

Management Control Systems and Generational Differences: An Exploratory Case Study of a Professional Services Firm

This research investigates how generational culture is reflected in the design and use of Management Control Systems (MCS) within a Professional Services Firm. Literature suggests that each generation has its own characteristics or culture. This culture gives rise to preferences within each generation that potentially impact how they interface in organizations and impact the design, use and effectiveness of MCS. This issue is come to the fore in the current tight labour market and especially in accounting firms. The paper adopts an exploratory case study approach of a Big 4 Accounting Firm. The research demonstrates that generational culture has been an influential factor in the case firm's MCS design. In doing so it provides insights as to how organisations can design their MCS in order to satisfy the preferences of different generations. Furthermore, the research shows that the firm aligned the MCS design to the preferences of Generation Y and explains why this was done. This improved retention rates in a tight labour market. However, it also raises concerns that this design may be at the detriment to the firm through changes in firm culture, creation of conflict between generations, and a problems with the performance of Generation Y.

Keywords: management control systems, generational culture

1. Introduction

Generational change has become a critical issue for organisations (Sowa, 2006) with organisations finding it harder to retain talented workers; specifically younger, highly skilled employees (Sayers, 2007). This problem has been exemplified by the war for talent¹ which has driven increased turnover rates, and managers have struggled to attract, retain, and motivate employees (Yen, 2007; Hays, 2007) This is seen particularly with Generation Y² who are costing employers increasing amounts of money due to increased turnover rates (Leydon and Lion, 2006). It seems that managers need to recognise what motivates each generation, and then set up conditions that assist their performance (Sayers, 2006) as single approach to managing generations may no longer relevant (Yen, 2007). The problem has become increasingly amplified for knowledge intensive firms. Personnel are the most important resource of these firms, as their knowledge workers own the means of production (Alvesson, 2000). The accounting profession has recognised this and has specifically addressed the problem of generational change as a priority (CPA, 2006), and for the ninth year in a row, the 2006 annual survey of CPA firms ranked staff recruitment and retention as a top concern (CPA, 2006).

While management literature has recognised generational culture in the workplace (Mills and Cannon, 1989) and how it impacts performance and job satisfaction (Westerman and Yamamura, 2007) very little accounting research has considered how generational culture³ impacts management control systems. Chenhall (2003) in his review of contingency theory and MCS found that culture does influence the appropriate design of MCS. However, most culture research has examined national culture and organisational culture (Ueno and Wu, 1993; Chenhall, 2003). Alvesson and Karreman (2004) in their study provide some evidence that generations respond differently to control systems. While they did not set out to examine the issue, they do demonstrate that different generational workplace preferences exist within their case firm, and the controls used in this strongly socialised environment may not work well with younger generations.

This paper examines this issue by addressing the research question; how is generational culture reflected in the design and use of Management Control Systems (MCS)? To answer this an exploratory case study of a Australian Big 4 Accounting Firm is undertaken. The findings show that the MCS design primarily catered for Generation Y because of the firm's resource dependence on this group. As a result, the firm had increased retention rates. However, there was also evidence this design is not without problems evidenced through generational conflict, lower performance in some areas, and issues with staff and organisational learning. As a result this research makes two main contributions. First, this paper adds to the contingency theory of MCS by demonstrating how generational culture can shape the design and use of MCS and helps answer calls from researchers of contingency theory into new contingent factors (see e.g. Fisher, 1995; Chenhall, 2003). Second, this paper makes a practical contribution by demonstrating how MCS can be designed for professional service firms to take into account generational preferences and therefore potentially increasing the staff retention for younger generations and what problems and issues need to be considered in the process of doing this.

The remainder of this paper is organised as follows. Section 2 contains the literature review and key terms to conduct the case study research and interpretation. The research design and details of the case-firm are provided in Section 3. Section 4 reports the results of the case study, and Section 5 provides an analysis and analysis of the results. Finally the paper concludes with the broad findings, as well as identifying some further research issues.

¹ The term "war for talent" was first used by the large consulting company McKinseys and Co to explain the increased competition faced by employers to attract and retain a shortfall of skilled and talented employees (Laing, 2006).

² A generation can be defined as a group with common birth years that share significant life events at important developmental periods (Kupperschmidt, 2000). There are three main generations in the workplace; Baby Boomers (born 1946 to 1964), Generation X (born 1965 to 1977) and Generation Y (born 1978 to 1994).

³ Seymour-Smith (1986) defines culture as inherent traits shared by certain groups within society, in line with this definition of culture, different generations have specific inherent traits which result in disparate preferences towards certain situations (Westerman and Yamamura, 2007).

2. Literature Review

Management Control Systems

Management Control Systems are the processes in place to assist in attaining organisational objectives (Anthony, 1965; Ouchi, 1979; Otley and Berry, 1980; Fisher, 1995), by aligning the behaviour of those within an organisation (Abernethy and Chua, 1996). Although there is general agreement on the definition of MCS, there are no definitive boundaries as to what constitutes a control system (Fisher, 1995). However, some recent research has been taking a package approach to MCS with a broad range of control elements considered (Simons, 1995; Abernethy and Chua, 1996; Alvesson and Karreman, 2004). This paper uses the typology developed by Brown (2005) due to its roots in previous MCS literature and its broad approach. It consists of five groups of controls; cybernetic, socio-ideological, administrative, planning, and reward and compensation systems. A broad typology is necessary, as it assists researchers in understanding how complex professional service firms carry out all of their control functions to manage highly skilled knowledge workers (Kloot, 1997; Alvesson and Karreman, 2004).

Cybernetic control

Cybernetic control is based upon communication-system theories with the core underlying idea that control is achieved through a feedback process in a goal-seeking relationship, which has a mutual effect on behaviour and action (Saxberg and Slocum, 1968). Green and Welsh, (1988) argue that there are five characteristics of cybernetic systems; first is that measures quantify an activity, second, standards targets are to be met, third, there is a feedback process, fourth variance analysis from the feedback is undertaken, and finally is the ability to change the activities to reflect this feedback. There are three main cybernetic systems which have been identified in MCS research; traditional financial accounting controls, non-financial controls and hybrids that include both financial and non-financial measures such as the Balanced Scorecard (Kaplan and Norton, 1996; Fisher, 1998). Alvesson and Karreman (2004) group cybernetic controls as output controls within technocratic forms of control; they explain that these controls focus on key performance indicators, and refer to profit, sales and quality measures as prime examples.

Socio-ideological controls

Socio-ideological controls are defined by Alvesson and Karreman (2004, p426), as “efforts to persuade people to adapt to certain values, norms and ideas about what is good, important, praiseworthy, etc in terms of work and organisational life”. When an organisation is involved in this sort of control, managers consciously and systematically, attempt to make employees adhere to ideals that they believe in or those they feel the organisation would best benefit from (Alvesson and Karreman, 2004). Simons (1995) developed this concept through the idea belief systems; with formal belief systems communicated to employees by way of a credo or mission statement.

Administrative controls

Administrative controls refer to mechanisms in place which oversee and manage the policies, procedures and processes of an organisation, specifically in respect of the integration of different business units (Govindaraja and Gupta, 1985). This paper considers three groups of administrative control; the first is organisational design (Alvesson and Karreman, 2004), the second is authority structure (Hopwood, 1976; Abernethy and Chua, 1996), and the third are rules and operating procedures including personnel controls (Abernethy and Brownell, 1997).

Planning

Planning as a control mechanism promotes goal congruence between the individual and the organisation through the setting of particular goals, and the creation of challenging standards (Flamholtz et al, 1985). Its activities generate a list of work objectives and the associated standards for the operational subsystem (Flamholtz et al, 1985). The outcomes of this operation are then measured, which allow information to be used in comparing pre-established goals and standards (Flamholtz et al, 1985).

Reward and compensation systems

The idea of reward and compensation systems is firmly rooted in agency theory which argues that control of agents is exercised through incentive payoffs tied to certain levels and measures of performance (Fama

and Jensen, 1983). Reward and compensation systems are diverse and encompass cash, equity in the firm, perquisites and intangible awards (Kaplan and Norton 1996). To be an effective device of control, rewards must be viewed as being dependent upon performance, and further they must be valued (Flamholtz et al, 1985).

Constructs that shape Management Control Systems

There are a number of factors which shape MCS (Chenhall, 2003), and these have been investigated through a variety of theories. First, institutional theory argues that organisations are influenced by their institutional environment (DiMaggio and Powell, 1983). The institutional environment constitutes; key suppliers, resource and product consumers, regulatory agencies and other organisations that produce similar services or products (DiMaggio and Powell, 1983; Modell, 2003). Second, resource dependency theory explains that an organisation's survival is dependant on the management of demands of interest groups which it relies on for resources (Pfeffer and Salancik, 1978). As the external environment is not always stable and dependable, scarce resources do exist as a result of particular contingencies and the ability of a firm to adjust to this environment determines its survival (Pfeffer and Salancik, 1978).

Oliver (1991) reconciles institutional and resource dependency theories by presenting a typology of responses organisations adopt to deal with the pressures exerted on them. Five types of responses are identified; acquiescence, compromise, avoidance, defiance and manipulation⁴. Further, she develops a set of propositions predicting the occurrence of the different responses. Support for these responses and propositions have been provided by a number of studies adopting Oliver's (1991) framework (see e.g. Abernathy and Chua, 1996; Modell, 2002).

Contingency theory has been a dominant way to explain the existence and use of MCS (Otley, 1980; Fisher, 1998; Chenhall, 2003). A better match between the MCS and the contextual contingency variable is believed to result in improved organisational performance (Fisher, 1998). Researchers have drawn on contingent variables; nature of the environment, technology, size and structure in an attempt to explain the effectiveness of MCS (Chenhall, 2003). More recently, literature has focused on cultural variables, and has examined how different cultures have disparate preferences towards MCS, and how these need to be considered in MCS design (Chenhall, 2003).

There are a plethora of definitions of culture; Kaplan (1965) defines culture as composed of patterned and interrelated traditions which are transmitted over time, whilst Chan (2003) conceptualises culture from a fragmentation perspective stating that it is a way of making sense of what has been experienced. Further, often culture is viewed as a set of characteristics segregated to satisfy the needs of the research community (Chenhall, 2003). The most broadly used characteristics were developed by Hofstede (1984); however, numerous criticisms have been made of this approach (cf. Harrison and McKinnon, 1999; Chenhall, 2003). Inherent in many of these definitions is a restricted view of culture which has prohibited an increase in understanding of how behaviour is influenced by the fundamental attributes that influence how individuals think, feel and respond (Chenhall, 2003). Thus, to overcome this problem the paper adopts the broad definition used by Seymour-Smith (1986), and describes culture as inherent traits common across certain social groups.

Within contingency theory, extensive research has examined national culture as a subset of culture (see e.g. Ueno and Wu, 1993; Merchant et al., 1995) with the basic idea that different countries possess distinct cultural characteristics which respond in particular ways to MCS, and need to be considered when designing cross-cultural systems (Chenhall, 2003). Organisational culture has also been examined (see e.g. Dent, 1991; Henri, 2006) and is defined as the shared values which interact within an organisation's structures and control systems to form behavioural norms (Uttal and Fierman; 1983). Henri (2006) draws on the contingency approach to examine the influence of organisational culture on the design and use of control systems. Specifically, the performance measurement systems within the MCS were found not to be compatible with specific control or flexibility values, and therefore he explains that managers need to be

⁴(i) Acquiesce; tactics of habit, imitate and comply (ii) Compromise; tactics of balance, pacify and bargain (iii) Avoid; tactics of conceal, buffer and escape (iv) Defy; tactics of dismiss, challenge and attack (v) Manipulate; tactics of co-opt, influence and control.

aware of the value on which their organisation relies before trying to use the control systems in a certain way.

Generational culture is defined by Kupperschmidt (2000) as a group which shares similar birth years and experienced crucial life events at significant developmental phases. The effects of these are considerably stable over their lives, and result in similar basic characteristics that influence their feelings towards organisations, work values and desires, and management choice (Zemke, Rains and Filipczak, 2000; Applebaum et al., 2004; Sayers, 2006).

Given that generational culture encompasses similar birth years and stages of maturation, research has questioned whether a difference exists between generational and life-cycle culture (see e.g. Deal, 2007). Management literature has addressed this issue, with substantive empirical evidence suggesting disparities between the two cultural forms. Most notable of these studies is that by Smola and Sutton (2002) who examined these differences by contrasting whether work values remain constant or change as workers grow older. They revisited results from a survey conducted in 1974 and compared these to a similar study they conducted in 1999 with 350 employees from the USA. Following this, they examined generational differences across multiple groups in the current workforce. Overall, their research concluded that work values are more influenced by generational attributes than by age and maturation (Smola and Sutton, 2002).

Generational Categories

Within the workforce are four generations; Traditionalists (born 1922 to 1945), Baby Boomers (born 1946 to 1964), Generation X (born 1965 to 1977) and Generation Y (born 1978 to 1994). It is important to note that generational categories are a broad classification system, and depending on when one is born within a generation, they could possess characteristics of more than one generation. In this research, the older of the four generations, Traditionalists, are not analysed as most are retired or are approaching retirement (Sayers, 2006).

Baby Boomers

Overview

Called Boomers due to the boom in their births between 1946 and 1964, this generation represented to their Traditionalist parents a symbol of their victories and the hopes for the future they fought to preserve (Lancaster and Stillman, 2002). Expectations for this emerging generation were so high that in 1967, Time Magazine (US) gave its Man of The Year award to the Baby Boomer generation, proclaiming that this generation would achieve great things (Lancaster and Stillman, 2002). They were affected by the Vietnam War, civil class riots, the Kennedy and King assassinations and Watergate (Bradford 1993; Smola and Sutton 2002). This group witnessed the shortcomings of political and business leaders, resulting in a lack of respect for authority, protesting against power in their youth (Kupperschmidt 2000; Smola and Sutton, 2002). They are now predominant in senior positions within developed organisations and have been the main influence within these over the last decade (Jorgensen, 2003).

Workplace Preferences and potential impact on MCS

The term workaholic has been used to explain the work ethic of Baby Boomers, and since they joined the workforce, the average time spent at work has increased by one month per annum (Zemke et al, 2000). The baby boomer cohort is said to believe that achievement comes after paying dues, value company commitment and loyalty, and believe in sacrifice in order to achieve success (Lancaster and Stillman, 2002; Jorgensen, 2003). They are concerned about participation and enthusiasm in the workplace, and about fairness and a level playing field for all (Zemke et al, 2000). The Boomers were brought up by conservative parents and during the start of their careers worked for command-and-control style supervisors, and thus at times find it difficult to practice the management style they prefer, lacking in the areas of understanding, communicating and motivating (Zemke et al, 2000).

When Boomers entered the working world, eighty million people (US) were competing with them for the same jobs, and thus they became obsessed with knowing about their performance (Lancaster and Stillman, 2002). This drove their motivation for exchanging information, and for high levels of communication which results in importance placed on the presence of feedback; they are likely to be motivated by

cybernetic controls, and they introduced the annual performance reviews (Lancaster and Stillman, 2002). Baby Boomers value teamwork and group discussions, and view work from a collaborative process-orientated perspective (Lancaster and Stillman, 2002). Additionally, they believe in continually growing business into the future and prefer setting long-term goals (Lancaster and Stillman, 2002). As a result, planning controls are likely to be important to this generation. Finally, as Baby Boomers are highly individualistic, each has a desire to be recognised for his or her specific contribution (Mills and Cannon, 1989). Consequently, reward and compensation systems should be designed to provide such individual recognition (Mills and Cannon 1989).

Generation X

Overview

Generation X was born in an era of a struggling economy, rapid change, high divorce rates and the latchkey child (Zemke et al, 2000), leading to a feeling of individualism over collectivism (Jukiewicz 2000; Smola and Sutton, 2002). This generation is distressed by the high price their parents paid for success; through stress, family and health problems, and they believe the companies they worked for did not appreciate their efforts, as seen through the large number of layoffs (Zemke et al, 2000). Generation X is used to receiving immediate feedback from computers and video games, and has been further influenced by music television and worldwide competition (O'Bannon 2001; Smola and Sutton, 2002). They are technically able and are comfortable with diversity, change and competition (Kupperschmidt, 2000; Smola and Sutton, 2002).

Workplace Preferences and potential impact on MCS

Eisner (2005) discusses that Generation X do not place work as their first priority, but value a balance between work and personal life. In terms of attitudes at work, they are self-reliant and confident, and prefer to work individually (Bell and Nartz, 2007). As a result of this desire for balance and independence, they prefer planning and monitoring their own tasks (Eisner, 2005). Therefore, too strong a focus on formal planning controls may reduce their motivation. They like informality, having grown up with serious Boomers as parents and bosses, and want to see the work environment lighten up (Zemke et al, 2000).Tulgan's (2000) large scale survey of Generation X that they are sceptical of the status quo and hierarchical structures, and believe a manager must earn respect (Lancaster and Stillman, 2000). They are generally distrustful of organisations (Eisner, 2005); often rebel against professional and ethical codes of behaviour (Lancaster and Stillman, 2002) and are likely to dissent against procedures and policies and governance structures within the administrative controls of the organisation.

Sowa (2006) argues that Generation X employees require constructive feedback and confirmation that they are performing well, in order to become more effective and promote their sense of independence. Therefore, Generation X is likely to be motivated by organisations whereby strong cybernetic controls exist. However, unlike the Baby Boomers, this generation will not wait for the next performance review to receive personal feedback, but require information on their progress on a much timelier basis (Lancaster and Stillman, 2002). Management literature suggests a relationship between Generation X's preference for freedom, and reward and compensation less focused toward performance such as term based and vesting incentives, and instead they prefer portable savings plans and paid time off (Lancaster and Stillman, 2002; Zemke et al, 2000). Finally, Tulgan (2000) suggests that this generation enjoys intrinsic rewards and they place importance on building a resume containing a variety of skills and experiences, which is one of the main reasons this generation makes a conscious effort to change jobs (Eisner, 2005).

Generation Y

Overview

Born between 1978 and 1994, Generation Y represents the youngest group in today's workforce. This generation has a more global outlook on life, partly due to the introduction of the internet and ease of international travel (Sayers, 2006). Heightened awareness of the environment and social responsibility are facets which have influenced this generation through continual developments in technology and shared life experiences (Sayers, 2006). Influenced by education-minded Boomer parents, this generation believes that education is the key to success and they are ready to be lifelong learners (Martin and Tulgan, 2002).

Workplace Preferences and potential impact on MCS

Martin and Tulgan (2001) describe Generation Y as the most socially conscious generation within the workforce and they need to feel that they are involved in work that has meaning (Lancaster and Stillman, 2002). This means that they are likely to value socio-ideological controls. However, the values need to be based on social importance. This generation has reaped the benefits of a labour-shortage, and thus have always been in demand as workers (Lancaster and Stillman, 2002). They are a very demanding workforce, and have a clear picture of the way they believe work should be, and they are used to receiving what they want (Zemke et al, 2000). Generation Y require continual praise; according to Sheahan (2005), "Generation Y will move on to the next job if they don't feel recognised".

Further, Generation Y value teamwork and group discussions, and they prefer setting short-term goals, and become generally disinterested when long-term work assignments are set (Lancaster and Stillman, 2002). As a result, short run collaborative planning controls are likely to be prioritised by this generation. Generation Y value organisations that are committed to lifelong learning, and companies that succeed with this generation are those that keep on teaching (Lancaster and Stillman, 2002). As a result, proper training and education programs are required by this generation to perform their job well (Roberts, 2005). Sheahan (2005) found that all generations value a 'good work ethic', this has a contrastingly different meaning to a Generation Y than it does for a Baby Boomer. Generation Y believes that a good work ethic involves arriving to work and working a 36 hour week, whereas Baby Boomers have traditionally believed a good work ethic is represented by a 60 to 70 hour week (Sheahan, 2005; Sayers, 2006).

Generation Y needs to feel like they belong and communication is vital for them in order to truly engage (Sheahan, 2005). Having a boss who encourages them in the decision making process, seeks their views on key projects and values their input on work assignments is very important (Martin and Tulgan, 2001). Further, Roberts (2005) discusses that Generation Y is generally more trustful of organisational ability, and their main concern regarding policies is the ability to compete fairly with those in older generations, and to receive the resources required to perform their job well. Sheahan (2005) finds this generation requires feedback now and faster than any other generation which is a result of growing up with technology that has given them a sense of immediacy (Martin and Tulgan, 2001). Finally, Southard and Lewis (2004) found that Generation Y workers tend to look for instant gratification rather than long term investments of time and effort, and often prefer being given time off to receiving money (Southard and Lewis, 2004). Additionally, this generation values reward systems which are resume-building, such as overseas travel to engage in work assignments. Moodie (2004, p31) explains that the younger generations are seeking compensation systems "...offering a range of benefits from travel, subsidised education, career breaks and sabbaticals".

Summary

Management control systems align employee behaviour in an organisation (Otley 1980). Alvesson and Karreman (2004) demonstrate a powerful connection between formal and informal controls and raise the idea that culture plays a significant role in behavioural alignment. Whilst culture has been identified in the contingency literature as a contextual variable affecting MCS (Chenhall 2003), not is known about how culture shapes the control systems in place. This section has identified significant variation in cultural attributes stemming from different generations and argues that this impacts the way people think about work, their work preferences and motivations. Thus it is expected that by deconstructing culture into three distinct cultural groups and analysis their interplay with various management control elements we will gain a greater explanatory power of the contextual variable culture and its relationship with MCS.

3. Research Method

The research was conducted using an exploratory qualitative single case study. This method was chosen for three reasons, First is that the research question is a *how* question which is grounded in the problem of limited research into the relationship between generational culture and MCS. Yin (1994) explains that field-work is most applicable for answering "how" or "why" questions due to their explanatory nature requiring examination of "operational links" over time (Yin, 1994; Simon, 1995). Second, this research requires observing a range of complex constructs through examining contemporary phenomena which the investigator has no control over which Yin (1994) explains makes the case study method is preferable. Finally, case research allows for insights into the world of practice, so that the phenomena observed can be applied to a natural setting (Yin 1994). This research provides analysis of generational workplace

preferences and how they are reflected in the case-firm's MCS design and use in a natural setting. Further to the above issues, more specifically a single case study was selected as it allowed for a deep analysis of the richness of data necessary to understand the dynamics studied (Dyer and Wilkins, 1991).

The case firm is the audit division of a 'Big 4' Accounting Firm⁵. The primary reason Universal is a suitable case organisation for this research is based on its theoretical significance for four main reasons. The first reason relates to the key importance of employee preferences in knowledge-intensive firms (Alvesson, 2000). A second reason is the specific recognition of generational change as a problem within the accounting profession (CPA, 2006). The third reason is that Universal's traditional Partnership structure provides a particularly interesting setting to examine how generational preferences are considered when designing MCS⁶. This is because the decisions of the firm are solely at the discretion of the Partner group, as opposed to a corporate structure whereby they are influenced by a range of shareholder interests. The case firm therefore provides an opportunity to directly examine the control process and decisions underlying its design. In addition, use of a Partnership setting enhances comparability to Alvesson and Karreman's (2004) study. Finally, the fourth reason for firm selection is that in order to study a MCS package within an organisation, it needs to be of adequate size so that a number of elements are present (Chenhall, 2003).

Case Study Design

The period of study was from August to November 2007. The data collection methods used included; interviews, documentation review and direct observation.

Interviews

The primary data collection method used in the field-work process was semi-structured interviews. The approach used in formulating these questions was centred on experience, opinion and knowledge questions (Patton, 1990). Further, the interview questions were designed to act as a general guide with responses prompting additional issues. A general list of interview questions is provided in Appendix A. A list of interviews conducted is provided in Appendix B. Most interviews were tape-recorded and transcribed. After each interview, the researcher wrote a summary of the mood of the respondent and interview setting in a fieldwork journal (Yin, 1994). In total 30 interviews were conducted, the all of which were with current and former employees from Universal with the exception of the generational expert outside of Universal. Interviewees were professional employees from each of the three generations as well as human resource staff experts from within the firm. The criterion used to select informants was aimed at a maximum variation sampling strategy which increases the diversity or variation in the sample enabling more confidence in the patterns that emerge as being unique to the particular setting (Patton, 1990). The process involved selecting a broad range of participants from each generational group, based on; age, level, gender, performance and industry group (see e.g. gender issues in research settings, Freed, 1996). Further, secondees were excluded from participating in the study in an attempt to rule out other potentially conflicting cultural variables specific to certain nationalities.

Archival Documentation

Archival documentation was reviewed (Yin, 1994) in order to gain a preliminary understanding of the MCS implemented in the firm. The primary data source was obtained from Universal's intranet and included; policies and personnel procedures, budgets, performance review models, results from surveys, strategy plans and board reports. A list of documentation reviewed has been included in Appendix B

⁵ As a condition of participation in the study, the firm requests to remain anonymous. Therefore, their name and identifying features will not be disclosed and the audit division within the firm will be referred to as 'Universal'.

⁶ Further to this issue, the traditional business model at Universal creates an interesting setting for the study. Under this model, employees join the firm early in their career as undergraduates or graduates with the intention of progressing with their peer groups to Partner. For this model to be successful, employees must be content to spend the required time at each level and move together with their peers through the ranks. If groups of employees are not comfortable adhering to the model, this could potentially create problems and/or change in business model for the firm.

Direct Observation

Direct observation (Yin, 1994) consisted of two researchers attending Universal's premises between three and five days per week during the data collection process and conversing with employees. This was important to further understand how MCS operate within the firm.

Data Analysis

This paper adopts a descriptive analytical approach to data analysis as the study is exploratory (Yin, 1994). This involved establishing a framework of organising constructs (Yin, 1994); generational workplace preferences and MCS followed by an explanation-building approach to build propositions about the constructs analysed (Yin, 1994). The data was analysed using content analysis in order to develop patterns across the data and establish common themes within (Yin, 1994). This involved considering the specific constructs and relationships before entering the field, and comparing empirical evidence to expected relationships. In coding the data for the content analysis, codes were both developed a priori to fieldwork and during the data collection phase (Miles and Huberman, 1994). Codes outlined prior to fieldwork were based on the MCS framework and generational workplace preferences. In contrast, codes developed during the fieldwork were intended to develop an understanding of the implications and causes of the relationship between these two constructs. This coding was generally recorded beginning with the code 'other' and followed by the observation or event. For instance, it referred to discussion on the labour environment and retention rates.

McKinnon (1988) highlights four main types of threats to validity and reliability in case work; observer caused effects, observer bias, data access limitations, and complexities and limitations of the human mind. A number of strategies were employed in this research to counter the limitations identified. First is that a considerable time was spent in the field particularly with two of the researchers being almost full time at the site for the data collection period (McKinnon, 1988). Second was through the use of multiple data collection methods so that data emerging from each of the data sources could be tested and validated against each other. Third was the use of a team of researchers to record their impressions in order to reduce observer bias. During the initial stages of the field work at least two members of the research team were always present. Following a day in the field, the researchers would discuss their observations and de-brief after each interview. The final strategy employed was use of a case study protocol (Yin, 1994). Yin (1994) explains that the protocol is a primary tactic for increasing the reliability of case study research as it contains the general rules and procedures that need to be followed when conducting the field work.

4. Results

This section presents the results of the research. The first issue is a brief discussion of the analysis of the different generational workplace preferences that exist at Universal. Then considered is the MCS package in use at Universal, along with how the different generational preferences are reflected in its design. This provides empirical evidence in order to answer the research question addressed in this paper.

An analysis of the generational preferences was undertaken which is summarised in Table 1 and is further expanded on in the MCS description section. As can be seen in the Table, overall the preferences of Universal's Generation X and Y employees are fairly consistent with literature in the main areas addressed. However, there appears to be a transition going forward for Baby Boomers. This is evident as their preferences for informal feedback appear to have been re-shaped by younger generations, and they are placing more emphasis on work and life balance as they age.

Universals MCS package and Generational preferences

The MCS package at Universal contains 12 individual control elements within the five broad categories of; cybernetic, socio-ideological, administrative, planning, and reward controls. Each of these will be discussed with the design of the control and then the reflection of generational preferences within this control.

Cybernetic Controls

Employee Budgets

Design

Within Universal, the Partner team set budgetary targets for each employee level, with set standards based on realisation (actual hours billed to client) and utilisation rates (total billable hours). There are three

primary issues surrounding the design of employee budgets at Universal; the working of overtime, the 'Excessive Hours' policy and the 'Worked it, Charge it' policy. First, Universal's standard working hours are from 8.45am to 5.15pm however as stated in its policies and within employment contracts, *'Universal expects both client service and practice service employees to work outside normal office hours when necessary to manage peak workloads'* (Universal Intranet).

In the past, employees were working overtime however were not all recording the extra hours on their timesheets. As a result, over the last three months Universal introduced a 'Worked it, Charge it' awareness program to promote the charging of 'all' time onto employee timesheets. It serves two purposes; first, it acts as a budgeting mechanism in ensuring the recorded time going forward on client engagements is accurate and clients are charged the correct rate, and second it ensures younger employees are able to have their overtime recognised by way of the 'excessive hours' policy⁷ without feeling pressured not to charge their time.

Reflection of Generational Preferences

There was consensus within Universal that Generation Y are not as willing to work the longer hours required, and have been very vocal in their views that if overtime is not going to be recognised, they are not going to work it⁸. Also, the majority of Alumni respondents raised this as an issue for leaving Universal⁹; *"It actually makes you feel undervalued as a staff member. I do think it's a generational thing where previously everyone is like you put in your overtime and that's how you get on, however I think that with the generation I'm currently in we want a job where we go to work the set hours. If it's meant to be 7.5 hours or it's meant to be 8 hours...like I don't mind working 12 hour days but I want the recognition that I'm actually doing it"* (Generation Y, Alumni).

This pressure exerted by Generation Y employees for overtime to be recognised led to the recent introduction of the 'excessive hours' policy. Since it's introduction a number of Manager-level employees confirm that complaints surrounding overtime for Generation Y have decreased substantially. Further, a Human Resources respondent explains that previously during the exit-interview process¹⁰, a large number of Generation Y employees would address the issue of unrecognised-overtime as a reason for leaving Universal. However, over the last six months the issue has rarely been raised in this process, and it is no longer seen as a main factor contributing to resignations for this group.

On the other hand, working overtime was not an issue of concern for the Baby Boomers¹¹. They recognised that it needed to be done in order to move up the ranks, and are finding it hard to accept that younger members are not willing to put in the extra hours. Generation X has conflicting views on the issue¹². Whilst they do not want to work the overtime as they do not have the same determination to move through the ranks as the Baby Boomers, they are more accepting that overtime is a component of working in an accounting firm environment and *'[just] what you've got to do'* (Generation X, Accountant).

⁷ This allows employees under manager to accumulate additional paid leave for time worked in excess of a 50 hour per week threshold.

⁸ Five out of seven Generation Y respondents were vocal during the interview process on the importance of overtime being recognised. In addition a Human Capital consultant outlined this preference of Generation Y.

⁹ Three out of four Alumni respondents raised this as an issue for leaving Universal.

¹⁰ The exit-interview process occurs between the employees who are in their resignation period and a representative of the HR department. The purpose of the process is to understand why the employees decided to leave Universal, and their thoughts on the firm and how they think it can be improved.

¹¹ No Baby Boomer respondents raised overtime as an issue they had complained about or been vocal in the workplace regarding. However, one respondent explained how their social life has suffered with long working hours.

¹² The issue of working overtime was raised with five Generation X respondents. Of these five, four discussed that overtime was expected as part of the job. The remaining respondent discussed overtime was not an issue as she was on a flexible work agreement whereby all overtime worked could be taken as time off in lieu.

Performance Review System

Design

The performance review system acts as a control mechanism as it evaluates individual action by focusing employee behaviour on goals the firm believes are important (Alvesson and Karreman, 2004). There are seven steps in the performance management cycle¹³ at Universal, beginning with the individual creating their own goals and ending with individual acknowledgement of the performance review form and related discussion. Throughout the review process an individual's progress against these goals are monitored by the respective manager and an overall year-end assessment (rating) across five levels is given based on how the individual performed at these goals compared to a set standard for their level¹⁴.

Reflection of Generational Preferences

Two main issues arose when respondents were asked about the Performance Review System in place at Universal; goal setting and the rating system in the process. First, the goals in the dialogue function encompass only short-term goals of one to three years. This is in-line with the work preferences of Generations X and Y who are more short-term focused, however a consensus of Baby Boomer respondents discussed their preference for longer-term goal setting¹⁵.

Second, there was consensus amongst most Generation Y's that providing ratings is important¹⁶ as knowing how they are performing relative to others and against a set standard acts as motivation for them. Similarly, Baby Boomers are satisfied with the rating system because they believe it removes some subjectivity in the process through its link to capability listings. On the other hand, a majority of Generation X respondents believe that a rating system should not be disclosed to the individual, but rather a commentary focus on areas they are performing well in and those in which they need to improve¹⁷ *"they should probably refine that [the current system] so maybe you don't get a rating but you get the feedback"* (Generation X, Senior Manager).

Socio-ideological Controls

Values and belief Systems

Design

Values and belief systems act as a control mechanism by persuading employees to adapt to certain ideas about what is important and praiseworthy in organisational life (Alvesson and Karreman, 2004). At Universal, these ideas are shaped primarily by social consciousness and aspirations of Partnership.

Within Universal a strong social consciousness is reflected through a number of programs which have been implemented over the last two to five years to encourage involvement in the external community. These programs are promoted within the firm by way of; intranet, e-mail messages and newsletters, and involvement is encouraged by Partner groups and the Human Resources division. Programs include; Workplace Giving from and employee to their favourite cause which Universal up to \$50,000 (ii)

¹³ The seven steps in the performance management cycle are (i) individual creates goals, (ii) manager approves goals, (iii) individual completes interim review, (iv) manager approves interim review (v) individual completes year end review (vi) manager approves year end review (vii) individual acknowledges form content reflects the discussion.

¹⁴ Across five levels; exceptional performer, above expectations, meets expectations, below expectations, not observed.

¹⁵ Three out of five Baby Boomer respondents who discussed the importance of goal-setting preferred long-term goal setting as opposed to short-term; one respondent preferred a mixture of long and short term, and the remaining respondent preferred short-term goals. In addition, the Human Capital consultant at Universal outlined this preference.

¹⁶ Five out of seven Generation Y respondents liked having the grading system and/or saw the importance of it. In addition, an Alumni respondent discussed the importance of having a grading system within the performance review process.

¹⁷ Four Generation X respondents highlighted the importance of commentary in contrast to a rating system, one Generation X respondent had not yet been through the performance review process and whilst one respondent did not mention the ratings they mentioned they would like more communication with reviewers during the process.

Volunteering to help community groups (such as Ronald McDonald House, Salvation Army and the Spastic Centre) which is formally run across lines of business. Universal also provide grants to these groups. (iii) Secondments to assist with underprivileged communities. (iv) Universal provides funding to a number of different charities and non-profit groups both nationally and globally. (v) Additionally, Universal offers one day paid leave to *'encourage and support our people giving to the communities in which we work and live'* (Universal Intranet).

The second primary values and beliefs promoted within Universal are aspirations of Partnership. Given the hierarchical structure of Universal, the top layer is Partnership and this ideal is promoted primarily by the Partner group. This can be seen as Partner's discuss Partnership with employees during the review process, and attempt to highlight the range of benefits available to them. Further, Partner's are encouraged to have more involvement with their teams so that; the work they do, the client-relationships they develop and the intrinsic and extrinsic rewards they receive are more visible to all staff. This is an attempt to further enforce and encourage these beliefs.

Reflection of Generational Preferences

Social consciousness

The younger generations believe it is important that Universal is seen to have a heart and they consider a firm's social consciousness in deciding on employment opportunities¹⁸. This was emphasised by the National Human Resources Manager who explained *"I noticed it when I was doing interviews. I do have the younger people ask...I don't think you'd have a 35+ person ask 'What are you doing for the community?'...but the perception is that it is important to the younger people where the company stands on that level and people want to see that"*.

The issue of social beliefs and consciousness raised by younger generations both during the interview process and within the workplace has led to increased awareness within Universal of the importance of the community to this group. As a result, over the last two to five years Universal has introduced the range of policies discussed previously to satisfy the younger generations. Whilst social consciousness is not as important to Baby Boomers from a personal point of view or in considering employment prospects, they are beginning to recognise that community involvement is important for attracting and retaining younger staff.

Beliefs towards Partnership

As discussed previously, beliefs towards Partnership are promoted primarily by Partner groups within Universal. A consensus of Baby Boomer respondents discussed during the interview process that when they were moving through the ranks, Partnership was seen as a desirable outcome¹⁹ and they had the mentality of; if they worked hard, they would achieve this ultimate reward.

On the other hand, the majority of Generation X and Y respondents do not have the same desire and drive to be a Partner as Baby Boomers had and still have²⁰. A Human Capital consultant within Universal, all Human Resources respondents and a majority of Baby Boomers explain that this is the result of the

¹⁸ Four out of seven Generation Y respondents discussed their social consciousness; social consciousness in the workplace was not discussed as important to one of the remaining employees, with the issue not raised by the remaining two employees. In addition, Generation Y's social consciousness was raised by an Alumni respondent, two Human Resources employees and a Human Capital consultant. Also, during the interview process, three Generation X respondents were asked of their views towards the importance of the firm being seen as having a social conscience, and they all considered this important. In addition a Human Resources employee confirmed this view for Generation X's under the age of 35.

¹⁹ Five Baby Boomer Partners raised comparisons between the lifetime career preferences when they started out compared to today. Of these, four discussed that when they started out, joining a firm like Universal was seen as a lifetime career, i.e. one where you stayed until Partner level and then retired. This issue was also raised by a Human Resources employee. The remaining one Partner of the five did not notice a difference.

²⁰ Two out of seven Generation X respondents and one out of seven Generation Y respondents discussed Partnership as a desirable outcome.

younger generations' short-term focus and loss of firm loyalty whereby they view Universal as a stepping-stone rather than a long-term career; *"The current generation of people tend to be more short-term focused than perhaps 20 years ago when I was in that age group or even ten years ago where the focus tended to be more longer term...you know where they saw joining a firm like Universal as a career. Whereas I think now, a lot of the younger generation would see it as a stepping stone...most of them would see it as a stepping stone and going and doing something else within an 18 month or 5 year period"* (Baby Boomer, Partner).

Culture

Design

Kotter and Heskett (1992, pp15-16) explain that culture acts as a control mechanism as it illustrates to employees "the ways of doing things", thereby influencing their behaviour. The culture within Universal has changed considerably over time, in two key areas. The first change occurred relates to the move from a firm based around comradeship, whereby their whole life was about the firm and its Partners. After work, everyone would go out for a drink together and every Saturday they would have cricket matches against clients. One Partner respondent joked about how all his friends had felt so bound and involved in the social culture of the firm that they had even married within the firm. Now, the culture has shifted considerably whereby work is viewed as more of a job rather than a lifestyle. Instead, employees are encouraged to work hard during the bounds of the working hours however following this there is no thinking of the firm. The second change has become apparent particularly over the last two to five years. Previously, Universal was centred on a drinking culture whereby *"if you didn't drink back then everyone thought you were weird"* (Generation X, Partner). A number of older respondents reminisce on these times and the comradeship amongst colleagues whilst *"out having a few drinks"* (Baby Boomer, Partner). However, this culture has changed significantly to the point where social activities are not focused in drinking any longer.

Reflection of Generational Preferences

First, the younger generations are described as having a reasonably positive attitude towards work, however a consensus of respondents explain they prefer to view work as more of a job rather than a lifestyle²¹. On the other hand, a number of older Baby Boomers interviewed reminisce on prior years when an employees life was focused on the firm²²; *"I understand it's somewhat inevitable and it's hard to get the right balance but it does frustrate you because the things I enjoyed as an older Partner and had for at least half my time as Partner...to think they're not available. It doesn't matter to me as much because when you're an old bugger you can sort of get by, but the young Partners coming through [Generation X] won't get to enjoy those sorts of times and attitudes and so I think they'll miss a bit...for them it's just another job and I think that's a bit sad"* (Baby Boomer, Partner).

Second, there was consensus that Baby Boomers and Generation X prefer the social culture which previously existed at Universal²³, whereby Friday afternoon's consisted of a long lunch and a late night at the pub. However, the younger generation, which comprises a more diverse ethnic mix, prefer to be involved in social events centred around activities *"A lot of the young people don't want to go out and get drunk...some of the younger generation that we're hiring don't actually want to do that. A lot of them don't drink, some of them would rather go out and do other things like go bowling"* (Generation Y, Manager).

²¹ This was seen as five out of seven Generation X and all Generation Y respondents discussed the importance of work and life balance.

²² Three Baby Boomer respondents draw a contrast to this changing culture. Of these, two respondents drew direct analysis to the collegiate environment by having greater focus on the firm and activities centred around doing things 'together'. The remaining one respondent described this using a 'work hard, play hard' culture whereby now people 'work hard' but don't 'play hard' and there is not the same 'glue'.

²³ Three Baby Boomer respondents referred to the social culture of the firm and of these all reminisce about the drinking culture which previously existed at the firm. Also, a further Baby Boomer respondent discussed his preference for this culture outside of the interview process. Also, the preference of Generation X cohorts towards this issue was highlighted in an interview with a Partner from this group. In addition, a Generation X alumni respondent discussed the 'pub of the week' culture in his current role and how he is involved in it, and an older Generation Y respondent (age 29) respondent confirms Generation X's preferences towards the drinking culture.

Overall, the change in Universal's culture is best aligned with the preferences of Generation Y as seen by a culture the firm just being a job and a social culture centred on activities as opposed to a drinking..

Administrative Controls Organisational Structure

Description

There is a distinct hierarchy within the Universal partnership and levels range from Undergraduate to Partner. In addition, from Undergraduate to Manager Level are different stages to represent the number of years spent in each rank. Within Partner level are eleven distinct stages and a further executive stage, with progression based both on experience and performance. Whilst Universal's organisational structure has not changed over time, over the last two years, Partner's have been encouraged to become more involved in their teams by integrating with all employees as opposed to only those at Manager level. In prior years Partner's were more distanced from the team, sitting in an "ivory tower" (Baby Boomer, Partner).

Reflection of Generational Preferences

Baby Boomers are hierarchical and believe that with each step comes respect, whilst views towards a hierarchy for Generation X are mixed²⁴. On the other hand, the majority of Generation Y respondents do not acknowledge a hierarchy²⁵ which is causing a difference in attitude towards work compared to the Baby Boomers. "*Generation Y...they don't I guess respond well to a typical hierarchical stream of management I've discovered and you also have to provide context in terms of instructions, so if you were to say...like 10 years ago a Partner would have probably said 'Photocopy this we need it by 5 o'clock', now they've probably got to say 'Jane would you mind photocopying this, we need it by 5 o'clock because we have to get that deadline to BHP'...they want to know why they're doing it*". (HR Manager)

Baby Boomers would prefer the Partner's to be less involved in the operation of the team²⁶ with some stating that they are now viewed as 'just' another level of staff, rather than being recognised as the owners of the firm; "*The Partners are generally no longer considered to be anything much different than another rank of staff; you know you've got the Manager, Senior Manager and then the Partner* (Baby Boomer, Partner). However, consensus was that Generation Y respondents value the Partner's involvement in the team as they feel a sense of belonging and inclusion²⁷. Across Generation X, there were mixed views on their preference for Partner involvement and an overall majority could not be determined. It seems that the changes which have occurred to Universal's organisational structure are best aligned with Generation Y. Whilst the hierarchical structure in itself still best satisfies the Baby Boomers, the increased involvement and control of Baby Boomers over their teams is in line with the preferences of Generation Y.

Policies

Design

²⁴ An overall consensus could not be reached regarding Generation X's preferences towards hierarchy. Whilst a number of respondents discussed the need to spend time at each level of an organisation, others outlined their preferences towards a flatter structure. A Human Capital consultant at Universal outlined that Generation X is relatively sandwiched between the two contrasting preferences of Baby Boomers and Generation Y.

²⁵ Five out of seven Generation Y respondents discussed their unwillingness to accept a hierarchy in their discussion on early promotion. In addition, two alumni employees, two Human Resources employees, a Human Capital consultant and a number of older Generations outlined this preference of Generation Y.

²⁶ Four out of six Baby Boomer Partner's discuss either how Partner's are now so integrated in the firm that they are not seen as different to other levels of staff and/or the increased amount of work Partners now have to do. Suggestions offered to overcome this were primarily based on giving the Manager group more responsibility.

²⁷ Three Generation Y respondents raise the issue of Partner interaction. Of these, two respondents value the interaction and one had mixed views. In addition, a Generation Y alumnus explained that in her time at Universal, she would have preferred the Partners to be more integrated with their teams. Also, the younger generations preference for Partner integration was raised by a number of Partner-level respondents. Thus, a general consensus was considered reached.

During the field-work research at Universal, work and life balance policies, and training policies received the most attention. First, the Lifestyle Program is Universal's initiative to cater for work and life balance, 'Universal believes that a balanced work and personal life contributes to high performance and well-being' (Universal Intranet). This Program was introduced over the last two years and is reflected through a number of policies such as; a leave facility which involves salary packaging up to four weeks of additional annual leave, a range of flexible work options to provide additional control over how, when and where work gets done, and a career break of between three and 12 months can be taken. Second, Universal's training policies are reflected through a variety of learning and development options; courses, workshops, self-study and e-learning. These programs include training for industry and technical knowledge, leadership skills, business applications and professional qualifications across a range of levels. In addition, there is an internal support curriculum for employees completing the Chartered Accountancy program.

Whilst training has been a focus for Universal for a large number of years, over the last two to five years the training program has been brought forward relative to employee's career levels and an increasing number of optional courses are available. A Partner within Universal explains the change; "When I first started...the map of training from starting as a graduate through to a partner was staged from about 12 years, whereas now because this group of people coming in now they want everything now, we are having to bring forward all that training that would happen as seniors and managers and senior managers all back into the first four years, five years of their time with the firm...so, for instance I did a negotiation fee course as a senior manager, we've got assistant managers and seniors doing negotiation courses...so because of their insatiable appetite for wanting everything more quickly, we find that we are investing a lot more of our development in our people at an earlier stage"

Reflection of Generational Preferences

Universal has introduced a number of policies driven through its 'Lifestyle Program' to encourage employees to have a life outside of work. Regardless of this, Baby Boomer employees are generally still working excessive hours and have not availed themselves of these policies; "90% of the [Baby Boomer] Partners are here because they want to be here so they work hard because they want to work hard and we are our own worst enemy when we talk about work life balance" (Baby Boomer, Partner). Further, whilst the younger generations feel the need for a work and life balance, when asked of their attitudes towards these policies most feel that work and life balance for them isn't about these policies but is about reasonable daily working hours²⁸. Overall, the recent introduction of these policies seems to be best aligned with respondents mainly in the Generation X age bracket who use these flexibility options to pursue family commitments and responsibilities. While all generations view the importance of training and see it as a main attraction for Universal and other Big 4 Chartered Accountancy firms. Over the past three to five years employees are receiving more advanced training at lower levels to accommodate the short-term focus of the younger generations and their desire for continual education.

Planning Strategy-Setting Design

Within Universal, the divisional strategy setting process is very structured and focuses on two key areas in terms of job profitability and employee satisfaction. It involves a one-day per annum session at an off-site location and is attended only by the Partner's in charge of the various divisions. Following the divisional session, all employees are involved in a strategy session whereby the strategies decided on are communicated to them. This process has not changed notably over time, however in recent years Partner's have made an attempt to include their team. This is evident as some Partner's have had discussions with lower-level staff prior to this strategy meeting in order to consider their input "Over the last couple of years I've involved assistant managers for example and getting ideas from them and just trying to involve people in structured sessions...but for the most part, that's a Partner driven thing" (Baby Boomer, Partner).

Reflection of Generational Preferences

²⁸ Six out of seven Generation Y respondents explain work and life balance is primarily centred on reasonable working hours.

Considering the strategy-setting process is structured for only Divisional-level Partners, the younger generations were unaware of the design of this system. However, a number of Generation Y respondents had been consulted prior to and after this strategy session by their Partners and were asked for their ideas and comments. Those involved believed this feedback and consultative process worked well, enjoying their inclusion.

Reward and Compensation Systems

Fast-track promotion

Design

At Universal, employees from Undergraduate to Manager move through their respective levels together at the end of each financial year. This occurs unless an employee has performed at an unacceptably low level as determined in their performance review. In addition, every six months at the end of each calendar year employees can be fast-tracked or early promoted, meaning they do not need to spend a full twelve months at their current level. Employees eligible for early-promotion need to be graded as an exceptionally-high performer in their performance review, and must have early-promotion status elected by their manager and partner. Managers and Partners have discretion in deciding whether they are ready to be early-promoted. This system has been in place at Universal for in excess of ten years; employees in the past were very rarely fast-tracked although they were recognised as exceptionally-high performers. However, over the last two years Universal has made a conscious effort to improve the number of employees who are fast-tracked.

Reflection of Generational Preferences

There was consensus within Generation Y employees on the importance of being fast-tracked²⁹. Prior to efforts over the last two years in increasing the number of employees fast-tracked, Universal's failure to do so was the cause of a number of resignations³⁰; *"They do fast-track sometimes... which is every half-a-year...so, our formal review time was in June/July and they can do one in December/January to fast track...but the time I was at Universal, I don't remember anyone being fast-tracked and it didn't make me feel particularly great. For me as an individual I still felt, 'Well, I think I'm better off going somewhere else and getting promoted and getting recognised for my abilities there and getting a real sort of promotion'.... So if you ask me how I felt? Well, I left the organisation. I think that sums it up"* (Generation Y, Alumni).

Baby Boomers and Generation X do not believe in fast-track promotion³¹ explaining that you need to accept the concept of a hierarchy and spend the required time at each level in order to gain the necessary experience. Further, they display clear frustration at Generation Y's desire to continually be early promoted and during the interview process a number of respondents make comments that whilst Generation Y may think they can do a Senior Manager's job, they can not.

Recognition framework

Design

The recognition framework acts as a control mechanism as it leads to increased effort on behalf of the individual which is a desirable organisational outcome (Bonner and Sprinkle, 2002). Universal's focus on recognition is reflected through a number of processes; (i) Celebration may be provided by thanking an individual or a team or providing personal one-on-one feedback. (ii) Development opportunities occur through exposure to new and different clients, presentations to internal and/or external groups, attendance at conferences and assignment opportunities (including secondments) (iii) Accolades are a token of appreciation to thank an individual's particular contribution, and comprise the Red Balloon system, milestone vouchers and gifts. Over the last six months, Universal has introduced a Red Balloon system which acts like a gift voucher whereby employees can select an experience over the internet to a nominal

²⁹ Five out of seven Generation Y respondents discussed the importance of early-promotion. In addition, two alumni employees, two Human Resources employees, a Human Capital consultant and a number of older Generations outlined this preference of Generation Y.

³⁰ Two out of four Alumni respondents discussed not being fast-tracked as a cause for their resignation

³¹ A total of four Baby Boomers and six Generation X employees were questioned on this issue. Of these, three Baby Boomers and five Generation X employees did not believe there was a need for fast-track and/or thought it was detrimental to employees progression. Further, a Human Capital consultant within Universal confirmed these Generational beliefs.

value. Also, recently at Universal five, 10 and 15 year milestones for years of service have been introduced and gifts are provided to all employees at the end of the year to thank them for their hard work.

Reflection of Generational Preferences

Celebration

A majority of Generation Y respondents have a need to be thanked and praised constantly, and seek instant gratification when they perform a job or else they lose motivation³². However, this has proven difficult to implement at Universal because when the Baby Boomers entered the workforce, there was not this constant need or compulsion to say thank-you to staff all the time; *“Now, it’s very much you pat people on the back for a job well done, so it takes a lot more time and effort to do that but it also takes a lot more time and effort to think about doing it so it’s not front of mind for a lot of our Partner group...like I never got it, so why should somebody else”* (Baby Boomer, Partner). Whilst a consensus of Generation X employees believe it is important to acknowledge and be acknowledged, the respondents do not expect or demand it.

Development

Development through travel opportunities is highly important to the majority of Generation Y respondents³³, and is perceived to be one of the main drawcards for Universal in attracting this group. *“What’s keeping me here? ... the prospect of working overseas, doing something a bit different...I’m looking at going on my short-term secondment next year and that’s a motivating factor”* (Generation Y, Assistant Manager). On the contrary³⁴, Baby Boomer respondents do not discuss secondment opportunities as being one of the main attractions for them during their time at the firm, however have over time recognised the importance of having a strong secondment program in order to recruit and retain the younger group.

Accolades

A consensus of Generation X and Y respondents believe the red balloon system to be a good form of recognition, and this was highlighted through their responses in the ‘Universal Global People Survey’ *Since the introduction of the red balloon system, we’ve got some comments [from younger employees] that it was a good thing that we were making efforts to improve recognition and rewards. Our reward and recognition jumped up in a significant way from the last time we surveyed and I think people have noticed the effects there* (HR Manager). However as interviewees discussed, Baby Boomers were not comfortable in the ease of discretion with which these rewards could be handed out.

Reward framework

Design

There are two elements of reward at Universal; fixed salary and a bonus system. The fixed salary is the main method which Universal uses to reward an employees performance and contribution. It reflects the market value, scope and accountabilities of the role, and has increased significantly over the last two years *“Universal used to be in the second quartile and we made a very conscious effort that we wanted to move to the first quartile of payers...and we do a lot of benchmarking with commercial firms as well and we are finding that we are quite commercial these days, particularly in the first three or four years”* (Baby Boomer, Partner). Also, Universal has recently increased the pay differentials between an exceptional performer and a medium performer, particularly at the mid-levels of the firm. The bonus system is in addition to the fixed salary and consists of two things; first is a profit share when a threshold above firm budget performance is achieved, which is distributed to CA qualified employees who have been recognised

³² Five out of seven Generation Y respondents preferred instant gratification to longer-term rewards, with the remaining two respondents believing a mixture is necessary. The importance of instant gratification to Generation Y was also raised by an Alumni respondent, a Human Resources employee, a Human Capital consultant and a number of higher-level employees.

³³ Five out of seven Generation Y respondents discuss travel opportunities

³⁴ Note: A consensus could not be obtained for Generation X. Three out of seven Generation X respondents and an Alumnus respondent discussed secondment opportunities, however this was considered insufficient to determine general agreement.

as an exceptional performer in the review process. Second, a performance and contribution pay which be distributed by Universal at its own determination to any employee whose performance and contribution justify additional compensation.

Reflection of Generational Preferences

Whilst the consensus of Generation X and Y respondents at Universal believed money was not their primary concern³⁵, they need to feel appreciated and thus their pay needs to be comparative to other payers; *“Certainly I think money needs to be equal, it can’t be less, they can’t be taken advantage of”* (Human Capital consultant and Partner). On the other hand, Baby Boomers are more concerned with long-term rewards and symbols of success and thus are more content to sacrifice pay in the short term if it results in a Partner’s salary in the long-term³⁶. Further, Universal has recently increased the remuneration gap between performance levels in response to Generation Y’s need and desire to distinguish themselves, for promotion and to be seen as *“special”* (Human Capital consultant and Partner). Another issue is that profit share structure was introduced for all qualified employees as the younger generations want to be rewarded now and are not willing to sacrifice their shorter-term rewards for longer-term Partnership.

Summary of Generational Preferences reflected in Universal’s MCS Design

In summary Table 2 outlines the MCS elements and how they work as a control mechanism and Diagram 1 provides a summary of the generational preferences towards these elements by using a coding system to highlight the extent to which each generation is addressed in the MCS design.

5. Analysis and Discussion

This section takes up the issue in the research question of how generational culture impacts MCS *use*. There are three broad themes that are considered; first relates to the issue as to are all generational preferences reflected in the design of the MCS and if not why not, second is the acculturation process driven by Generation Y and how that has impacted other generations in the firm. Finally is how these MCS changes have impacted the operation of the firm.

Are all Generations acknowledged in Universal’s MCS design?

As outlined in the previous analysis, over the last two to five years Universal has undergone major changes in the design of their MCS. While, all generations have been acknowledged to some extent in the design of Universal’s MCS package, a majority of MCS elements reflect the workplace preferences of Generation Y; such as employee budgets, performance review system, values and beliefs – social consciousness, culture, policies – training, fast-track promotion and the recognition framework. This is consistent with the views held by the National HR Manager who is responsible for overseeing and advising on Universal’s control systems; *“[Our management control systems are] pretty biased towards the younger generation. We do tend to put a lot of emphasis on Generation Y as opposed to X and Baby Boomers at the moment”*. This leads us to the question of why Universal changed its MCS design to primarily cater for Generation Y.

As discussed in the literature review, Oliver (1991) identifies a range of responses that organisations adopt to deal with the pressures exerted on them. One of these responses is acquiescence and refers to compliance with institutional environments. Oliver (1991) explains that acquiescence is the most likely strategic response to institutional pressures when organisational dependence on the source of these pressures is high.

³⁵ No Generation X respondents and two Generation Y respondents outlined money as a main concern. However, the two Generation Y respondents noted the issue in reference to paid overtime.

³⁶ Five Baby Boomer Partners raised comparisons between the lifetime career preferences when they started out compared to today. Of these, four discussed that when they started out, joining a firm like Universal was seen as a lifetime career, i.e. one where you stayed until Partner level and then retired. This issue was also raised by a Human Resources employee. The remaining one Partner of the five did not notice a difference.

Universal faces institutional pressures from its labour source. This is because it operates in an environment where skilled employees are in high demand. As outlined earlier there is a widespread shortfall of employees within the Asia Pacific Region³⁷ (Laing, 2006). In response to this environment, competitors (primarily other Big 4 accounting firms and commercial organisations) have implemented a range of programs aimed at retaining and attracting employees. Universal respondents discuss the incentives offered by other firms, such as increase in bonuses within commercial firms and the flexibility arrangements of other Big 4 accounting firms; *“It seems to be a general trend everywhere that this [the labour market] is changing because there’s a skills shortage...there’s a shortage of accountants and they’ve worked out we want to keep you so that’s really good...and so everywhere’s doing something”* (Generation X, Senior Manager).

The Partners and Human Resources employees explain that while there are sufficient resources in the upper management levels of the firm (Senior Manager and Partner levels)³⁸, it is under-resourced at the upper lower to middle levels. A Partner stated; *“We’ve tried to employ more people but there are only so many people at the Universities and I think everyone is experiencing that difficulty, and it’s not just an Australian phenomenon. I mean, if you look at Universal around the world, I’ve heard our executive people saying we’re short 10,000 people...so, if we could find 10,000 more people across the globe we’d recruit them. I know here in my property group, if I could find five managers, five assistant managers, five seniors [primarily composed of Generation Y], I’d take them like that but I can’t find them. So, it becomes very awkward when you’re responsible for trying to win work...you want to win, but you’ve got no one to do it”*.

Therefore, whilst Universal faces pressure from employees across a range of generations, they are under-resourced at Generation-Y levels. Adopting Oliver’s (1991) theoretical constructs; a firm will acquiesce to the institutional pressure, the greater its dependency on the pressure as a resource. Considering this argument, the design of MCS to primarily cater for Generation Y over Baby Boomers and Generation X can be seen as a result of Universal’s organisational dependence on Generation Y.

Reverse Acculturation

Acculturation is the process whereby a new member’s cultural standards are modified over time as a result of contact with a different culture (Salter and Schulz, 2005). For this process to occur, the new member must learn the beliefs and values that have been established as they interact with the existing group (Yammarino and Jung, 1998; Ueltschy and Krampf, 1997; Faber, O’Ginn and Meyer, 1987; Salter and Schulz, 2005). Salter and Schulz (2005) examine Chinese migrants to Australia and find that new employees started with their own cultural preferences and were acculturated by their environment, adopting the value set promoted within. Alvesson and Karreman (2004) describe the operation of this process in a large consulting firm. The culture of this firm is strongly centred on a desire to succeed. A young person’s want to succeed in the organisation is not a self-evident idea, but an outcome of the cultural processes portrayed. These values of success are continually promoted by the Partner group who are incentive driven which ultimately impacts new entrants to the firm who adopt this culture. In both these instances we see that the culture of the firm is absorbed by the individuals joining the firm and in the instance of Alvesson and Karreman (2004) is driven by the Partners and senior staff.

At Universal we see the opposite as being the case; the culture of the firm is being changed by the new entrants to the firm. Two example of this are provided. As discussed earlier, previously Universal had a strong drinking culture which has been changed now with generally no socialising at the pub with colleagues afterwards. Social events are not centred on alcohol, and are instead focused on activities and involvement in community work. These changing values appear to be driven by Generation Y which comprises a large number of employees from a range of cultural groups whereby it is either not in their beliefs to drink or they prefer not to. A Partner at Universal explains the situation; *“In two weeks time we’re having a sports day... we’ve had a bowling day before, you know just having an activity because there’s people that don’t drink now...there’s different cultural diversities where it’s just not in their*

³⁷ As documented in a 2005 Report by the Australian Government, entitled “Workforce Tomorrow”, Australia faces a potential shortfall of 195,000 skilled workers by the year 2010.

³⁸ A number of lower-level respondents also outline during the interview process that some of these levels are under-resourced.

religion to drink and there's nothing wrong with that... it doesn't mean we can't go out and have a good time, we just need to be more flexible in terms of what we actually do for them".

The implication of this reverse acculturation within Universal has been acquiescence (Oliver, 1991) by the Baby Boomers and Generation X to Generation Y's cultural values. This is discussed by a Senior Manager who explains that in a Team Planning session held one year ago, they discussed strategies and controls and the main issue addressed was the changing cultural preferences of the team. A group from Generation Y led the discussion and outlined they would like the forthcoming team social events to be centred on other non-drinking activities. The Senior Manager described that although this was not aligned with the preferences of the older generations. In addition, many Baby Boomers and Generation X employees were not aware of the extent of these beliefs held by the younger generation; however they complied with them.

Another example of the reverse-acculturation process occurring is seen with a change in Partner culture. Previously Partner's were described as sitting in an "ivory tower" whereby they had little interaction with their teams and primarily only dealt with those at Manager level. More recently, Partner's have become more integrated with their team mixing with staff at all levels, and attending social functions. The younger generation appear to have driven this change within the firm; "[Younger] staff have said we want to have more involvement with the Partners" (Baby Boomer, Partner).

On the other hand, Baby Boomers explain that they would prefer the Partner's to be more distanced from the team and the Manager's to increase their responsibilities. Some discuss that as a result of this increased Partner involvement, they are generally not considered to be that different to other levels of staff; "you know you've got the Manager, Senior Manager and then the Partner". In particular, one Partner expressed frustration about this the situation; "We're just like anyone else...so that a lot of the benefits that I and I am sure others thought of staying in a firm and becoming a Partner, that is, some of the side benefits and the respect and that sort of thing is not there anymore...there is no current recognition...that they are still the owners of the business".

This reverse-acculturation of Partner culture encompasses another related cultural change within the firm, being attitudes towards hierarchy. Baby Boomer and Generation X respondents explain that when they were at lower-levels of the firm, if they were asked by someone above them to do something, they would go ahead and do it; "We used to do what we were told back then" (Generation X, Partner). However, now as a result of Generation Y not acknowledging a hierarchy, the culture has changed whereby lower-level employees often refuse to carry out mundane work; "People give me examples and say they've asked someone to do some photocopying or something which is what we just did and they go 'no I don't want to that, what they're doing is much more interesting'" (Generation X, Partner). As a result, higher-level employees have had to acquiesce (Oliver, 1991) to this pressure by either finding alternate tasks for the younger-levels³⁹ or providing context as to why they need to complete tasks they do not find interesting.

In both these examples the value set of younger employees entering the firm is not changing to align with those of the firm. Instead, the culture of Universal has changed to accommodate the beliefs of Generation Y. This is a reverse relationship to studies on acculturation in the academic literature (see e.g. Alvesson and Kärreman, 2004). In considering the above situations, the reverse acculturation process which has occurred at Universal could be seen as a resource dependency issue. The success and continuity of the firm involves ensuring it is adequately resourced to carry out its operations. As discussed in the previous section, Universal is dependent on Generation Y as a resource due to a shortfall of employees within these levels. Therefore in order to assist in attracting and retaining these employees, Universal has adopted the culture of Generation Y as opposed to culture filtering down from the Partner groups.

However, consistent with both institutional and resource dependency theories, each time an organisation meets the demands of one group, it constraints its ability to meet another group (Pfeffer and Salancik, 1983). This is evident at Universal and is outlined in the following quote which highlights the frustration of

³⁹ A Partner explains that recently asked undergraduates (Generation Y) to create online presentations for her and discusses the importance of finding work which stimulates them. In addition, the need to provide Generation Y with interesting work was raised by the majority of higher-level respondents.

Generation X at the MCS being designed to cater primarily for Generation Y. *“I think the anger comes from Generation X saying ‘you didn’t do all this stuff for us’. These people in their 30’s are...it’s more bewilderment rather than anger... ‘How come you’re doing all this whereas 10-15 years ago you never did it for us?’”* (Human Capital Consultant and Partner)

Generation X respondents appear resentful that Generation Y show a lack of respect towards those at higher levels and that the controls in place allow them to *“actually get away with it”* (Generation X, Senior Manager). Generation Y’s lack of respect towards higher-level employees is also cause of frustration for the Baby Boomers; *“[Generation Y show] no current recognition of the way the firm is run ...that they [the Partners] are still the owners of the business”* (Baby Boomer, Partner). Additionally, a number of Baby Boomer respondents explain that Generation Y continually expect and demand more and more, which is in complete contrast to earlier generations. However, whilst they appear reluctant towards Generation Y as a result of their attitudes, *“We keep giving them more and more”* (Baby Boomer, Senior Manager).

Similarly, during the interview process, the HR Manager at Universal discussed a situation whereby a group of Undergraduates (Generation Y), lobbied the Partner group to make some changes to their study leave agreements. The HR Manager explains that during the confrontation, the Partners were bristling because they thought the Undergraduates approached the situation with a lack of respect. Later the Partners discussed that as they did not agree with the approach this group took, they would make the changes in their own time. However contrary to this, these changes were reviewed and implemented within Universal shortly after. This is interesting because whilst the Baby Boomers were in conflict with Generation Y over this issue, as outlined in the quote above by a Generation X respondent, Generation Y *“actually get[s] away with it”*.

Based on the above three issues relating to behavioural outcomes are apparent. First, when there is resource dependence on a generational group, it can result in reverse acculturation and cultural change in an organisation. This was evident in the case study as the resource dependence on Generation Y led to Universal changing its culture and adopting the cultural preferences of lower-levels within the firm as opposed to that of the Partner group. Second, reverse acculturation can result in cultural acquiescence (Oliver, 1991). In the case firm this was evident as when the older generations were conscious of the cultural beliefs of the younger generation, they complied with their values. Third, reverse acculturation can also result in conflict within the organisation. This was apparent within Universal as the older generational groups showed frustration and resent towards the MCS package primarily being designed to cater for generation Y.

Organizational Outcomes

The change in the MCS to reflect the preferences of Generation Y has had a number of other impacts on the organization. Three of this are now discussed; decrease in employee turnover, the effects of fast track promotion, and the reward and recognition framework.

Employee Turnover

The redesign of the MCS to take into account of Generation Y’s preferences has had the effect of reducing staff turnover rates. In discussing the employee retention rates of Universal with Partners, they explain that these rates have improved over the last two years⁴⁰. The way one Partner described the situation; *“Our average retention rate over the last two years has increased which is a surprising trend against the trends over the last ten years, and the retention rate has improved because of how much investment we’ve put into our people [specifically Gen Y’s]...so has it worked? Well if retention is the answer, then our average retention has improved...to that extent yes, it has worked”*.

The retention rate has improved in a labour market where there are substantially less barriers for departure and as outlined earlier the increased demand for employees as a result of the skills shortage which is amplified in professional service firms. Therefore, whilst the labour market has increased in competitiveness, through aligning the MCS package to the workplace preferences of Generation Y, Universal has achieved the desired outcome of retaining this scarce resource.

⁴⁰ In addition, the Human Capital consultant outlined the decrease in employee turnover rates.

Fast-track Promotion

As outlined in the results section employees' being fast-tracked has become more common at Universal over the last two years. Under this system employees can be elected by their Partner or Manager to progress to the higher level in half the standard time-period. Whilst this aligns to the preferences of Generation Y, the Baby Boomers and Generation X believe employees should be expected to spend the set time at each level.

The function of promotions is to assign people to a job which best aligns their skills and to assign incentives (Milgrom and Roberts, 1992). Concentrating on the first objective it is questionable whether this is in fact obtained (Fairburn and Malcolmson, 2001). Whilst a promotion scheme can be used to provide incentives for employees, there is the risk that providing these incentives will be at the firm's detriment (Fairburn and Malcolmson, 2001). If a firm promotes those who have performed well in a job ahead of others in their cohort, it may simply transfer them to a position to which they are not suited at that current stage. This is known as 'The Peter Principle' and takes the form of; "*People are promoted to their levels of incompetence*" (Peter and Hull, 1969; see e.g. research by Baker, Jensen and Murphy, 1998; Milgrom et al, 1992; Fairburn and Malcolmson, 2001 for support of this theory).

In the case-firm, this was an issue of concern for many employees at the higher-levels of the firm. The majority of these respondents questioned explained that whilst individuals may perform exceptionally at their current level, the level above them might not be suitable for them as a result of insufficient experience. A Partner described it this way; "*I can think of some people who we've promoted through early and I think it's actually had quite an adverse effect on their career because they've gotten through to say manager at a fairly early stage and then have been found lacking, not because of intellectual capacity but lack of experience*".

Respondents discuss that the standard set-time period allocated by the firm is necessary for employees to develop the skills required for each level. These skills, applicable to the professional services industry and the audit sector specifically of; client-relationships and communication, professional scepticism and analytical ability are developed over time as a result of experience.

Thus, whilst the early-promotion system has provided an attractive incentive for Generation Y, this may be at the detriment of the organisation. By moving up the ranks ahead of the set-time period, employees may be positioned in a level where they are not capable of successfully completing the work. Anecdotal evidence for this was seen in related field-work by a member of the research team. During this process, Senior Executives from publicly listed companies raised concerns about the quality of audit staff as a result of them progressing through the levels too quickly⁴¹.

Recognition Framework and Feedback

In the previous analysis of the recognition framework and Performance Review system it was discussed that Universal Partners have been encouraged by Human Resources employees to continually provide instant gratification to employees, by way of personal positive feedback. Whilst Generation Y seeks this praise to feel appreciated, Baby Boomers and Generation X do not expect or demand it.

As discussed in the literature review, effective feedback systems require contrasting the outlined objective and the measured result to predict a control action to be taken. The accuracy and acceptance of this information by both the provider and the receiver of this feedback can have significant effects on organisational learning and performance. In order to make well-informed decisions and transfer knowledge effectively, the organisation must learn and adapt as part of everyday working practices (Argyris and Schon, 1978). This ability, termed organisational learning, influences both current and future organisational performance (Choi and Lee, 2003).

This was further explained by March (1991) in management literature who defined organisational learning by considering external reality, individual knowledge about external reality and an organisations

⁴¹ This was a general comment in relation to a broad group of Big 4 and mid-tier audit firms.

approximation of external reality. He determined that an organisation's approximation of external reality is effected by individual knowledge and the more accurate the individual knowledge is, the closer the organisational knowledge is to external reality. Therefore, the ability of feedback systems to correctly convey information, will impact the accuracy of individual knowledge and the resultant knowledge transferred by the organisation.

Within Universal, constant positive feedback has become expected by Generation Y to such an extent that the control does not accurately reflect employees' ability. A Human Capital consultant at Universal explains the situation as follows; *"It's leading to what some commentators call praise-inflation so if you tell a Gen Y they did a great job then tomorrow they will expect you to tell them not that they've done a great job but that they've done a fantastic job, then next week what do you say? You've already used fantastic, you can't go back to great...you've got to go you have done the best job I have ever seen and it just devalues the whole process"*.

The above issue is confirmed by a number of higher-level respondents, who discuss that Generation Y is offended by the mildest criticism and as a result they find it difficult to effectively provide honest feedback. A Senior Manager explains that as a result he feels pressured to always give Generation Y constant positive feedback regardless of their performance, otherwise they will not work as hard for him on audit engagements; *"I think people have become conditioned to receiving that [positive] feedback so they want to receive it and if they do get that feedback ... then they're more inclined to work harder...[and]...they might not necessarily be performing at an exceptional level...but they need to be told they are doing a good job "*. Therefore whilst instant positive feedback improved Generation Y's satisfaction, it has resulted in an inability of employees to provide feedback which is honest. Considering the inaccuracy of feedback can have significant negative effects on organisational learning and performance (see e.g. Argyris et al, 1978; Choi and Lee, 2003).

Based on case evidence presented in this section, two issues relating to organisational outcomes are apparent. First, aligning an organisation's MCS to primarily cater for a particular generation can result in improved retention rates for that generation. However, this can lead to undesired outcomes as evidenced through employees being positioned at a level where they can not successfully complete the requirements due to the fast-track promotion system. Further, constant positive feedback given to the younger generation has resulted in inaccurate feedback provided, which can be unfavourable to organisational learning and performance.

6. Conclusion

The core research question addressed in this paper was; how is generational culture reflected in the design and use of MCS? In order to understand this an exploratory case study of a professional services firm was undertaken. Recognising the generational preferences within the case-firm highlighted that its MCS package had been primarily designed and in-fact 're-designed'! for Generation Y. When higher-level respondents within the firm were questioned, it was evident that this was a resource dependence outcome. Whilst the firm was sufficiently staffed at Baby Boomer and Generation X levels, it was under-resourced at Generation Y levels.

The findings demonstrated that aligning the case-firm's MCS to Generation Y's workplace preferences achieved the desired outcome of improved retention rates. However, it also highlighted that this design may be to its own detriment. Whilst cultural acquiescence (Oliver, 1991) was evident in the firm, inter-generational conflict was also present. Further, the fast-tracking and instant-gratification Generation Y prefers can impair organisational outcomes.

An understanding of how generational culture has shaped the design and use of MCS in the case-firm provides a basis for other researchers to understand the impact of generational culture in the design of these systems within modern organisations. This extends research into the cultural variables (primarily organisational and national culture) which have been recognised in contingency research as affecting the ways in which MCS are designed and used.

A further issue in this paper relates to an understanding of how generational culture is managed within a professional services firm by its control systems. Professional service firms have recognised the problem of generational change in the workplace, and specifically the accounting profession has listed it as their main priority (CPA, 2006).

Results showed how Generation Y's preferences have been primarily catered for in its MCS. This provides valuable insights for professional practice as to how professional service firms can construct MCS in order to achieve alignment with the preferences of particular generations. However through an understanding of the usage implications discussed previously, it highlights the importance for such firms to consider organisational and behavioural outcomes before implementing an MCS which primarily caters for a certain generation.

The paper opens a number of directions for future research. First, further development of the relationship between the two constructs of MCS and generational culture can be undertaken in a range of different sectors, as opposed to only professional service firms. In addition, a large quantitative study could be undertaken based on the constructs developed. This could provide valuable insights into the impact of this contingent variable more holistically. Furthermore, Chenhall (2003) explains that an improved match between contingent variables and MCS will result in improved organisational performance. A large component of organisational performance is financial results, which have not been examined in this study. Therefore the focus of this research could be extended to examine the profitability benefits to firms who adopt MCS to cater for generational change.

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TABLE 1: Summary of Generational Workplace Preferences at Universal

Generation	Preferences in literature	Preferences at Universal	Consistent / Divergent
Baby Boomers	Believe that achievement comes after paying dues	The harder you work, the quicker you will develop	Consistent
	Workaholic mentality	Adopting a more balanced view on life as they age	Divergent
	Place high emphasis on the presence of formal feedback	They believe feedback is more effective in an informal setting	Divergent
	Prefer setting short-term goals	Do not believe short-term goals generate worthwhile career achievements	Consistent
	Value company commitment and loyalty	Align personal actions to those which benefit the firm	Consistent
	Desire symbols of success	Place high importance on associated benefits on Partnership	Consistent
	A lack of respect for authority	Place high importance on the value of hierarchy	Divergent
Generation X	Prevailing attitude is all work is just a job	Place high importance on a balance between work and personal life	Consistent
	They are self-reliant and confident, and prefer to work individually	Prefer a flexible work environment	Consistent
	Sceptical of hierarchical structures	Views towards hierarchy are mixed	Divergent
	Focus on the present	Prioritise their own short-term aspirations over those which would be of the long term benefit of the firm	Consistent
	Sceptical of the status quo	Do not value company loyalty	Consistent
	Development and training are critically important	Personal development is a main priority	Consistent
	Require constant confirmation they are performing well	Value the importance of being acknowledged and in receiving timely feedback, however they do not desire instant gratification	Divergent
Generation Y	Main concern regarding policies is the ability to compete fairly with those in older generations	Desire promotional opportunities and do not value a hierarchical form of progression based on age and experience	Consistent
	Look for instant gratification rather than long term rewards	Require continual and instant recognition	Consistent
	Need to feel like they belong, and decision-making responsibility is important to them.	Prefer to be actively involved in firm development and planning	Consistent
	Need to feel they are involved in work with meaning	Highly socially conscious	Consistent
	They do not live to work, they work to live	Value work and life balance	Consistent
	Committed to life-long learning	Value acquiring a broad range of skills	Consistent

TABLE 2: Summary of MCS at Universal

Control element	Description / who uses it	How element works as a control mechanism	How element has changed over time
<i>Broad MCS (1): Cybernetic Controls</i>			
Employee Budgets	<ul style="list-style-type: none"> • The Partner team set budgetary targets for each employee-level; based on realisation rate and utilisation rate • There are three issues surrounding the design of employee budgets; (i) Working of overtime – in excess of 37.5 hours/week (ii) Excessive hours policy – employees under manager level can accumulate additional paid leave for each hour worked above 50 hours/week (iii) Worked it, charge it policy – an awareness program promoting the charging of all time onto employees’ timesheets 	<ul style="list-style-type: none"> • Employee budgets direct employee behaviour towards achieving set standard realisation and utilisation rates which are in line with the targets of the firm (Green et al, 1988) 	<ul style="list-style-type: none"> • In the past employees were not recording all overtime worked. Thus Universal has introduced a Worked it, Charge it awareness program over the last three months to encourage the charging of all time • The excessive hours policy was introduced over the last three months. Five years ago Universal had a ‘Leisure Bank’ system whereby each hours of overtime was rewarded with paid time-off, and the excessive hours policy is an adaptation of this
Performance review system	<ul style="list-style-type: none"> • The performance management tool is an online system called Dialogue and all employees are involved in the process. • There are seven steps in the performance management cycle encompassing goal creation, manager approval and discussion, with an individual’s progress against set goals are monitored by their manager and a grading is given 	<ul style="list-style-type: none"> • The PRS evaluates individual action by focusing employee behaviour on goals the firm believes are important (Alvesson and Karreman, 2004) 	<ul style="list-style-type: none"> • The process has become more formalised • In the past, the forms were completed by hand and were relatively short with a focus on (i) areas the individual performed well in and (ii) areas the individual needed to improve • Now there is a strong focus on goal setting
<i>Broad MCS (2): Socio-ideological Controls</i>			
Values and belief systems	<ul style="list-style-type: none"> • The values and belief systems at Universal are shaped by social consciousness and aspirations of Partnership • Within Universal a strong social consciousness is a promoted value reflected through a number of programs; Workplace Giving, Volunteering funding, Community groups, Community secondments and Charity funding • The organisational structure is a hierarchy, whereby the top level is Partnership. Thereby there is this emphasis inherent within all similar structures of the ultimate goal within being Partnership. 	<ul style="list-style-type: none"> • Values and belief systems persuade employees to adapt to certain ideas about what is important in organisational life (Alvesson and Karreman, 2004). 	<ul style="list-style-type: none"> • A strong social consciousness within the firm has been growing particularly over the last five years. Whilst the firm would occasionally donate to charitable organisations prior to this time, there was not the range of programs or awareness currently in place. • Given the hierarchical structure of the firm, belief towards Partnership will always be an aspiration and purpose of direction promoted by the top-level of the firm.
Culture	<ul style="list-style-type: none"> • Within Universal there are no social events on weekends and the culture is centred on employees coming to work to do their job • During weekdays, the social culture is centred primarily on social events organised; across the whole firm, in team groups and within the social club. These activities are focused on 	<ul style="list-style-type: none"> Organisational culture determines how employees act (Smircich, 1983). 	<ul style="list-style-type: none"> • This is a shift from prior years whereby the working culture was focused on the firm and its partners, whereby your whole social life was the firm • In prior years the social culture was centred on a drinking culture whereas in the last few years the cultural diversity of Universal has changed and they have had to become

	activities such as sports and entertainment days		more flexible in their approach
<i>Broad MCS (3): Administrative Controls</i>			
Organisational structure	<ul style="list-style-type: none"> • Distinct hierarchy within the Universal Partnership, with levels ranging from Undergraduate to Partner. 	<ul style="list-style-type: none"> • Using a certain structural type encourages particular relationships and contact (Abernethy and Chua, 1996). 	<ul style="list-style-type: none"> • Whilst the hierarchical structure of a Partnership is hard to change, the Partner's involvement in the team has changed. Recently Partner's have been encouraged to become more involved with employees as opposed to those at only Manager levels
Policies	<ul style="list-style-type: none"> • Work and life balance policies are reflected through; purchased leave facility, flexible work options, and career breaks • Training policies are reflected through a number of learning and development options; courses, workshops, self study and e-learning. Employees training is controlled as attendance is compulsory 	<ul style="list-style-type: none"> • Policies specify the processes of inputs into organisational activities (Brown, 2005) 	<ul style="list-style-type: none"> • Work and life balance policies have been introduced over the last two to five years and are continually being updated • Over the last two to five years the training program has been brought forward relative to employees' career levels and an increasing number of optional courses are available
<i>Broad MCS (4): Planning Controls</i>			
Strategy-setting	<ul style="list-style-type: none"> • Focuses on two key areas; job profitability and employee satisfaction • Involves a one-day per annum off-site meeting attended by Divisional Partners in Charge 	<ul style="list-style-type: none"> • Sets out goals org goals and provides standards to achieve these (Flamholtz et al, 1985) 	<ul style="list-style-type: none"> • Whilst the process has not changed, in recent years Partners have had discussions with lower-level staff prior to this meeting in order to consider their input.
<i>Broad MCS (5): Reward and Compensation Systems</i>			
Fast-track promotion	<ul style="list-style-type: none"> • Every six month employees can be fast-tracked which means they do not need to spend a full twelve months at their current level. In order to be eligible employees need to be graded as an exceptionally-high performer and have early promotion status elected by their manager and partner 	<ul style="list-style-type: none"> • Acts as a control mechanism by motivating employees and thus improving the performance of the organisation (Bonner and Sprinkle, 2002). 	<ul style="list-style-type: none"> • Over the last two years Universal has made a conscious effort to considerably increase the number of employees who are fast-tracked
Recognition framework	<ul style="list-style-type: none"> • Recognition focus is reflected through; celebration, development opportunities and accolades 		<ul style="list-style-type: none"> • Over the last year Baby Boomers have been advised by HR of the importance of celebration and recognition • The accolade system was introduced over the last six months
Reward framework	<ul style="list-style-type: none"> • Reward framework consists of two elements; fixed and variable pay 		<ul style="list-style-type: none"> • Over the last two years Universal has moved from the second to the first quartile of payers and have increased the pay differentials • Over the last six months Universal's profit share structure has extended to all qualified employees

Diagram 1: Summary of Generational Preferences reflected in Universal's MCS design

MCS Element	A) (i)	A) (ii)	B) (i)	B) (ii)	B) (iii)	C) (i)	C) (ii)	C) (iii)	D) (i)	E) (i)	E) (ii)	E) (iii)
BB												
Gen X												
Gen Y												

Key:

MCS Element

A) Cybernetic controls	B) Socio-ideological controls	C) Administrative controls	D) Planning	E) Reward and compensation systems
(i) Employee budgets	(i) Values and beliefs	(i) Organisational structure	(i) Strategy-setting	(i) Fast-track promotion
(ii) Performance review system	- Social consciousness	(ii) Policies		(ii) Recognition framework
	(ii) Values and beliefs	- Work and life balance		(iii) Reward framework
	- Partnership	(iii) Policies		
	(iii) Culture	- Training		

Reflection of Generational Preferences

	Design highly reflects Generational Preferences		Design reflects some Generational Preferences
	Design does not reflect Generational Preferences/ a consensus could not be obtained		

APPENDIX A INTERVIEW QUESTIONS

Interview questions differed according to the nature informant interviewed. For example informants were current employees (Baby Boomers, Generation X and Generation Y), human resources managers, and former employees (Baby Boomers, Generation X and Generation Y). Below is a general list of interview questions for current and former employees.

Current employees

Your Role

Could you please describe your role at Universal

Working at Universal

- Why did you decide to work at Universal
- What is keeping you here

Management Control Systems

How do you get employees (asked to manager level and above)/How do managers get you (version asked to lower-level staff) to do what they/you are supposed to do

Generational mix

Could you describe the generational distribution of employees at Universal

Have you noticed a change in the generational distribution of employees at Universal over the years

Generational work preferences

Have you noticed a change in preferences and attitudes of the young generation Y's as opposed to previous generations

Do you see any main differences in preferred work preferences and styles across the different generations. Explain

Views towards MCS at Universal

A selection of MCS elements were selected for discussion

Challenges of managing/working with Generations

Could you describe any management challenges of working with and managing across generations

Former employees

Your previous role

Could you please describe your previous role at Universal

Decision to leave

Could you tell me why you left Universal

How did Universal try to make you stay

What could Universal have done to make you stay

Your current role

Could you briefly explain your current role

What do you like most about your current role

Explain whether your reasons for leaving Universal are still an issue in your current role.

Views towards MCS at Universal

A selection of MCS elements were selected for discussion

All informants

Now, I will list 10 general work preferences. Could you please indicate whether each work preference reflects your own preferences, and if so provide an example;

- You prefer to work individually
- You want to see the work environment lighten up (i.e. become more informal)
- You believe a manager must earn your respect
- You have a clear picture of the way you believe work should be
- You believe achievement comes after paying dues (i.e. putting in long hours, being with the company for a long time)
- You value company loyalty
- You look for instant gratification, rather than long-term rewards
- You believe feedback given is most effective when it is formal
- You prefer setting short term goals as opposed to long term goals
- You value developing a broad range of skills more than your job title

APPENDIX B - INTERVIEWS AND ARCHIVAL DOCUMENTS

Interviews conducted

No	Grouping	Date	Method of record
1	Workplace Psychologist	18/04/2007	Notes
2	Alumni	21/08/2007	Transcription
3	Alumni	21/08/2007	Transcription
4	Alumni	24/08/2007	Transcription
5	Alumni	29/08/2007	Transcription
6	Generation X	04/09/2007	Transcription
7	Generation X	04/09/2007	Transcription
8	Baby Boomer	05/09/2007	Transcription
9	Generation Y	06/09/2007	Transcription
10	Generation X	06/09/2007	Transcription
11	Generation Y	10/09/2007	Transcription
12	Baby Boomer	10/09/2007	Transcription
13	Baby Boomer	11/09/2007	Transcription
14	Baby Boomer	11/09/2007	Transcription
15	Generation X	11/09/2007	Transcription
16	Generation Y	12/09/2007	Transcription
17	Generation Y	12/09/2007	Transcription
18	Generation X	12/09/2007	Transcription
19	Human Resources	12/09/2007	Transcription
20	Human Resources	12/09/2007	Transcription
21	Baby Boomer	13/09/2007	Transcription
22	Human Capital Consultant	13/09/2007	Transcription
23	Baby Boomer	13/09/2007	Transcription
24	Generation Y	14/09/2007	Transcription
25	Alumni	14/09/2007	Transcription
26	Generation Y	14/09/2007	Transcription
27	Generation X	17/09/2007	Transcription
28	Generation X	17/09/2007	Transcription
29	Generation	17/09/2007	Transcription
30	Baby Boomer	17/09/2007	Transcription

Documents reviewed

No	Document name	Date reviewed
1	Global People Survey – Audit Results	21/08/2007
2	Diversity Report – June 2006	17/08/2006
3	Diversity Advisory Board Charter	21/08/2007
4	Audit Division Aims	17/08/2007
5	Emotional Wellbeing	21/08/200
6	Workplace Giving	21/08/2007
7	People First Strategy	17/08/2007
8	People, Performance and Culture Executive Charter	17/08/2007
9	Physical Wellbeing	21/08/2007
10	Family Support for You	21/08/2007
11	Lifestyle	17/08/2007
12	Financial Wellbeing	21/08/2007
13	Reward Framework	17/08/2007
14	Recognition	21/08/2007
15	Profit Share	21/08/2007
16	Global Skills and Behaviours	17/08/2007
17	Global Skills and Behaviours List – Junior Staff	17/08/2007
18	Global Skills and Behaviours List – Senior Staff	17/08/2007
19	Performance Reviews – Goal Setting	17/08/2007
20	360 Degree Feedback	17/08/2007
21	Retain Resource Management System	21/08/2007
22	Benefits for You	17/08/2007
23	Policies and Procedures Manual	17/08/2007
24	Project Apex – Audit	17/08/2007
25	Project E – Audit	17/08/2007
26	Staff Level Structure	17/08/2007