staff at managerial levels at Nestle NIG-food, Nigerian Breweries-drinks, Flour mills-food, 7up Bottling company-drinks, Cadbury-food, Unilever-food, and Vitafoam Nigeria Plc. Correlation and regression analysis were used to test the hypotheses of the study. The findings revealed that a number of respondents were interested in having budget discussion at the beginning of the year with their subordinates and that they saw the need to discharge their own responsibilities to achieve the overall picture which is to improve organizational performance.

From the above, based on extant literature reviewed and to the best of the researcher's knowledge, it could be deduced that there is no studies on budgetary controls system and dysfunctional behavior as the studies reviewed were based on budgetary control and performance of firms. Therefore, this study aims to contribute to the empirical development in this area of concern.

2.3.3 Effect of Performance Measurement on Dysfunctional Behaviour

2.3.3.1 Empirical Studies on Developed Countries

In the study of Hunton *et al.*, (2008) on an investigation of potential functional and dysfunctional effects of continuous monitoring in United State, a total of 72 corporate managers participated in the study, each representing a different company. The independent variables were incentive horizon and monitoring frequency while dependent variables were functional and dysfunctional effects. The results suggest that with a short-term bonus horizon, continuous monitoring reduced

earnings management of real activities, thereby yielding a functional effect. However, the research findings indicate two dysfunctional effects of continuous monitoring relative to periodic monitoring.

Beekes, Otley and Ururuka (2010) examined the use and consequences of performance management and control systems in professional services firm in United Kingdom. The data was sourced through the questionnaire administered to two hundred and thirty-six (236) respondents. The result of the regression analysis revealed that both financial non-financial in the organization's performance evaluations may have de-motivational impact on employees' behavior. The results show that the excessive reliance on meeting targets in performance appraisal is inextricably linked to dysfunctional employee behaviour.

Micheli and Manzoni (2010) assessed strategic performance measures: Benefits, limitations and paradoxes. It was established that strategic performance measurements (SPM) can be both functional and dysfunctional for organizations. If both perspectives are valid, how can organizations make SPM more of an asset and less of a liability? The results shows that the design of the SPMs will have to depend on the environment in which the organization operates, its strategy, its likes with key stakeholder, and the implications the measurement system may have in maintaining the current, or shaping the future, organizational culture.

Marginson *et al.*, (2011) examined a positive psychological role of performance measures in respect of financial and non-financial and non-financial measures and diagnostic and interactive utilization of performance measures and diagnostic and interactive utilization of performance measures in association with decreasing role ambiguity and increasing psychological empowerment in Unites state of America. The outcome shows that interactive utilization of non-

financial performance measures can be important for generating a positive psychological experience and indirectly increasing performance.

Beekes *et al.*, (2014) conducted a research on factors influencing quality threatening behaviour in a big four accounting firm and UK. Using construct such as quality threatening behaviour and target difficulty, target focused performance appraisal, organizational commitment, fairness in treatment, interactions with superiors and control variables are organizational hierarchical level and audit and non-audit services. Questionnaire were used for data collection 236 responses were sampled and regression analysis (OLS). The result shows that organizational commitment, fairness and interactive control are important factors which help to reduce dysfunctional behaviour.

In the study of Becton and Carr (2017) on differential effects of task performance, organizational citizenship behavior and job complexity on voluntary turnover, data was obtained through questionnaire administered to seven hundred and eighty-two (782) supervisors and was analyzed with the use of multiple regression analysis. The study found out that turnover in high complexity jobs was greater for low performers but lower for high performers relative to that of employees in low complexity jobs.

Baird (2017) assessed the effectiveness of strategic performance measurement systems. Data was collected through mail questionnaire administered to a random sample of eight hundred (800) Australian manufacturing and service business units. The result of the regression analysis shows that the use of multidimensional performance measures was found to positively influence the effectiveness of strategic performance measurement but negatively influence dysfunctional activities.

Mitchell, Baer, Ambrose, Folger and Palmer (2018) carried out their study on cheating under pressure using a self-protection model of workplace in USA. Partial Least Square regression analysis was employed to analyze the data collected through the questionnaire administered to three hundred and sixty-two (362) respondents chosen as sample. The results of the study revealed that anger mediates the effects of performance pressure on cheating behaviour and that self-serving cognitions also mediates the effects of performance pressure on cheating behaviour.

2.3.3.2 Empirical Studies on Developing Countries

Santos and Brito (2012) assessed the subjective measurement model for firms. Using data collected from 116 Brazilian senior managers through questionnaire and confirmatory factor was used to analysis and test its fit and psychometric properties. The final model has six- first order dimensions; profitability, growth, customer satisfaction, employee satisfaction, social performance and environmental performance. The results suggest dimensions cannot be used interchangeably, since they represent different aspects of firm performance and corroborate the idea that stakeholders have different demands that need to be managed independently.

Hirst (2014) investigates the effect of reliance on accounting performance measures, task uncertainty on dysfunctional behaviour. Survey questionnaire was used to collect data from four (4) tertiary education institutions in Sydney metropolitan area. Out of 157 individual that volunteered to participate in the study, one hundred and eleven (111) responses were usable. The independent variables for the study were reliance on APM and task uncertainty while, the dependent variables were tension and social withdrawal. The result shows that interaction between reliance on APM and task uncertainty affect tensions.

Cahminda, Rahat and Ranjith (2016) carried out their research study on the effect of enabling and controlling uses of management control system moderate the relationship between environmental innovation strategy and organizational performance. Partial least square structural equation method (PLS-SEM) was used to analyzed survey data collected from top managers in one hundred and seventy-five manufacturing and service sectors representing multinational and local organizations operating in Sri Lanka. The result shows that use of management control systems positively moderates the relationship between environmental innovation strategy and organizational performance.

Muhammed, Shinta, Rika, Elvia and Vera (2017) investigate the effect of information technology and pressure on dysfunctional audit behavior. Data was gathered from eighty-one (81) auditors in Jakarta and was analyzed using structural equation model (PLS-SEM). The result revealed that pressure (time budget and complexity task) has impacts on dysfunctional audit behavior while information technology does not affect dysfunctional audit behavior.

Barbato Salvadori&Turri (2018). There's a lid for every pot! The relationship between performance measurement and administrative activities in Italian ministries.1511 objective indicators was used in the 11 Italian Ministries. The result shows the relevance of administrative activities in influencing the ability to measure performance.

Tjan, Sukoharsono, Rahman &Subekti (2019). Examine factors which influence dysfunctional auditor behavior. 262 auditos respondents as its sample ad PLS-SEM analysis was adopted. The result indicate that performance evaluation of efficiency focus and task complexity has positive influence on dysfunctional auditors behavior.

2.3.3.3 Empirical Studies on Nigeria

Adekoya (2013) examined the effect of compensation management on employees' performance in Nigerian public sector. Chi-square analysis was employed to analyze the data collected from the questionnaire administered to one hundred (100) respondents chosen as sample. The result of the study indicates that better compensation management has significant impact on employees' performance of Nigerian Port Authority.

Asamu (2013) investigates the perception of performance appraisal and workers' performance in Wema bank headquarters, Lagos state. The data collected through the questionnaire administered to one hundred and fifty (150) respondents was analyzed through Chi-square statistical analysis technique. The result of the study revealed that performance appraisal does not only improve worker's performance but also enhance the employees' commitment to goals and objectives of the organization.

Emeni and Urhoghide (2014) analyzed the effects of accounting performance measures (APM) on the behaviour of subordinates in the Nigerian brewery industry. The study adopted a cross sectional survey research design and ordinary least square regression model was used in analyzing data. The results showed that when superiors rely highly on accounting performance measures in high task uncertainty situation or place low reliance on accounting performance measure in low task uncertainty to evaluate subordinate managers, subordinates seek relief by engaging in dysfunctional behaviour. A cross – sectional survey research design was adopted, 7 breweries companies in Nigeria were sampled but 4 companies were later used data were gathered with questionnaire.

James (2016) examined the influence of performance appraisal as a tool for enhancing productivity in an organization. Descriptive statistics was employed in analyzing the data collected through the questionnaire administered to one hundred and fifty (150) senior and junior managers of Guaranty Trust Bank, Unilever Plc. and MTS Property Development Company. The result of the study revealed that performance appraisal helps an organization to position employees adequately for optimum productivity

2.4 Summary and Gap Identified in the Literature

This chapter provides a review of empirical studies relating to the research. The empirical studies were reviewed from developed countries, developing countries as well as the studies conducted on the Nigerian economy. However, studies reviewed showed that there are still some unanswered questions or gaps left unfilled by the previous researchers, especially in the Nigerian context.

Literature on accounting control systems in Nigeria context focused on performance of companies, with little or no study on the effect of accounting control systems on dysfunctional behavior of firms. Hence, the kind of this study had not been done in states that are likened to Kwara State. (See Odia & Okoye, 2012; Bello & Adebajo, 2014; Mbah *et al.* 2015; Fakile *et al.* 2016; and James, 2016).

Furthermore, it has been observed that some studies (See Siyanbola, 2013; Ejunudo, 2014; Suhartini *et al.*, 2015; Chong & Strauss, 2017; Adenuga & Ojediran, 2017) used one variable of accounting control system at a time in their studies and not multiple components of the accounting control systems in a study. Thus, the present study considered different variables of the accounting control systems and their impacts on dysfunctional behavior of selected manufacturing firms in Kwara State. Theoretically, the previous studies (See Adekoya, 2013; Emeni & Urhoghide, 2014; Suhartini *et al.*, 2015; Siallgan, *et al.*, 2017; Chong & Strauss, 2017) on the subject matter have all used other theories such as agency theory, organizational theory and expectation theory. However,

this study will be among the few studies that explore the assumptions of theory X and Y in the Nigerian context.

2.5 Theoretical Framework

This study was guided by theory X and Y. Theory X and Y consider dealing with employees with strict policies as well as motivating them. Theory X posits that employees are lazy not ready to work, ambitionless, non-initiative and dislike responsibilities and individual goal oriented, hence there is need for strict supervision, penalties and external rewards in order to motivate the employees. Hence, theory X relies on coercion, implicit threats, close supervision and tight controls, in an environment that deals with command and control. Theory Y, on the other hand, assume that managers believe that their employees are self-directed, highly motivated, committed, highly skilled, seek responsibility and capable of exercising their efforts in an inherent manner in order to achieve the individual and organizational objectives.

Emanating from theory X, using adequate control mechanism, employees need to be supervised at every step and strict penalties will make employee to abide by the laid down rules in achieving their organizational objectives and prevent nonchalant attitude of the employees. Theory X managers think that team members need to be promptly rewarded or punished constantly to make sure that they complete their tasks. Theory X managers motivate their employees using carrot and stick approach, which reward good performance and punish poor performance. Theory X assumes that firm relies on money and benefits to satisfy employees lower needs, and once those needs are satisfied, the source of motivation is lost but the only way employees can satisfy their higher needs in their work is by seeking more compensation and focus more on monetary rewards.

Theory Y managers assume that control and supervision are not necessary for these people to meet their objectives and that of the organization. Under theory Y, there is an opportunity to align organizational goals by using the employees' own quest for fulfillment as the motivator.

Deducing from theory Y, involving employees in decision making process such as preparation and review of budget can prove the capability of the employees, help in fulfilling their higher level needs and high level of commitment, thereby reducing the probability of engaging in cheating/dysfunctional activities. It posits that some people may not have reached matured level and therefore may need tighter controls that can be relaxed as the employee develops. Theory Y allows for decentralization and delegation of work, job enlargement, participative management and performance appraisal.

2.5 Conceptual Model

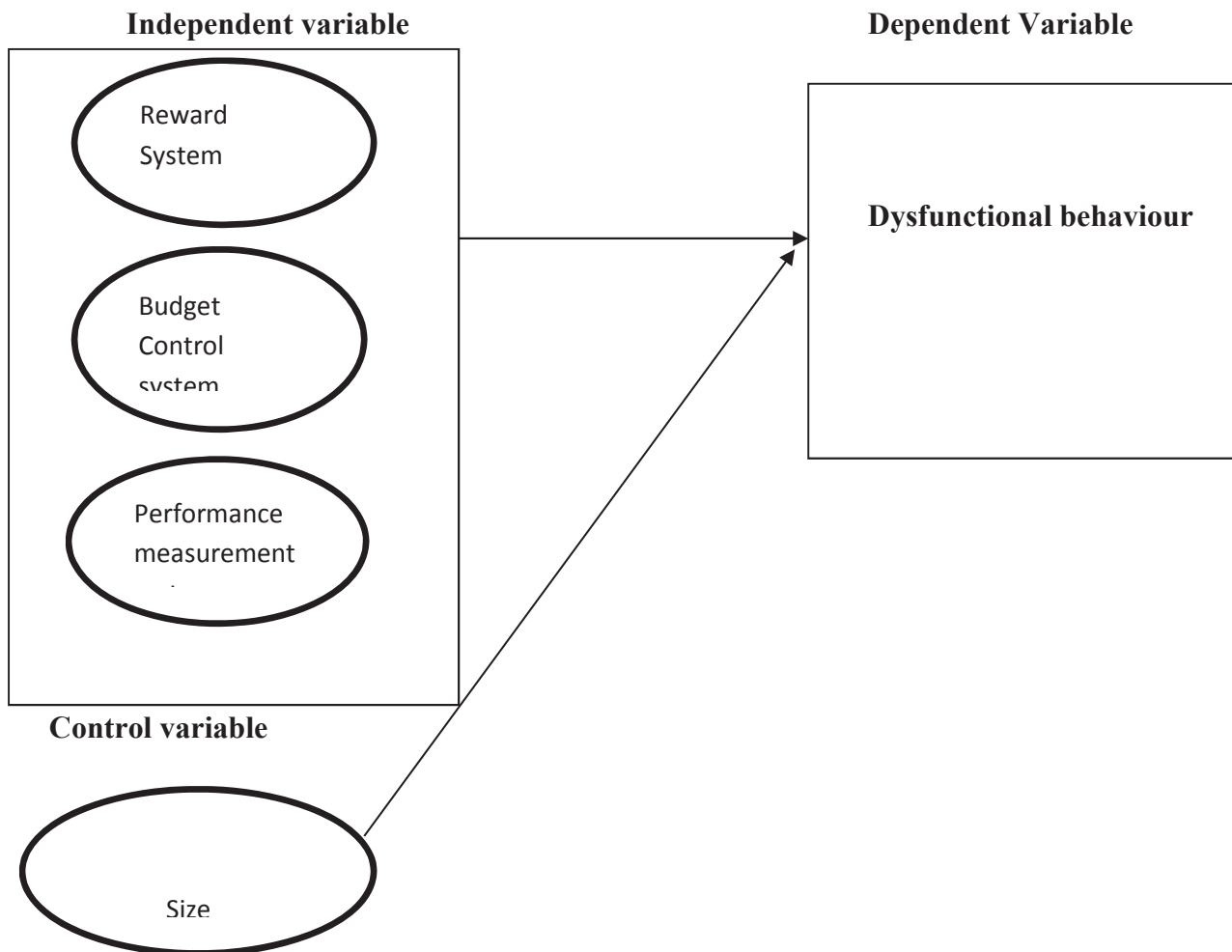


Figure 2.5.1: Conceptual Model

Source: Author's Drawing,(2019).

The figure 2.5.1 shows the conceptual framework guiding the study. It shows the dependent and independent variables of the study. The dependent variable is the dysfunctional behavior measured through gaming and information manipulation while the independent variable is the accounting control system proxy with budgetary control system, performance system and reward system. The size of the company represents the control variable.

CHAPTER THREE

METHODOLOGY

This chapter discusses the method used in collecting the data as well as the technique used in analyzing the data collected. It also shows the population and sample of the study as well as the model employed in the study.

3.1 Research Design

This study adopted cross-sectional survey research design. A cross-sectional survey research design involves a situation whereby the researcher selects a sample of respondent from a population and administered a standardized questionnaire to those respondents. This design is relevant to this study as the researcher administered a structured questionnaire to the sample of respondents for data collection in order to know the effect of one variable (independent variables) on the dependent variable.

3.2 Population of the Study

The targeted population for this study is the entire line managers of selected manufacturing sectors in Kwara State. The total numbers of companies that engaged in manufacturing process and duly registered with the Corporate Affairs Commission (CAC) as well as registered with the Federal Inland Revenue Service in Kwara State are sixteen companies (See Appendix III). The total number of line managers of these manufacturing companies is two hundred and twelve (212). The line managers were targeted due to the fact that they are the ones that can provide adequate answers to the questions raised in the questionnaire. A line manager is a person who directly manages other employees and operations of a business while reporting to a higher ranking manager (Business Dictionary, 2018). Line managers are supervisors or head of units in a company.

3.3 Sample Size and Sampling Technique

The sample size for the study is one hundred and thirty-eight (138) respondents. The researcher used Yamane (1967) statistical sampling method of selecting sample size (See appendix IV). The researcher used stratified and simple random sampling techniques in selecting the final sample of the study. The companies were stratified into pharmaceutical companies; consumer goods companies; building materials companies; and chemical companies. To avoid biasness as well as ensuring that each companies in the population is evenly represented, the researcher used the proportion of each company in the population size to select the number of respondents (line managers) from each company.

Table 3.1Computation of sample size from each sub-sector

Sub-sectors	Population of all the sectors	Computation of sample	Number of line managers from each sub-sector taken as samples
Chemical goods Sector	4	$4/16 \times 100 = 25\%$ $25\% \times 138 = 35$	35 respondents
Pharmaceutical Goods Sector	3	$3/16 \times 100 = 18.75\%$ $18.75\% \times 138 = 26$	26 respondents
Consumer Goods sector	6	$6/16 \times 100 = 37\%$ $37\% \times 138 = 51$	51 respondents
Building Materials sector	3	$3/16 \times 100 = 18.75\%$	26 respondents

		18.75% x 138 = 26	
Total	16		138 respondents

Source: Author's Computation,(2019).

3.4 Model Specification

This study examines the effect of accounting control systems on dysfunctional behaviour of selected manufacturing companies in Kwara State. The study adapts the model of Effendi (2017) is written as:

$$EP = \beta_0 + \beta_1 BP + \beta_2 BC + \beta_3 OS + \varepsilon$$

Where:

EP = Employee's Performance

BP = Budgetary Participation

BC = Budgetary Control

OS = Organizational Structure

The model of Effendi (2017) was modified because his model did not include some variables used by the present study.

The model of this study is written as:

$$DB = f(ACS) \dots\dots\dots (i)$$

$$DB = f(\text{Reward, budget control system and performance measurement}) \dots\dots\dots (ii)$$

(GM, MI) = f (Reward, budget control system and performance measurement) (iii)

The model is written in an explicit form as:

$$DB = \beta_0 + \beta_1 RW_i + \beta_2 BC_i + \beta_3 PM_i + \beta_4 CS_i + \mu \dots\dots\dots (iv)$$

Where:

DB = Dysfunctional behaviour

GM = Gaming activities

MI = Manipulation of Information

ACS = Accounting Control System

RW = Reward System

BC = Budget Control system

PM = Performance Measurement System

CS = Company size

β_0 = Constant Coefficient

β_1 - β_3 = Parameters of the estimate

μ = Error term (5% significance level)

a-priori expectation

The *a-priori* expectation of this study is that β_1, β_2 and $\beta_3 < 0$. the researcher expects that an effective performance measurement system, adequate reward system and participative budgeting system would prevent the employees from engaging in dysfunctional behavior.

3.5 Data Collection Method and Instrumentation

The major source of data collection for this study is through the questionnaire administered to the target respondents. The questionnaire was divided into two (2) parts, section A and B. Section A deals with the bio-data of the respondents while section B focused on the research question sections. The bio-data section deals with the information about the respondents while section B deals with the main questions raised on the research questions and hypotheses stated in chapter one.

The answers to treat the questions/statements raised in the questionnaire were in form of likert-scale. This comprises of strongly agree, agree, undecided, disagree and strongly disagree. The responses were arranged in an ordinal scale measures and were assigned number ranging from 5,4,3,2 and 1 respectively. The questionnaire of Soobaroyen (2007) was adapted and modified in order to suit the objective of the present study. The questionnaire of Soobaroyen (2007) did not include questionnaire items on reward which the researcher improved on while questions on other variables were modified and restructured to suit the objective of the present study.

3.6 Validity and Reliability Test of the Instrument

Prior to the testing of hypotheses stated, validity and reliability test was carried out. This was done with the use of Cronbach-Alpha test. Cronbach-alpha measures the reliability or internal consistency of data set. It tests to determine if multiple questions inform of likert scale surveys are

reliable. The rule of thumb for Cronbach alpha is that a score of more than 0.7 is usually accepted (Woodridge, 2011).

The questionnaire was subjected to validity test through content validity test method. Content validity test method measures the extent to which a measure covers the construct of interest of a researcher. The questionnaire was given to the supervisor as well as other academicians in the field of accounting and management studies for their perusals and contribution to the quality of the questionnaire.

3.7 Definition and Measurement of Variables

In this study, two variables were employed which are dependent and independent variables. The dependent variable for this study is dysfunctional behaviour of employees while the independent variable is the accounting control system.

Variables	Construct	Definition and Measurement	Previous Studies
Dependent variable			
Dysfunctional behaviour	DB	Measured with gaming activities(taking advantage of the loopholes in the rules and systems) and manipulation of information(falsifying data and company's record).	Soobaroyen (2007); Fisher and Downes (2008); Adnan, <i>et al.</i> (2013)
Independent Variables			
Reward system	RW	Measured with intrinsic and extrinsic reward system. Intrinsic Rewards was measured with Job rotation, Professional Growth, Individual recognition. Extrinsic reward system	Murphy (2015); Salah (2016); Pendleton and Robinson (2017)

		was measured through incentive, Promotion, Job Security, Allowances	
Budget control system	BC	Measured with Involvement in budget preparation process, Revisions, Influence on final budget figures, Consideration of opinion, Securing an appropriate budget for the department and budget slack	Abubakar and Amiuddin (2014); Ghozali and Setiawan (2016); Effendi (2017); Chong and Strauss (2017).
Performance measurement system	PM	Level of effort put into job, Quality of the product, Contribution to company's profit, Meeting the budget, Customer service ratings, Team work/development, Efficient running of unit.	Emeni and Urhoghide (2014); Cahminda, <i>et al.</i> (2016); Muhammed, <i>et al.</i> (2017); Mitchell, <i>et al.</i> (2018).
Control variables			
Company's size	CS	Measured with Number of employees	Beekes, <i>et al.</i> (2014); Baird (2017)

Source: Author's Compilation, (2019).

3.8 Data Analysis Techniques

The data collected was analyzed with the use of both descriptive and inferential statistics. The descriptive statistics employed are frequency count and simple percentage to explain the demographic data. Regression analysis was employed to answer the research question as well as test the hypotheses raised in chapter one. To find out the difference between the effects of the Accounting control system on dysfunctional behavior in different categories of manufacturing sub-sectors, a one-way ANOVA was carried for each variable.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

This chapter analyses and interprets the result of the data collected through questionnaire. It shows the descriptive analysis of the bio-data of the respondents, the preliminary analysis of the data, testing of hypothesis as well as the discussion of findings.

4.1 Descriptive Analyses

Table 4.1 shows the descriptive analysis of the bio-data of the respondents through frequency and percentage. Based on the sample size of one hundred and thirty eight (138), questionnaires were distributed to the line managers of the companies under the study. Ninety seven (97) questionnaires were dully filled and returned. This represents 70.3% response rate which is above the average rate of 50%. Hence, the analysis of this study was based on the ninety seven (97) questionnaires returned. The demographic characteristics of the respondents were summarized in table 4.1.

Table 4.1 Shows the summary of descriptive analysis of the respondents

Variable		Frequency	Percentage
Age	31 – 35	4	4.1
	36 – 40	46	47.4
	41 – 45	41	42.3
	46 above	6	6.2
	Total	97	100
Gender	Male	45	46.4
	Female	52	53.6
Status	Single	2	2.1
	Married	93	95.8
	Divorce	2	2.1
Year of working experience	6-10	35	36.1
	11-15	56	57.7
	16-20	6	6.2
Qualification	HND/B.Sc.	34	35.0
	M.Sc./MBA	38	39.2
	ICAN/ANAN	25	25.8

Source: Author's Computation, (2019).

Table 4.1 Respondents Demographic Profile

The result in table 4.1 revealed that 95.9% of the respondents fall within the age bracket above 36 years old, implying that the respondents are matured and can take decision on their own without influence. Table 4.1 also depicts that 72.6% of the respondents were males while 27.4% were

females. The table shows that 95.8% of the respondents are married. It could also be seen from table 4.1 that about 70% of the respondents have over ten (10) years working experience. This implies that majority of the respondents have enough experience to make right suggestions and decisions for the development of their various departments. Table 4.1 shows that 35% of the respondents hold tertiary level education certificates either HND or B.Sc. as the minimum qualification, 39.2% of the respondents have additional qualification such as M.SC/MBA, while 25.8% are members of various professional bodies such as ICAN and ANAN. This implies that majority of the respondents possess additional professional skills that are relevant to their job requirements and are qualified to handle the job.

4.2 Preliminary Analyses

This section/sub-chapter shows the preliminary analyses such as reliability test and normality distribution test.

4.2.1 Reliability Test

Table 4.2.1: Summary of Reliability Test

Variables	DB	RW	BP	PM
Cronbach-Alpha	0.836	0.814	0.895	0.789

Sources: Author's Computation, (2019)

Prior to the testing of hypothesis, the instrument was subjected to reliability test through the use of Cronbach-Alpha. Table 4.2.1 shows the value for all the variables. The assumption of Cronbach alpha is that any value greater than 0.7 is acceptable and makes the data to be reliable. The result in table 4.2.1 indicates that the variables exhibited values greater than 0.7 (0.836, 0.814, 0.895,

and 0.789) which implies that the data are reliable and consistent with acceptable research standards.

4.2.2. Normality Test

Table 4.2.2 Shows the results of Normality Test

Variables	DB	RWS	PMS	BCS	SIZE
Skewness	-0.322	-0.924	-0.682	0.063	-0.480
Kurtosis	-1.235	0.128	-0.511	-1.230	-0.723

Source: Author's Computation, (2019)

The result in table 4.2.2 shows the skewness and kurtosis result of the normality distribution of the data collected. Skewness and Kurtosis have been widely used in testing the normality distribution of data set. The rule of thumb is that any value of skewness and kurtosis that falls outside ± 3 has problem of normality distribution (Pallant, 2001). It could be deduced from the result in table 4.2.2 that all variables do not have normality distribution problems because none of the variable has values that falls outside the range of -3 to +3.

4.2.3 Multi-collinearity Test

Table 4.2.3: Summary of Multi-collinearity Test (Variance Inflation Factor)

Variables	VIF	Tolerance (1/VIF)
RWS	1.331	0.751
BCS	1.240	0.806
PMS	1.143	0.875

Mean VIF	1.24	
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Source: Author's Computation,(2019).

The result in table 4.2.3 shows that there is absence of multi-collinearity problem among the independent variables as indicated by mean VIF of 1.24 which is less than 10 and the level of tolerance also exceed the value of 0.05. The decision criterion for the variance inflation factor is that a value of 10 and above implies that there is presence of perfect multi-collinearity. Hence, this study does not suffer from multi-collinearity problem.

4.3 Restatement and Test of Hypotheses

The result in table 4.3 was used to test the hypotheses stated in chapter one. The hypotheses were tested with the use of beta coefficients and the significance value.

4.3: Regression Table

Table 4.3: Shows the Regression analysis result on the variables

Variables	Coefficient s	Std. Error	T-value	Sig.
Constant	-1.592	.627	-2.539	.013
RWS	-.217	.101	-2.149	.034
BCS	-.142	.062	-2.290	.046
PMS	-.190	.086	-2.209	.044

SIZE	.052	.083	.063	.529
R ²	0.682			
Adjusted R ²	0.556			
F-statistics	8.473 (0.000)			

Source: Author's Computation, (2019).

The result in table 4.3 shows the linear relationship between accounting control systems and employees' dysfunctional behavior with the use of Ordinary Least Square (OLS) regression analysis. The result in table 4.3 shows that the independent variables employed in the study explained around 68.2% of the variations in the dependent variable of the sample firms, as shown by the coefficient of determination (R^2) value of 0.682. The table also revealed that the model is fitted as indicated by F-statistic of 8.473 which is significant at 5% level of significance as indicated by the P-value of 0.0000. The testing of hypotheses was conducted following the fitness of the model.

4.3.1 Restatement and Test of Hypothesis One

H₀₁: Reward system has no significant influence on employees' dysfunctional behaviour of selected manufacturing companies in Kwara State.

The result in table 4.3 shows that reward system has significant negative influence on employees' dysfunctional behaviour of the selected manufacturing companies in Kwara State as indicated beta

coefficient of -0.217 with P-value of 0.034 at 5% significant level. The result leads to the rejection of the null hypothesis which states that reward system has no significant influence on employees' dysfunctional behaviour of selected manufacturing companies in Kwara State, thereby leading to the acceptance of the alternative hypothesis. The result implies that if employees are rewarded adequately in both monetary and non-monetary terms, it will lead to 0.22% reduction in dysfunctional behaviour. This signifies that a better reward system put in place by management of a firm will prevent the employees from engaging in any form of activities that will hinder the progress of the company as well as achieving its objective.

4.3.2 Restatement and Test of Hypothesis Two

H₀₂: There is no significant effect of budgetary control system on employees' dysfunctional behaviour of selected manufacturing companies in Kwara state

The result in table 4.3 shows that budgetary control system has significant negative effect on dysfunctional behaviour of employees of the selected manufacturing companies in Kwara State. This is evidence by beta coefficient of -0.142 and P-value of 0.046 at 5% significant level. The result leads to the rejection of the null hypothesis which states that there is no significant effect of budgetary control system on dysfunctional behaviour of selected manufacturing companies in Nigeria, thereby, leading to the acceptance of the alternative hypothesis. This implies that effective budgetary control system will lead to 0.14% reduction in dysfunctional behaviour of employees' in the selected manufacturing companies in Kwara state. This indicates that when budget set for a particular period is not to punish the employees and also the employees are engaged in setting the budget, they will feel a sense of belonging, hence discouraging them from engaging in

manipulation of information or taking advantage of the loopholes in the rules and regulations of the company.

4.3.3 Restatement and Test and Hypothesis Three

H₀₃: Performance measures have no significant effect on employees' dysfunctional behaviour of selected manufacturing companies in Kwara State

Based on the result in table 4.3, the result revealed that performance measures have significant negative effect on employees' dysfunctional behaviour as shown by beta coefficient of -0.190 with P-value of 0.044 at 5% level of significance. The result leads to the rejection of the null hypothesis, resulting/ leading to the acceptance of the alternative hypothesis. The alternative hypothesis states that performance measures have significant effect on dysfunctional behaviour of selected manufacturing companies in Kwara State. This signifies that when the system put in place for measuring the performance of employees is not only based on quantitative terms (that is, figure or accounting return), it will induce 0.19% reduction in employees' dysfunctional activities. This implies that performance measurement system that is all encompassing, that is, both qualitative and quantitative measures, will encourage group work, thereby preventing the employees' of the companies from engaging in activities that is against the norms, rules and regulations of the company which can subsequently hindered the success of the company.

4.3.4. Restatement and test of Hypothesis Four

H₀₄: There is no significance difference in the level of dysfunctional behaviour practice among the various sub-sectors of the selected manufacturing firm in Kwara state.

4.4: Analysis of variance Test

Table 4.4: Computation of ANOVA on Sub-sector in Manufacturing Firms.

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	12.735	3	4.245	6.894	.000 ^a
	Residual	57.265	94	.616		
	Total	70.000	97			

a. Predictors: (Constant), RWS, PMS, BCS, SIZE

b. Dependent Variable: DFB

Source: Author's Computation, (2019).

The result of the Analysis of variance (ANOVA) in table 4.4 revealed that there is significant difference in the level of dysfunctional behaviour practice among the various sub-sectors of the selected manufacturing companies in Kwara State as shown by P-value of 0.000 and f-statistic of 6.894. This indicates that the sub-sectors in the manufacturing industry in Kwara State employed different methods and techniques in engaging in dysfunctional practices that is against the goal congruence of the company. This leads to the rejection of the null hypothesis, thereby leading to the alternative hypothesis. The alternative hypothesis states that there is significance different among the various sub-sectors in the selected manufacturing industry in Kwara State.

Table 4.4.1: Tukey HSD Multiple Comparisons Test

To further make comparison among the sub-sectors in the manufacturing industries in Kwara State more explicitly, post hoc test was carried out which eventually led to computation of Tukey HSD multiple comparison.

4.4.1:post- hoc Test

Table 4.4.1: Summary of Multiple Comparisons (Tukey HSD)

Sectors	Dysfunctional behavior
Dysfunctional behavior in the chemical sector companies	0.5862 (0.033)
Dysfunctional behavior in the pharmaceutical goods sector companies	0.6767 (0.003)
Dysfunctional behavior in the consumer goods sector companies	0.9458 (0.000)
Dysfunctional behavior in the building sector companies	0.4905 (0.042)

() : denotes Prob. while the value denotes mean difference

Source: Author's Computation, (2019).

Table 4.4.1 shows the result of the mean difference among four (4) sub-sectors in the manufacturing industry in Kwara state with the use of Tukey HSD post hoc test. The result shows that dysfunctional behavior of the overall manufacturing industries is not significantly different from the level of dysfunctional behavior practice in the chemical goods sector producing firms; pharmaceutical goods sector companies; consumer goods sector; and building materials producing companies as indicated by mean difference of (0.5862; 0.6767; 0.9458; and 0.4905) with p-value of (0.033, 0.003, 0.000, and 0.042) respectively at 5% level of significance. The result from table 4.4 as supported by the result in table 4.4.1 shows that there is significant difference in the level of dysfunctional behaviour practices among the sub-sectors of the manufacturing industry in Kwara state. Therefore, this leads to the rejection of the null

hypothesis, thereby leading to the acceptance of the alternative hypothesis. The alternative hypothesis states that there is significant difference in the level of dysfunctional behaviour practices among various sub-sectors in Kwara state manufacturing industry.

Table 4.4.1 shows that the consumer goods sector companies is the sub-sector that has the highest level of dysfunctional behaviour, that is, the sector that engages in dysfunctional behaviour most as shown 0.9458. The table also revealed that the pharmaceutical goods sector companies also employed the techniques of dysfunctional behaviour in manipulating the information of the sectors as well as taking advantage of the loopholes in the rules and regulations set by the companies in the sector. More so, the level of dysfunctional behavior practice in the chemical goods sector and building materials sectors is low compared to the consumer goods sector and pharmaceutical goods sectors as shown by the average values of 0.5862, and 0.4905 respectively.

The reason for the difference in the level of dysfunctional behaviour practices among various sub-sectors in the manufacturing industry in Kwara state may be as a result of difference in their operational activities as well as difference in the ethical code of conduct and rules and regulations guiding employees of various sectors.

4.4 Discussion of Findings

From the empirical analysis and the hypothesis tested, the results showed that accounting control systems proxy with reward system, performance measures and budgetary control system have significant negative effect on dysfunctional behaviour of selected manufacturing companies in Kwara State.

Specifically, the study found out that reward system has significant negative effect on dysfunctional behaviour of selected manufacturing companies in Kwara State. This implies that a company with a better reward (both intrinsic and extrinsic reward) system put in place for its employees will not only achieve its set goals but will also discourage the employees from involving in neither manipulation of information nor gaming activities which can affect the objectives set of the company negatively. This confirmed the argument of theory Y which posits that employees always have the willingness to work, be productive and deter from any irregularities when a strong motivator such as reward is put in place for them as this will make them to be self-control and highly committed to the achievement of the organisational objectives. The result also supports the *a-priori* expectation as the researcher expects that a reward system that is based on both monetary and non-monetary reward to employees would lead to reduction in dysfunctional behaviour by the employees. The finding of this study is in line with the findings of Akter (2012); cherotich, *et al.* (2015); Murphy (2015) and Salah (2016) where they found out reward system reduce the

dysfunctional behaviour of employees, leading to better performance in terms of productivity and dedication. The result is in contrast with the findings of Ejumudo (2014) and Bello and Adebajo (2014) as their studies revealed that employees engaged in dysfunctional behaviour when there is incongruence of the pay reward system.

The empirical result also shows that budgetary control system has significant negative effect on dysfunctional behaviour of selected manufacturing companies in Kwara State. This implies that a well organized budgetary systems which allow active participation in the preparation process and review of departmental budget will reduce budget slack and information asymmetry. It also give the employees a sense of belonging when their contribution is reflected in the budget preparation. This could be as a result of the fact that supervisor always reason along with their subordinates when budget revisions concerning their departments are made. Particularly when the set budget is an attainable budget rather than budget set to punish the employees. The result follows the postulation of theory Y as a participative style of management which assumes that people will exercise self-direction and self-control in the achievement of organizational objectives to the degree that they are committed to those objectives. The result also confirm the assumption of the theory X which posits that to prevent employees from engaging in dysfunctional behaviour in order to achieve the set objective(s), the authority must keep a careful eye out for sabotaging effects by self interest of the employees as one of the control mechanism by management is through budgetary control. The results confirm the a-priori expectation as the researcher expects that effective budgetary control system will influence dysfunctional behaviour of employees negatively. The result confirm to the findings of Simons (2012); Mool Chand, etal (2012); Abubakar and Amiruddein (2014); Ghazali and Setiawan (2016); chong and Strauss (2017); and

Effendi (2017) where they found that budgetary control system has significant negative effect on dysfunctional behaviour of employees. The finding contrasts the result of Odia and Okoye (2012); Yuen, *et al.* (2015); and Siallagan, *et al.* (2017) as their results shows that budgetary control system force employees to engage in information manipulations and gaming activities.

The study also found out that performance measurement system has significant negative effect on dysfunctional behaviour of selected manufacturing companies in Kwara State. The result implies that a company that measures the performance of its employees using both qualitative and quantitative measures using balance score card would not only improve in terms of its performance (production and turnover) but also discourage the employees from engaging in the manipulation of information or gaming activities which can disrupt the progress of an organization. This also signifies that, performance measurement based on accounting alone could induce employees to manipulate figures/information or taking advantage of the loopholes in the rules and regulations of the company. The result also confirm the assumption of theory Y as it posits that when employees are motivated and encouraged when good work is done, it would prevent them from engaging in any act that would lead to information asymmetry between the employees and the management. The result confirm to the a-priori expectation as the research expects that a performance measurement system that is not only based on quantitative (number) alone but also take level of effort put into job, quality of product made by employee into consideration would prevent the employees of the company from involving in dysfunctional activities. The result of the study corroborates with the findings of Marginson *et al.* (2011) and Beekes *et al.* (2014) as they found out that the use accounting and non-accounting measurement for performance reduces dysfunctional behvaieur. It contradicts the results of Michelin d Manzoni (2010), Beekes, *et al.* (2010); Emeni and Urhoghide (2014); and Hirst (2014) where they found out that performance

measurement (accounting measurement system) encouraged employees to engage in dysfunctional behaviour.

The empirical result of the study revealed that there is significant difference in the level of dysfunctional behaviour of the various sub-sectors of manufacturing industry in Kwara State. The result indicates that various sub-sectors of the manufacturing industries employed different strategies in practicing dysfunctional activities of their various companies. This could be as a result of different objectives as well as different regulations guiding the various sub-sectors as they engaged in different product that produced differently and varying objective and goals.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The persistent recorded cases of employees engaging in unethical behavior that is hindering the firms in achieving the set objectives has raised series of questions on the effectiveness of accounting control system put in place by organizations. This has led to poor performance of firms as well as collapse of companies around the globe. Therefore, this study examines the effect of accounting control systems on dysfunctional behaviour of selected manufacturing companies in Kwara State.

The study reviews different literatures on dysfunctional behaviour and accounting control systems. The reviews were divided into three; the conceptual review; theoretical framework and empirical review. The study critically examines the concepts of accounting control systems; measurement of measurement of accounting control systems; and the concepts of dysfunctional behaviour. Theory X and Y is the theory upon which this study was premised. Theory X and Theory Y were propounded by Douglas McGregor in 1960. Theory X assumes that employees are, by nature, reluctant to fulfill the obligations of their job and instead will find ways to avoid work or otherwise reduce their work output in a bid to expend the least amount of effort possible. Theory X is an authoritarian style where the emphasis is on “productivity, on the concept of a fair day's work, on the evils of feather-bedding and restriction of output, on rewards for performance (Tim Hindle, 2003). Theory Y is the diverse to that of Theory X. Theory Y posits that employees actually become more productive when more trust and responsibility is delegated to them. According to Theory Y, employees do wish to work and be productive and the act of doing well at work is itself

a strong motivator. The results of the previous studies were empirically reviewed and were divided into international and local studies. The international studies were further divided into studies in the developed and developing nations for easier understanding.

The study adopted survey research design. The population of the study comprised all the line managers of the selected manufacturing companies in Kwara State. The sample size was determined using Yamane (1967) statistical method of determining sample size. The sample size of the study was one hundred and thirty-eight (138) selected manufacturing companies in Kwara State. The data were sourced through the questionnaire administered to the line managers of the selected manufacturing companies in Kwara State. The data collected was analyzed through descriptive and inferential statistics. The hypotheses formulated were tested using Ordinary Least Square (OLS) regression analysis technique and analysis of variance (ANOVA).

The study found amongst others that accounting control systems through reward system, performance measurement systems and budgetary control systems has significant negative effect on dysfunctional behaviour of selected manufacturing companies in Kwara State. This shows that all the accounting control system variables used in the study could constrain the practice of dysfunctional behaviour in the selected manufacturing companies in Kwara State. The study also revealed that there is significant difference in the level of dysfunctional behaviour among various sub-sectors of manufacturing industry in Kwara state. This means that employees in various sector employed different techniques in engaging in manipulation and gaming activities.

5.2 Conclusion

Based on the result of the hypotheses tested in chapter four, the study concluded that accounting control system have influence on dysfunctional behaviour in manufacturing companies in Kwara State. This implies that effective reward system, adequate performance measurement system as well as effective budgetary control system would drastically reduce the practice of dysfunctional behaviour in the selected manufacturing companies in Kwara State. The result indicates that all the accounting control systems used in the study have helped in reducing the level dysfunctional behaviour to the barest minimum as well as assisting the companies in achieving their set objective(s). Therefore, this study concluded that accounting control systems have significant negative effect on dysfunctional behaviour of selected manufacturing companies in Kwara state.

5.3 Recommendations

Based on the findings of this study, the following recommendations were made to ensure that the accounting control systems will continue to have significant negative effect in reducing the level of dysfunctional behaviour of employees in the Nigerian manufacturing companies:

- i. Based on the empirical result which shows that reward system constrains dysfunctional behaviour of employee in the selected manufacturing companies in Kwara State, this study recommends that management of firms should employ the use of both intrinsic and extrinsic reward system in order to prevent the employees from engaging dysfunctional behaviour because employees could involve in goal incongruence when the reward system is based on extrinsic term alone.
- ii. Based on the empirical result which revealed that budgetary control system prevents employees' from engaging in dysfunctional behaviour, the study recommends that management of companies

should allow participation of the line managers in the preparation of budget as well as other subordinates employees should be involved in the review process of their various departmental budget system to enhance prompt corrections where adverse variation occurs.

iii. Based on the empirical result which revealed that performance measurement system reduces the level of dysfunctional behaviour of employees in Kwara state manufacturing companies, this study therefore recommends that management of companies should adopt the use of both qualitative and quantitative measurement of performance rather than focusing on accounting measures alone.

iv. As the result of the study shows that there is significant difference in the level of dysfunctional behaviours practice among various sub-sectors of manufacturing industry in Kwara state, the study recommends that there should be a generally accepted accounting control system among various sectors which will serve as a benchmark for guiding the practices of employees in the manufacturing companies in Nigeria.

5.4 Contribution to Knowledge

This study examined the effect of accounting control systems on dysfunctional behaviour of selected manufacturing firms in Kwara state. Previous academic researchers have largely focused on the effect of accounting control systems on performance of firms but little or no study focuses on dysfunctional behaviour of employees in Nigeria context. More so, this study contributes to knowledge in terms of theory. This study is differs from other studies in terms of application of theory X and Y as the previous studies used agency theory. Hence, this study is unique as it examined the effect of accounting control systems on dysfunctional behaviour of employee in the selected manufacturing companies in Kwara state as well as the application of theory X and Y.

5.5 Limitations and Delimitation to the Study

The finding of this study centered on manufacturing companies in Kwara state as well as looking at accounting control systems on employees' dysfunctional behavior. However, the research did not come without challenges such as lack of cooperation from staff of some the sample companies and inadequate in the return of administered questionnaires. Another limitation is that, the study did not cover all the manufacturing companies in Nigeria. This could have increased the scope and robustness of the results. Nevertheless, this has no effect on the findings of this study in any way, due to the adequate empirical supportive evidence available in the study as the results are reliable and fit for policy formulation.

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APPENDICES

APPENDIX I

QUESTIONNAIRE

Department of Accounting and Finance,
College of Humanities, Management and Social Sciences,
Kwara State University,
Malete, Kwara State.

Dear Respondent,

REQUEST FOR RESPONSE TO RESEARCH QUESTIONNAIRE

I am a student in the Department of Accounting and Finance, Kwara State University, Malete, conducting a research on “**EFFECT OF ACCOUNTING CONTROL SYSTEMS ON EMPLOYEES’ DYSFUNCTIONAL BEHAVIOUR**” in partial fulfillment for the award of Master of Science in Accounting.

It will be appreciated if you respond to these questions sincerely and objectively. Be assured that all information given shall be treated with utmost confidentiality and will be used for research purpose only.

Your prompt response to this questionnaire will be highly appreciated.

Thanks immensely for your anticipated cooperation.

Yours faithfully,

LAWAL Wahab.

15/27/MAC018.

07037176144

INSTRUCTION

Please, tick against the appropriate option from the options from the options given in sections A and B.

NOTE: SA = Strongly Agree; A = Agree; U = Undecided; D = Disagree; SD = Strongly Disagree

SECTION A

DEMOGRAPHIC INFORMATION

1. Age: (a) Below 30 years () (b) 30-35 years () (c) 36-40 years () (d) 41-45 years () (e) 46 years & above ()
2. Gender: (a) Male () (b) Female ()
3. Marital Status: (a) Single () (b) Married () (c) Divorced () (d) Widowed ()
4. Years of working Experience: (a) 5-10 years () (b) 11-15 years () (c) 16-20 years () (d) 21 years & above ()
5. Highest Qualification: (a) SSCE () (b) NCE/ND () (c) HND/B.Sc. () (d) M.Sc./MBA () (e) ICAN/ANAN () (f) Others, specify _____
6. Kindly tick the range of the number of employees in your organization

1 – 50	<input type="checkbox"/>	51 – 100	<input type="checkbox"/>	101 – 150	<input type="checkbox"/>	151 – 200	<input type="checkbox"/>
201 sand above		<input type="checkbox"/>					

SECTION B

Budget Control System

Please indicate the extent of your agreement with each statement

Questions	SA	A	U	D	SD
(a) Employees are fully involved in the budget setting process for my department					
(b) Supervisor/head of unit always reason along with their subordinates when budget revisions concerning their departments are made.					
(c) Employees voluntarily state their opinions and/or suggestions concerning the budget to their supervisor.					
(d) Employees' opinions mostly have influence on the final budget figures in our company.					
(e) The budget usually set in the department is an attainable budget rather than budget set to punish employees.					

Performance Measurement System

Please indicate the extent of your agreement with each statement

Questions	SA	A	U	D	SD
(a) The performance in my company is based on the effort put into job					
(b) performance measurement in my company is based on employees' contribution to company Profits (in terms of figures)					
(c) The performance measurement fails to encourage team/group work in my company					
(d) the performance measurement in my company is based on the closeness to the management.					

(e) The performance measurement is based on product quality and customers' satisfaction.					
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Employees' Reward System

Please indicate the extent of your agreement with each statement

Questions	SA	A	U	D	SD
(a) The employees understand their jobs and the reward system attached to it.					
(b) The reward system put in place reward group rather individual performance.					
(c) Reward system reflects the organisation's critical success factors					
(d) Designers of performance measurement system make a careful choice about whether it measures employees' inputs or outputs					
(e) The reward system set clear and acceptable standards for the performance of employees accept					

DYSFUNCTIONAL BEHAVIOUR (Gaming and Information Manipulation)

The following statements relate to your attitudes towards Accounting control systems in your department.

Please indicate the extent of your agreement with each statement

Questions	SA	A	U	D	SD
(a) Certain job-related activities can be safely ignored when they are not monitored by a supervisor.					
(b) Managers tend to avoid being the bearer of bad news when presenting information to upper level management					
(c) Managers place high importance on their department's success in getting a generous budget.					

(d) Managers choose to present information that when presenting information to upper level management makes their own performance look better.					
(e) The incentive systems put in place has great influence on the behavioural aspect of the employees.					

Appendix II

Variables Entered/Removed^b

Model	Variables Entered	Variables Removed	Method
1	RWS, PMS, BCS, SIZE ^a		. Enter

a. All requested variables entered.

b. Dependent Variable: DB

AGE

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 31 – 35	4	4.1	4.1	4.1
36 – 40	46	47.4	47.4	51.5
41 – 45	41	42.3	42.3	93.8
46 ABOVE	6	6.2	6.2	100.0
Total	97	100.0	100.0	

GENDER

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid MALE	45	46.4	46.4	46.4
FEMALE	51	52.6	52.6	99.0
3	1	1.0	1.0	100.0
Total	97	100.0	100.0	

STATUS

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid SINGLE	2	2.1	2.1	2.1
MARRIED	93	95.9	95.9	97.9
DIVORCED	2	2.1	2.1	100.0
Total	97	100.0	100.0	

YOWE

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 6 – 10	35	36.1	36.1	36.1
11 – 15	56	57.7	57.7	93.8
16 – 20	6	6.2	6.2	100.0
Total	97	100.0	100.0	

QUAL

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid HND/BSC	34	35.1	35.1	35.1
MSC/MBA	38	39.2	39.2	74.2
ICAN/AN AN	25	25.8	25.8	100.0
Total	97	100.0	100.0	

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.727 ^a	.682	.556	.08470

a. Predictors: (Constant), RWS, PMS, BCS, SIZE

Normality Statistics

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
DB	97	-.322	.245	-1.235	.485
RWS	97	-.924	.245	.128	.485
PMS	97	-.682	.245	-.511	.485
BCS	97	.063	.245	-1.230	.485
SIZE	97	-.480	.245	-.723	.485
Valid N (listwise)	97				

ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	12.735	3	4.245	6.894	.000 ^a
Residual	57.265	94	.616		
Total	70.000	97			

a. Predictors: (Constant), RWS, PMS, BCS, SIZE

b. Dependent Variable: DB

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	-1.592	.627		-2.538	.013
BCS	-.142	.062	.183	-2.290	.046
PMS	-.190	.086	.194	-2.209	.048
RWS	-.217	.101	.229	-2.149	.034
SIZE	.052	.083	.063	.6265	.529

a. Dependent Variable: Q18

Multiple Comparisons

DB

Tukey HSD

(I) FACT OR	(J) FACT OR	Mean Difference (I- J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
1	2	-.58624	.22843	.033	-.9838	.2114
	3	-.67672	.22843	.003	-1.1743	.0209
	4	-.94577*	.21176	.000	-1.4998	-.3918
2	1	.58624	.22843	.033	-.2114	.9838
	3	-.59048	.24229	.022	-.8243	.4434
	4	-.49048	.22664	.042	-1.1524	.0334
3	1	.67672	.22843	.003	-.0209	1.1743
	2	.59048	.24229	.022	-.4434	.8243
	4	-.46905	.22664	.008	-.9620	.2239
4	1	.94577*	.21176	.000	.3918	1.4998
	2	.49048	.22664	.042	-.0334	1.1524
	3	.46905	.22664	.008	-.2239	.9620

*. The mean difference is significant at the 0.05 level.

1 = Chemical sector; 2 = Pharmaceutical sector; 3 = Consumer goods sector; and 4 = Building and Materials sector.

APPENDIX III

Population Frame

S/N	Chemical Goods Companies	Pharmaceuical Goods Companies	Consumer Goods Companies	Building Companies
1	Replastico Ltd	Tuyil Pharmaceutical Ltd	FoodPro Ltd	KAM Industries
2	Polar petrochemical Ltd	Peace Standard Pharmaceutical Ltd	Tascon Plastic Industries	Universal Roof Nigeria Ltd
3	Kwara Chemical Nig. Ltd	Bioraj Pharmaceutical Ltd	LOF Investment	Omo'ya Concrete Electric Pole Ltd

4	Forgo Battery Company		Unitd Foam Products Nig. Ltd	OLAK Roofing Nig. Ltd
5			TWINS Plastic Nig. Ltd	

Appendix IV

$$\text{Sample size} = \frac{N}{1 + N(e)^2}$$

$$S = \frac{212}{1 + 212(0.05)^2}$$

$$S = \frac{212}{1 + 212(0.0025)}$$

$$S = \frac{212}{1 + 0.53}$$

$$S = \frac{212}{1.53}$$

$$S = 138.3621$$

$$S = 138 \text{ respondents}$$