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EFFECT OF MANAGEMENT CONTROL SYSTEM ON ORGANIZATIONAL PERFORMANCE IN THE CASE OF BERHAN BANK S.C. HEAD OFFICE

BY

MENEN MOGES GEBREHIWOT

ID:-SGS/0207/2015A

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S.M.U

ADDIS ABABA, ETHIOPIA

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Approved by Board of Examiners

Dean, Graduate Studies	Signature	Date
TEWODROS MEKONNEN (PHD) Advisor	Signature	31/01/2025 Date
TAYE AMOGNE (PHD) External Examiner	Signature	04/02/2025 Date
MESFIN TESFAYE (PHD) Internal Examiner	Signature	05/02/2025 Date

January 2025

DECLARATION

I, the undersigned, declare that this thesis study entitled "***The Effect of Management Control Systems on Organizational Performance in the case of Berhan Bank S.C. at Head Office***" is my original work and has not been presented for a degree in any other university and that all sources of materials used for the study have been duly acknowledged.

Menen Moges	____________________	__________________
Candidate	Signature	Date

CERTIFICATION

This is to certify that this study, ***"The Effects of Management control Systems on organizational performance: In case of Berhan Bank S.C. Head office"*** undertaken by **Menen Moges Gebre Hiwot** for the Partial Fulfillment of Master's Degree in Business Administration at St. Mary's University, School of Graduate Studies is an orginal work and not submitted earlier for any degree either at this University or any other university.

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Advisor	**Signature**	**Date**
Tewodros Mekonnen (PHD)	________________	____________

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First and above all, my deepest spirit and thanks would go to God, the almighty for giving me a chance of living and granting me the capability to proceed up to the end. The blessing, help, and guidance from God from time to time shall carry me a long way in the journey of life on which I am about to embark.

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ACRONYMS/ABBREVIATIONS

ANNOVA	Analysis of Variance
MCS	Management control System
BSC	Balanced Scorecard
DOI	Digital Object Identifier
SC	Share Company
DCT	Data Collection Tool
DF	Degree of freedom
OP	Organizational performance

Abstract

This study investigates the effect of management control systems (MCS) on the organizational performance of Berhan Bank S.C. at its Head Office. Utilizing a diverse sample of 200 employees across different demographics, a quantitative research method was used to address the research objective. Simple random sampling was used to select respondents from the study population. In order to collect data, a questionnaire was developed and administered to respondents to obtain primary data. Descriptive and Inferential data analysis method was used to analyze the gathered data with the help of SPSS software. The research provides comprehensive insights into the bank's strategic planning, performance measurement, internal control mechanisms, and the balanced scorecard (BSC). The findings reveal a generally positive perception of the bank's organizational performance, with effective strategic goal achievement, customer satisfaction, and operational efficiency. However, maintaining motivated employees emerged as an area for improvement. The study highlights the positive influence of the MCS on the bank's financial stability, customer satisfaction, and internal processes. Correlation and regression analyses indicate strong positive relationships between MCS components and organizational performance, underscoring the significance of financial controls and performance monitoring. Based on the findings, recommendations include continuous refinement of the MCS, fostering innovation and adaptability, enhancing performance measurement and analytics, and improving employee engagement and motivation. These strategies aim to optimize the MCS, promote a culture of continuous improvement, and drive sustained organizational success.

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

It is well established that management control systems (MCS) are used in business organizations across the globe. In his seminal work, Simons (1995b) explained that management control relates to “the formal, information-based routines and procedures managers use to maintain or alter patterns in organizational activities” (p. 5). These procedures include, but are not limited to, all managerial activities that enable managers to design and implement organizational strategies (Merchant & van der Stede, 2007). These activities encompass all the mechanisms (strategic planning; budgeting; unit-level resource allocations; performance measurement, evaluation, and reward; transfer pricing) managers employ to ensure that the behaviors and decisions of their subordinates are consistent with organizational objectives and strategies (Anthony & Govindarajan, 2007; Merchant & van der Stede, 2007)

Management Control Systems (MCS) as defined by Anthony (cited by Langfield-Smith, 1997) is the process by which managers ensure that resources are obtained and used effectively and efficiently in the accomplishment of the organization's objectives. MCS is a system used in an organization which collects and uses information to evaluate the performance of the organizational resources that will eventually influence the behavior of the organization to implement organizational strategies. This paper will look into issues within MCS such as transaction cost economics and transfer pricing. Also considered in this paper is a look of MCS tools and techniques, such as budgeting as a powerful control mechanism in organizations, business performance measurement systems as well as balance-scorecard with its implementation issues

Management control systems (MCS) are crucial for banks due to the unique and complex nature of their operations in the financial services sector. The banking sector, being a cornerstone of economic development, is characterized by intense competition, regulatory scrutiny, and dynamic market conditions. In this context, effective management control systems (MCS) play a pivotal role in shaping the organizational performance of banks. This study aims to investigate the effect of MCS on Berhan bank S.C. one of the leading financial institutions in the region.

Banks operate in a highly regulated environment. MCS helps ensure compliance with financial regulations, accounting standards, and other legal requirements. Effective control systems assist banks in identifying, measuring, and managing various types of risks, including credit risk, market risk, operational risk, and regulatory compliance risk. Similarly, MCS helps in optimizing internal processes, leading to increased operational efficiency and effectiveness. It enables banks to streamline workflows, reduce operational costs, and improve resource utilization. Ensures the quality of financial products and services through monitoring and control mechanisms, preventing errors, fraud, and misconduct. MCS assists banks in aligning their operations with strategic goals. It helps in planning, implementing, and monitoring strategies to achieve long-term objectives. Banks can use MCS to measure and evaluate the performance of different business units, products, and services against predefined goals and benchmarks by Paul (2002).

In recent years, the banking sector has experienced a strong evolution and perfect competition in the direction of the birth of innovative services. As a result, banks must use management tools that contribute to the conduct of change, a permanent monitoring of the strong evolution of the environment and the current trends in the various sectors including the banking sector. The banking activity is also characterized by the involvement of specific management tools and the need for daily monitoring of performance (Digital Object Identifier (DOI) foundation, 2023). MCS includes budgeting processes that help banks set financial targets, allocate resources efficiently, and monitor financial performance against budgeted figures. Helps manage and control costs, ensuring that resources are utilized judiciously and cost structures are optimized for sustainable profitability.

In summary, management control systems play a vital role in ensuring the stability, efficiency, and ethical conduct of banks. They provide the necessary tools for effective governance, risk management, and strategic decision-making, contributing to the overall success and sustainability of banking institutions. Therefore, this research aims to delve deeper into this by specifically exploring how various components of the management control system influence key dimensions of Berhan bank S.C. performance at Head office. In essence, the study seeks to establish a connection between the theoretical importance highlighted in the summary and its practical application within the context of Berhan bank S.C. organizational performance.

1.2. Statement of the problem

The banking sector plays a critical role in resource mobilization and economic development, particularly in developing economies. Private banks, such as Berhan Bank S.C., contribute significantly to this growth. However, these institutions face escalating management challenges that threaten their organizational performance and long-term viability. Whether profit-oriented or not, it is essential for organizations to establish robust mechanisms, such as management control systems (MCS), to ensure managerial activities align with organizational goals and performance targets. An effective MCS is instrumental in keeping the organization's operations on track, as emphasized by Rijal (2006).

Despite the pivotal role of private banks in Ethiopia, existing studies have primarily focused on financial performance indicators, such as profitability, credit risk, capital adequacy, and liquidity ratios, as determinants of organizational performance (Tesfaye, 2014). These studies reveal that factors like bank size, GDP growth rates, and even capital adequacy often lack a significant positive impact on performance. Surprisingly, some expected determinants, including inflation rates and liquidity risk, demonstrate either negative or contradictory effects on profitability. Furthermore, regulators' stringent monetary policies, intended to maintain financial stability, frequently exert adverse effects on private banks' operational efficiency and financial performance.

In addition, while the literature underscores the importance of strategic orientation, market orientation, and learning orientation as potential drivers of performance (Doe et al., 2020), these efforts have not consistently translated into improved organizational outcomes. Research findings often indicate insignificant or inconsistent relationships between these variables and performance metrics, with potential mediating factors, such as worker motivation and dynamic capabilities, being overlooked. This suggests a need for further exploration of non-financial performance dimensions and their contribution to organizational success.

Most notably, the prevailing research in Ethiopian banks tends to prioritize financial metrics while neglecting critical non-financial indicators such as customer satisfaction, internal process efficiency, and organizational learning and growth. This narrow focus hampers the ability to assess organizational performance holistically. Additionally, there is limited exploration of the alignment between organizational strategy and performance measures—an essential factor for achieving sustainable growth and competitive advantage. The existing literature reveals a fragmented understanding of organizational performance in Ethiopian banks, particularly Berhan Bank S.C. The emphasis on financial metrics, coupled with insufficient consideration of non-financial dimensions, strategic alignment, and causal relationships among performance factors, represents a significant gap.

This study aims to address these gaps by investigating the effect of management control systems on organizational performance at Berhan Bank S.C. Head Office. It seeks to adopt a comprehensive performance evaluation framework that integrates financial and non-financial indicators, examines strategic alignment, and explores the interplay between various dimensions of organizational performance. This approach will provide a balanced and thorough understanding of the factors influencing organizational effectiveness and sustainability in the Ethiopian banking context.

1.3. Research Questions

The variables strategic planning, Balanced Scorecard (BSC), performance measurement mechanisms, and internal control mechanisms were selected for their critical role in driving organizational performance by aligning goals, integrating financial and non-financial indicators, improving efficiency, and ensuring compliance. Together, they provide a holistic understanding of how management practices impact performance at Berhan Bank S.C. The research questions are designed to explore these components and their influence on the bank's performance.

1. What are the effects of strategic planning on organizational performances of Berhan bank S.C.?
2. How does a Balanced scorecard affect organizational performance in the Banks?
3. How do performance measurement mechanisms affect the organizational performance within Berhan bank S.C.?

4. What ways do internal control mechanisms influence organizational performance within Berhan bank S.C.?

1.4. Objectives of the study

1.4.1. General objectives

The overarching objective of this research is to investigate the effect of the management control system on the organizational performance of Berhan bank S.C. at Head office.

1.4.2. Specific objectives

1. To investigate the effects of Berhan bank S.C. strategic planning approach on organizational performances.
2. To show the organizational performance with data giving recommendations to enhance the Balanced Scorecard in banks.
3. To identify specific components of MCS that significantly performance measurement mechanisms affect the organizational performance within Berhan bank S.C.
4. To investigate the effect of internal control systems developed by Berhan Bank SC on organizational performance.

1.5. Significances of the study

It is anticipated that the following study findings will be important; it will help to identify the reasons why a management control system is required in the workplace, the management of a business will find it easier to ascertain how the management control system contributes to the achievement of their objectives, The usage of an efficient management control system at work will be promoted by the study and Researchers in search of comparable data may find the study useful as a resource.

The findings of this study will be useful for strategic decision-making, risk Management and operational efficiency of the bank. An in-depth analysis of management control systems (MCS) within Berhan Bank S.C. reveals its significant influence on various facets of the organization. Firstly, MCS plays a crucial role in shaping strategic decision-making processes, offering insights into how these decisions impact the bank's overall performance. Secondly, MCS is integral to risk management within the bank, facilitating the identification, assessment, and mitigation of risks inherent in the banking sector, thus ensuring the institution's stability. Lastly, MCS contributes significantly to operational efficiency by streamlining internal processes, optimizing resource allocation, and enhancing customer service delivery. By examining these aspects, the study sheds light on the multifaceted role of MCS in driving organizational effectiveness and sustainability within Berhan Bank S.C.

1.6. Scope of the study

The scope of this research will focus on the effect of management control systems on organizational Performance in Berhan bank S.C. at Head Office. There are numerous intricate concerns, and in this instance, the generated variables beneath the conceptual framework are the dependent for OP and the independent for MCS. Geographically, the study will take place in Addis Ababa Bole road, with a focus on the towns of the selected private bank. The study employs a descriptive and inferential statistics research design and utilizes quantitative research methods. This study's research period will run from September to December of 2024.

1.7. Operational Definition of key concepts/Terms

- **Management:-** Refers to the process of planning, organizing, leading, and controlling resources at Berhan Bank S.C. to achieve organizational goals effectively. It involves creating an environment where individuals collaborate to align their efforts with the bank's strategic objectives.
- **Control:-**Describes the process of monitoring operations at Berhan Bank S.C., comparing actual results to set standards or goals, and taking corrective actions to ensure alignment with the bank's objectives.
- **System:-**A coordinated set of procedures and processes implemented at Berhan Bank S.C. to carry out repeated activities systematically, ensuring consistency and efficiency in achieving specific organizational purposes.
- **Management Control System (MCS):-**Represents a framework utilized by Berhan Bank S.C. to provide managers with relevant information and tools needed to guide their decisions and actions, ensuring that organizational activities align with strategic goals.

- Organizational Performance:-Refers to the extent to which Berhan Bank S.C. achieves its goals efficiently and effectively. This includes dimensions such as financial outcomes, operational efficiency, employee and customer satisfaction, innovation, and overall competitiveness.
- **Strategic Planning:-**The process through which Berhan Bank S.C. aligns its resources, efforts, and goals with long-term objectives, ensuring that both financial and operational strategies enhance organizational performance.
- **Balanced Scorecard:-**A performance management framework applied at Berhan Bank S.C. to evaluate organizational performance comprehensively across financial, customer, internal process, and learning and growth perspectives.
- **Performance Measurement:-**Refers to the tools and techniques used by Berhan Bank S.C. to assess and monitor organizational performance across various metrics, including financial, operational, and customer-oriented dimensions.
- **Internal Control Mechanisms:-**Encompass the policies, procedures, and safeguards established at Berhan Bank S.C. to protect assets, ensure compliance with regulations, prevent fraud, and enhance overall operational efficiency.
- **Information Systems:-**Refers to the use of technology and data systems by Berhan Bank S.C. to streamline processes, improve decision-making, and enhance performance across financial, operational, and customer dimensions.
- **Operational Performance:-**Represents the effectiveness and efficiency of Berhan Bank S.C.'s day-to-day activities in achieving operational goals, focusing on productivity, cost-effectiveness, quality, and timeliness.
- **Customer Performance:-**Refers to the extent to which Berhan Bank S.C. meets or exceeds customer expectations, measured by customer satisfaction, loyalty, and the quality of customer interactions.
- **Learning and Growth Performance:-**Refers to Berhan Bank S.C.’s ability to foster innovation, employee development, and adaptability to changes in its environment, ensuring long-term sustainability and improved performance.
- **Organization:-**Defines Berhan Bank S.C. as a structured group of individuals working collaboratively toward common objectives, coordinating resources and activities for the bank's success.

1.8. Limitation of the Study

When conducting research, especially within large organizations like banks, it is often impractical to sample every employee due to constraints such as time and financial resources. Consequently, researchers may opt to draw their sample from a more accessible subset of the population, such as employees at the bank's headquarters. This approach, while efficient, presents significant limitations concerning the representativeness of the sample. Headquarters employees might have different experiences, work conditions, and perspectives compared to their counterparts in branches dispersed across various regions. For example, employees in urban headquarters might enjoy better resources, more advanced technology, and higher levels of support compared to those in rural branches, where challenges such as lower customer footfall and limited infrastructure might prevail. This discrepancy could lead to biased results that do not accurately reflect the experiences and conditions of the entire workforce. Hence, while sampling from the headquarter employees is a practical solution, it is crucial for researchers to acknowledge these limitations and, if possible, complement their findings with additional data from other branches to ensure a more comprehensive and accurate representation of the bank's overall employee population. This consideration not only enhances the validity of the research but also sheds light on the varied experiences within different parts of the organization, potentially uncovering areas for improvement and ensuring that the findings are beneficial for the entire institution.

1.9. Organization of the study

This paper is organized into five chapters: Chapter 1 is an introduction including background of the study, statement of the problem, research questions, objectives of the study, significance of the study, scope of the study, definition of key terms and organization of the study. Chapter 2 contains a review of literature including theoretical and empirical with regard to MCS and conceptual framework of the study. Chapter 3 is Research Approach, research design data sources and types, sampling techniques and sample size determination, tools of data collection, methods of data analysis and interpretation and ethical consideration of the study. Chapter 4 contains data presentation, discussion and interpretation of the results of the different methods used. Specifically, the results of surveys with questionnaires and document analysis are presented in this chapter. Finally chapter 5 presents Major findings, conclusions, recommendations and Implication for future research.

CHAPTER TWO

REVIEW LITERATURE

2.1. Theoretical Literature Review

The relationship between management control systems (MCS) and organizational performance is a crucial aspect of organizational studies. Scholars and practitioners have explored various theoretical perspectives to understand how the design, implementation, and effectiveness of MCS influence the overall performance of organizations. In the context of Berhan bank S.C., examining relevant theories provides a foundation for comprehending the dynamics between MCS and organizational performance.

2.2.1. Concept of Management Control System

Punitha (2020) defines a Management Control System (MCS) as a set of interconnected communication structures designed to process information and aid managers in coordinating organizational components to achieve continuous goals. The ultimate objective is to facilitate the organization's purpose with efficiency and minimal cost. The key functions of an MCS include gathering and utilizing information for planning and control decisions, motivating employee behavior, and evaluating performance. The system's purpose is not to control people but to be 'in control' and assist in coordinating organizational parts towards overall goals. Its goals include clearly communicating organizational goals, ensuring understanding of required actions, communicating results across the organization, and enabling management adjustments to environmental changes.

Furthermore, a MCS is viewed as a system involving input, processing, and output phases, with added measurement, analysis, and reporting phases in a control system. Accounting methods, particularly financial and managerial accounting, are integral components of a management control system, focusing on internal reporting and determining product costs, respectively (Pooja, 2017). Pooja (2017) emphasizes that control systems, whether formal or informal, guide employees towards organizational goals, a challenging task in environments with distributed accountability and local autonomy. Management control decisions, according to Pooja (2017), are based on organizational strategies, considering the quantity and quality of resources. These decisions, systematic and rhythmic, align with top management strategies and procedures, contributing to effective strategy implementation through organizational structures, human resource management, and culture.

2.2.2. . Concept of Organizational Performance

Organizational performance is a multifaceted concept encompassing various dimensions that collectively reflect the overall effectiveness and success of an organization in achieving its objectives. According to et al. (2004), organizational performance can be understood as "the degree to which the organization achieves its objectives." This definition underscores the comprehensive nature of organizational performance, emphasizing the alignment between an organization's activities and its intended goals.

One crucial aspect of organizational performance is financial performance, where metrics such as revenue growth, profit margins, and return on investment are key indicators Martin et al. (2000). Operational efficiency, as highlighted by researchers like Richard J. Tersine (1994), is another critical dimension, focusing on how well an organization utilizes its resources, manages processes, and minimizes inefficiencies.

Strategic alignment is an essential element, emphasizing the importance of ensuring that organizational activities and decisions are in harmony with long-term strategic goals (Kaplan & Norton, 1996). Additionally, the concept extends to customer satisfaction, acknowledging that positive customer experiences contribute to an organization's reputation and sustained success (Anderson et al., 1994).Innovation and adaptability are increasingly recognized as crucial components of organizational performance, as organizations that embrace change and stay ahead of market trends are more likely to thrive Tidd & Bessant (2018). The well-being and engagement of employees are integral, as noted by scholars such as Ed Lawler and Susan Albers Mohrman (2003), since motivated employees positively impact organizational success.

Moreover, a broader perspective on organizational performance incorporates social and environmental responsibility et al. (2012). Responsible and sustainable practices contribute not only to the organization's long-term success but also to its positive impact on society and the environment. Measuring organizational performance involves the use of key performance indicators (KPIs), balanced scorecards, and other metrics tailored to an organization's specific goals (Kaplan & Norton, 1992). Regular assessments and evaluations enable organizations to identify strengths, weaknesses, and areas for improvement, fostering a culture of continuous improvement and adaptation in a dynamic business environment.

In summary, the concept of organizational performance is a multifaceted and dynamic construct that requires a holistic understanding, considering financial, operational, strategic, customer-centric, innovative, employee-centric, and socially responsible dimensions.

2.2.3. Aspects of Management Control System

Management Control Systems (MCS) form a comprehensive framework utilized by organizations to monitor, guide, and regulate their operations. Scholars have delineated key dimensions and components within this concept, each playing a crucial role in organizational governance. Among these aspects are strategic planning and goal setting, emphasizing the alignment of organizational activities with strategic objectives (Simons, 1995). Budgetary control, as indicated by Anthony and Govindarajan (2007), is fundamental for planning, coordination, and resource allocation. Performance measurement, utilizing Key Performance Indicators (KPIs), constitutes an integral component of MCS, assessing performance against predefined goals (Merchant & Van der Stede, 2017). Behavioral controls encompass mechanisms within MCS to influence and guide employee behavior in line with organizational objectives (Ouchi, 1979). Cultural controls extend the purview of MCS to shaping and fostering organizational culture, supporting desired behaviors (Chenhall, 2003). The incorporation of risk management mechanisms is another critical dimension within MCS, facilitating the identification, assessment, and management of risks to organizational objectives (Simons, 2000). Information systems and technology integration, crucial for data collection and analysis, are emphasized as integral aspects of MCS (Langfield-Smith, 2007). Lastly, MCS involves feedback loops for learning and adaptation to changes in the internal and external environment, as outlined by Simons (1991). Together, these aspects collectively contribute to the effectiveness of management control systems, guiding organizations toward their objectives and facilitating adaptation in dynamic business environments

2.1.1. Contingency Theory:

The beginning of a path called contingency or sometimes situational is just starting to emerge. 4 The figure indicates that by 1980 this path may be the one that leads management out of the existing jungle of theories. ciples" and "complex, vague notions."(FRED LUTHANS,2019). The contingency approach "recognizes the complexity involved in managing modern organizations but uses patterns of relation- ships and/or configurations of subsystems in order to facilitate improved practice. "6 Important breakthroughs in various sub- systems of management (organization design, leadership, behavior change, and operations) have already demonstrated the value of the contingency approach.(A subset of behavioral theories known as contingent theory maintains that there is no one correct method for organizing, leading, or exercising leadership (Fiedler, 1964). A management accounting study's contingency perspective is utilized to explain a variety of Contextual factors include competitiveness (Banker & Mashruwala, 2007; Lee & Yang, 2011), organizational structure (Chia, 1995; Gosselin, 2005), and strategy (e.g., Govindarajan & Gupta, 1985; Simons, 1987). Other research areas focus on the application of contingency factors in analyzing the relationship between better organizational performances and accounting information system design (Otley, 1980).From the above review we can understand that contingency theory posits that the design and effectiveness of MCS are contingent upon the external environment, internal characteristics, and specific contingencies faced by an organization. Berhan bank S.C. operates in a dynamic and evolving banking environment. Contingency theory suggests that the design of the MCS within Berhan bank S.C. should be tailored to match the unique contingencies it faces, such as regulatory requirements, economic conditions, and market competition.

2.1.2. Agency Theory

Agency theory is concerned with the 'agency problem' that exists when there is an agency relationship. In an agency relationship one party (the principal) delegates decisions and/or work to another (the agent) While the board of directors' involvement in reducing agency costs is mostly explained by agency theory Meckling, 1976; Daily et al. (2003), there are other theoretical justifications as well, such as stewardship and resource-dependency. Theories help us comprehend the function and makeup of the board.

According to stewardship theory, agents will manage their company responsibly in order to improve firm performance since they will be effective stewards of the resources entrusted to them (Davis et al., 1997). However, resource-dependency theory views directors as resources since they act as a conduit between the company and its surroundings and help the company obtain vital resources (Hillman and Dalziel, 2003; Pfeffer, 1972). According to the Journal of American Academy of Business, Cambridge (2004) agency theory is concerned with the ‘agency problem’ that exists when there is an agency relationship. In an agency relationship one party (the principal) delegates decisions and/or work to another (the agent). The agency problem occurs because the agent has goals that are different from the principal's (Jensen and Meckling, 1976; Ross, 1973). The premise of agency theory is that agents are self-interested, risk-averse, rational actors, who always attempt to exert less effort (moral hazards) and project higher capabilities and skills than they actually have (adverse selection). Agency theory attempts to resolve two problems relating to the agency problem. The first is the monitoring problem that arises because the principal cannot verify whether the agent has behaved appropriately. The second is the problem of risk sharing (particularly in case of outcome-based controls) that arises when the principal and the agent have different attitudes towards risk (Eisenhardt, 1989).

Agency theory emphasizes the relationship between principals (owners) and agents (managers) in an organization. It explores how MCS can be designed to align the interests of principals and agents and mitigate agency problems. : Within Berhan bank S.C., where there is a separation between ownership and management, agency theory suggests that the MCS should be structured to align the goals of management with those of the bank's shareholders. This alignment is crucial for optimizing organizational performance.

2.1.3. Balanced Scorecard Theory

Balanced scorecard is a concept that enables comprehensive strategic management in an enterprise. The analysis of literature allows to state that a balanced scorecard evolves continuously, because of which it enjoys a great interest from as well theoreticians and practitioners of this issue. The Balanced Scorecard theory proposes a holistic approach to performance measurement by considering financial and non-financial indicators across multiple perspectives, including financial, customer, internal processes, and learning and growth.

Balanced scorecard is a concept of the implementation of strategy in the enterprise; it consists in converting the mission, the vision and the strategy of the organization into measures and quantitative objectives (Pierścionek, 2011). Balanced scorecard or in other words strategic scorecard is a more and more popular method, which allows converting the main strategic objectives into detailed operational tasks. The basic objective of BSC is to coordinate and combine financial results of the enterprise with prospective development and market successes (Kirejczyk, 2008). Some authors also call BSC in other names. It is believed that it is one of the most frequently described and the most widespread concepts of measurement of achievement within management accounting (Sobańska [red.] 2010).

The BSC framework aligns with the multifaceted nature of organizational performance at Berhan bank S.C. By incorporating financial and non-financial indicators, the MCS can provide a more comprehensive assessment of performance, aiding in strategic decision-making and goal attainment.

In synthesizing these theoretical perspectives, it becomes evident that the relationship between management control systems and organizational performance is multifaceted. The contingency, agency, resource-based, balanced scorecard, institutional, and strategic management accounting theories collectively offer a comprehensive framework for understanding how MCS can be strategically designed and aligned to optimize organizational performance within the unique context of Berhan bank S.C. Future research can delve deeper into these theoretical foundations to explore specific mechanisms through which MCS influences different dimensions of organizational performance at Berhan bank S.C.

Why is the researcher using BSC theory as a study framework? Employing the Balanced Scorecard (BSC) theory as a study framework for investigating the influence of the management control system on the organizational performance of Berhan bank S.C. at Head office is justified for several compelling reasons. The BSC, crafted by Kaplan and Norton, offers a holistic approach to performance measurement, incorporating both financial and non-financial indicators. This aligns seamlessly with the multi-dimensional nature of organizational performance, allowing the research to comprehensively assess the impact of the management control system across various facets of Berhan bank S.C. operations. Furthermore, the BSC's emphasis on strategic alignment is pivotal, enabling a direct examination of how well the management control system supports and aligns with Berhan bank S.C. strategic objectives. The theory's focus on key performance indicators (KPIs) provides a valuable framework for evaluating specific metrics relevant to Berhan bank S.C. and their correlation with organizational performance. Additionally, the cause-and-effect relationships emphasized by the BSC allow for a nuanced analysis of how the management control system influences different perspectives, fostering a deeper understanding of the intricate dynamics involved. The theory's recognition of strategic learning and adaptation is also beneficial for exploring how Berhan bank S.C. management control system facilitates organizational responsiveness to changing market conditions, contributing to sustained performance improvement. The BSC's clear and structured framework provides a systematic approach to analysis, aiding in organizing research findings and presenting a coherent narrative on the intricate relationship between management control and organizational performance. Given the widespread applicability of the Balanced Scorecard across diverse industries, the research findings framed within this theory have the potential to contribute not only to the understanding of Berhan bank S.C. case but also to the broader knowledge base on management control and organizational performance.

The Relationship between Management Control System and Organizational Performance

The relationship between management control systems (MCS) and organizational management is a crucial and dynamic interplay that significantly influences an organization's performance, coordination, and strategic alignment. Scholars have explored this relationship, shedding light on the ways in which MCS contributes to effective organizational management. One key aspect is the strategic role of MCS in aligning organizational activities with overarching goals and objectives (Simons, 1995). By providing a structured framework for planning and control decisions, MCS ensures that organizational efforts are directed toward the achievement of strategic goals, fostering better management of resources and efforts.

The role of MCS in organizational performance measurement is paramount, enabling managers to assess progress and make informed decisions Merchant & Van der Stede, (2017). Performance measurement through MCS provides a basis for evaluating organizational effectiveness and efficiency, aiding managers in optimizing processes and resources. This aspect is crucial in organizational management as it facilitates evidence-based decision-making. Additionally, MCS contributes to the effective management of organizational behavior. Behavioral controls within MCS as discussed by Ouchi (1979), influence and guide employee behavior in line with organizational objectives. This alignment enhances managerial efforts to lead and direct teams effectively, ensuring that individual and collective behaviors are in harmony with organizational goals.

Furthermore, the role of MCS in risk management is significant for organizational management. Simons (2000) highlights that MCS includes mechanisms for identifying, assessing, and managing risks to organizational objectives. This dimension is crucial for managers in making decisions that consider potential risks, contributing to the overall resilience and stability of the organization.

The integration of information systems and technology within MCS is another dimension that influences organizational management. Langfield-Smith (2007) emphasizes the importance of technology as a tool for data collection and analysis within MCS, providing managers with timely and accurate information for decision-making. This relationship enhances the efficiency and effectiveness of organizational management processes.

In summary, the relationship between management control systems and organizational management is multifaceted. MCS serves as a strategic tool for aligning activities with goals, measuring performance, influencing behavior, managing risks, and leveraging technology. These dimensions collectively contribute to organizational effectiveness, aiding managers in steering the organization toward its objectives

The Effect of Management Control Systems on Organizational Performance

Management Control Systems (MCS) are vital in enhancing organizational performance by aligning activities with strategic objectives. These systems, encompassing both formal mechanisms like budgeting and performance evaluations, and informal controls such as cultural norms, provide a framework for planning, monitoring, and evaluating organizational activities. Otley (1999) defines MCS as comprehensive frameworks that integrate various organizational elements to influence behaviors and ensure goal congruence. Research has shown that effective MCS implementation significantly impacts financial performance. For instance, Hansen and Van der Stede (2004) found that rigorous budgeting processes improve resource allocation and profitability, while Kaplan and Norton’s (1992) Balanced Scorecard links performance measures with strategic objectives, resulting in higher financial outcomes. Furthermore, empirical studies by Ittner and Larcker (2003) indicate that companies using comprehensive performance measurement systems achieve higher returns on assets and equity.

Operational efficiency is another critical area positively influenced by MCS. By streamlining processes and enhancing quality control, MCS helps organizations optimize their operations and reduce costs. Abernethy and Brownell (1999) argue that MCS identifies inefficiencies and implements corrective measures, leading to optimized operations. Additionally, integrating MCS with Enterprise Resource Planning (ERP) systems improves coordination and data accuracy, as noted by Granlund and Malmi (2002). Total Quality Management (TQM) programs, when aligned with MCS, contribute to continuous improvement and higher operational standards (Chenhall, 2003). These systems also ensure compliance with quality standards and regulatory requirements, enhancing operational reliability (Merchant and Van der

Stede, 2007). Therefore, MCS plays a crucial role in improving both the efficiency and effectiveness of organizational processes.

Strategic alignment and organizational agility are further enhanced through MCS, as they ensure that organizational activities align with strategic objectives and adapt to environmental changes. Simons (1995) emphasizes the role of MCS in strategic control by tracking strategic initiatives and aligning them with the organizational vision. This alignment ensures that resources are focused on strategic priorities, thereby improving overall performance (Abernethy and Chua, 1996). Additionally, MCS provides the flexibility needed to respond to market dynamics, fostering innovation and maintaining a competitive advantage (Henri, 2006). However, the implementation of MCS can be complex and resource-intensive, potentially leading to bureaucratic inefficiencies (Burns and Scapens, 2000). Balancing control with flexibility to avoid stifling innovation is crucial (Adler and Borys, 1996). Furthermore, organizational culture can significantly impact the acceptance and effectiveness of MCS, with resistance to change and lack of employee buy-in being potential challenges (Dent, 1991; Malmi and Brown, 2008). Despite these challenges, the literature underscores the significant positive impact of MCS on organizational performance.

Summary

The literature review highlights the pivotal role of Management Control Systems (MCS) in enhancing organizational performance across financial, operational, and strategic dimensions. Effective MCS implementation leads to improved financial outcomes through better budgeting and performance measurement, as evidenced by research from Hansen and Van der Stede (2004) and Kaplan and Norton (1992). Operational efficiency is enhanced by streamlining processes and integrating systems like ERP, which improves coordination and quality control (Abernethy and Brownell, 1999; Granlund and Malmi, 2002). Furthermore, MCS ensures strategic alignment and organizational agility, enabling firms to adapt to market changes and maintain competitive advantages (Simons, 1995; Henri, 2006). However, the successful implementation of MCS requires navigating challenges related to complexity, resource allocation, and organizational culture. Despite these challenges, the overall consensus in the literature is that MCS significantly bolster organizational performance

2.2. Empirical Literature Review

The empirical review of this research will focus on the management control system, and the organizational performance including strategic planning, Performance measurement, balanced scorecard, internal control system, information system, financial performance, operational performance, customer performance, and learning and growth.

2.2.1. Strategic Planning and organizational Performance

The interplay between strategic management and organizational performance is intricately woven, forming a cornerstone for the sustained success and effectiveness of any enterprise. As underscored by David (2015), strategic management involves the formulation, implementation, and monitoring of an organization's long-term objectives and initiatives. This strategic alignment is pivotal, channeling organizational efforts toward common missions and goals. Furthermore, objectives set through strategic management serve as benchmarks for organizational performance, aligning with the findings of Thompson and Martin (2005). The efficient allocation of resources, guided by strategic priorities, is integral to optimal performance and is a key aspect highlighted by Wheelen and Hunger (2017). Strategic management also plays a crucial role in identifying and leveraging competitive advantages, contributing to a sustained edge in the market (Porter, 1996).

Adaptability to change, an imperative in the dynamic business environment, is facilitated by strategic management practices (Eisenhardt & Martin, 2000). This adaptability enhances organizational resilience and maintains or improves performance levels. Strategic initiatives are further complemented by the establishment of key performance indicators (KPIs), allowing organizations to measure progress and effectiveness (Kaplan & Norton, 1996). The encouragement of a culture of innovation and creativity is also intrinsic to strategic management, aligning with the perspectives of Teece (2010) and Christensen and Raynor (2003). The satisfaction of various stakeholders, including customers, employees, and shareholders, is a focal point in strategic management (Freeman, 1984), contributing to overall satisfaction and organizational performance.

Moreover, strategic management goes beyond short-term gains, emphasizing long-term sustainability by considering environmental, social, and economic impacts (Elkington, 1997). This holistic approach is vital for ethical and responsible business practices, aligning with the research of Porter and Kramer (2011). Lastly, the iterative nature of strategic management encourages continuous improvement, allowing organizations to adapt and thrive in evolving landscapes (Ansoff, 1991).

In conclusion, the symbiotic relationship between strategic management and organizational performance is supported by a wealth of scholarly research. By providing a framework for organizational direction, resource optimization, competitive advantage, and adaptability, strategic management emerges as a critical driver of sustained success and effective performance. These insights collectively contribute to a holistic understanding of the dynamic and essential connection between strategic management practices and organizational performance.

2.2.2. Internal Control Mechanism and Organizational Performance

The relationship between internal control management and organizational performance is pivotal in ensuring the efficiency, reliability, and overall effectiveness of an organization's operations. Internal control management encompasses the processes, systems, and measures put in place to safeguard assets, ensure accuracy in financial reporting, and promote compliance with laws and regulations committee of sponsoring organization (COSO, 2013). The establishment of robust internal control mechanisms plays a crucial role in influencing organizational performance positively.

Effective internal control management contributes to enhanced financial reliability and integrity within an organization. By mitigating the risk of errors and fraudulent activities, internal controls provide a solid foundation for accurate financial reporting, as emphasized by Lau and Eggleton (2013). This accuracy, in turn, builds trust among stakeholders and investors, positively impacting the overall performance of the organization.

Moreover, internal control management is intricately linked to operational efficiency. It helps streamline processes, prevent inefficiencies, and optimize resource utilization (Wang & Shyu, 2008). This focus on operational effectiveness contributes to cost savings, improved productivity, and ultimately boosts organizational performance.

The relationship extends to risk management, where internal controls aid in identifying, assessing, and mitigating risks that may impact organizational objectives (COSO, 2013). As noted by Turner and Weickgenannt (2011), a well-designed internal control system enhances the organization's ability to navigate uncertainties, safeguarding against potential threats and disruptions that could adversely affect performance.

Furthermore, effective internal control management promotes a culture of accountability and compliance within the organization (COSO, 2013). This adherence to ethical standards and legal requirements positively influences the organization's reputation, fostering a conducive environment for sustained performance and growth.

In conclusion, the relationship between internal control management and organizational performance is multidimensional. The implementation of strong internal controls not only ensures financial integrity and operational efficiency but also contributes to risk mitigation, accountability, and compliance. These elements collectively foster a robust organizational foundation, positioning the entity for sustained success and positive performance outcomes.

2.2.3. Performance Measurement and Organizational Performance

The relationship between performance measurement and organizational performance is foundational to the assessment, improvement, and overall success of an organization. Performance measurement involves the systematic collection and analysis of data to evaluate the outcomes and efficiency of organizational activities (Neely, Adams, & Kennerley, 2002). This process serves as a critical tool for gauging the effectiveness of strategies and initiatives in achieving organizational goals. As highlighted by Kaplan and Norton (1992) in their seminal work on the Balanced Scorecard, performance measurement extends beyond financial metrics to encompass a balanced set of indicators, including customer perspectives, internal processes, and learning and growth dimensions. This holistic approach aligns performance measurement with organizational objectives and contributes to a more comprehensive understanding of organizational performance.

Effective performance measurement facilitates informed decision-making by providing timely and relevant information to management (Ittner, Larcker, & Randall, 2003). This information aids in identifying areas of strength, weaknesses, and opportunities for improvement, contributing to enhanced organizational performance. Furthermore, performance measurement establishes a basis for accountability and transparency within the organization (Bisbe & Barrubés, 2012). By aligning individual and team goals with organizational objectives, it creates a culture of responsibility and focus, fostering an environment conducive to improved overall performance.

The dynamic nature of organizational performance necessitates ongoing measurement and evaluation. Performance measurement not only assesses past performance but also serves as a forward-looking tool for strategy refinement and adaptation (Bititci, Carrie, & McDevitt, 1997). This proactive aspect of performance measurement enhances organizational agility, enabling timely responses to changing internal and external factors.

In conclusion, the relationship between performance measurement and organizational performance is symbiotic. A well-designed and effectively implemented performance measurement system provides valuable insights into organizational effectiveness, aids in decision-making, fosters accountability, and supports continuous improvement. As organizations strive for success and sustainability, performance measurement emerges as a critical mechanism for optimizing performance and achieving strategic objectives.

These gaps in the existing literature motivated the researcher to investigate the relationship between management control systems (MCS) and the organizational performance in the banking sector. Therefore, to address this gap, the researcher designed a study to examine the effect of management control systems (MCS) on the organizational performance by including important components of MCS as well as analyze the collected data using appropriate statistical techniques to determine the relationship between MCS and organizational performance in the current modern workplace.

2.3. Conceptual framework

The conceptual framework for this study is based on Kaplan and Norton’s Balanced Scorecard (BSC) theory, which integrates non-financial measures to assess and improve organizational performance. This study focuses on the effects of management control systems (MCS) on the performance of Berhan Bank S.C., specifically excluding the financial perspective, as it has been extensively studied in prior research. The independent variables include strategic planning, Balanced Scorecard implementation, performance measurement, internal control mechanisms, and information systems. These variables are analyzed in relation to the dependent variables: operational performance, customer satisfaction, and learning and growth.

Strategic planning is examined for its role in aligning the bank's activities with its strategic objectives. It is expected to positively influence operational performance by optimizing internal processes and guiding resources effectively. The Balanced Scorecard, a central focus of this study, emphasizes the importance of balancing multiple perspectives of performance, excluding the financial aspect, to achieve organizational objectives. Its implementation is anticipated to improve operational efficiency, enhance customer satisfaction, and foster a culture of learning and innovation.

Performance measurement is included as a key independent variable due to its role in evaluating organizational activities and outcomes. A robust performance measurement system can provide actionable insights, directly supporting operational performance, customer service quality, and the development of learning and growth initiatives. Internal control mechanisms are another critical variable, focusing on their contribution to risk mitigation, compliance, and process efficiency, which aligns with the internal business processes perspective of the BSC. Lastly, information systems are explored for their ability to enhance decision-making, streamline operations, and improve customer service delivery.

The dependent variables emphasize the non-financial dimensions of performance: operational performance measures process efficiency and risk reduction; customer satisfaction evaluates service quality and customer retention; and learning and growth reflect the bank's capacity for innovation, employee satisfaction, and organizational development. By excluding the financial perspective, the study provides a focused analysis of the non-financial components of organizational performance, which are crucial for the long-term success of Berhan Bank S.C.

This framework maintains the core principles of the Balanced Scorecard, excluding the financial perspective, and applies the management cycle logic of "plan-do-check-act." It highlights the interconnected nature of management control components and performance dimensions, providing a holistic approach for analyzing and improving non-financial performance outcomes. The feedback loops ensure continuous improvement and adaptability to the specific context of Berhan Bank S.C.

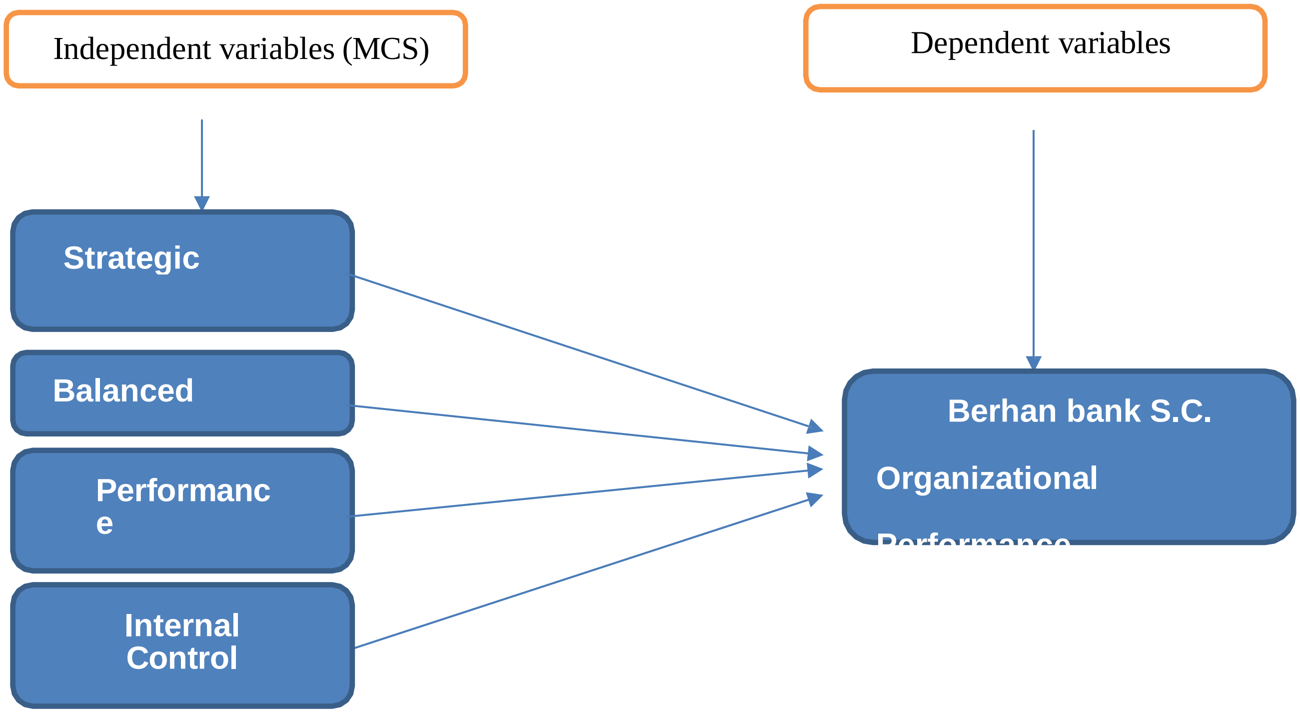


Fig1:- Conceptual Framework that is adopted from MCS theory of Balanced Scorecard - developed by Kaplan and Norton (1992)

CHAPTER THREE

RESEARCH DESIGN AND METHODS

3.1. Research Design & Research Approach

The research approach for this study was a quantitative method designed to investigate the effect of the management control system (MCS) on the organizational performance of Berhan Bank S.C. at its head office. Statistical analysis was conducted to determine the strength of the relationships between variables. Data integration utilized triangulation, combining findings from different phases of the study to enhance the overall credibility and validity of the research outcomes. Structured survey questionnaires were used during the data collection phase to gather insights from employees about their perceptions of the management control system and key performance indicators. Representation from diverse departments at the head office was ensured to achieve a comprehensive analysis. Statistical techniques such as regression analysis and descriptive methods were applied to analyze the data. The research approach allowed for flexibility and adaptation as required, ensuring a thorough examination of how the MCS interacted with the organizational performance within the distinctive context of Berhan Bank S.C.

3.2. Data Sources and Data Type

The data for the study on the effect of the management control system on the organizational performance of Berhan Bank S.C. was gathered from both primary and secondary sources. The primary data was obtained through structured survey questionnaires conducted with employees and managers at the head office. These questionnaires captured numerical responses related to perceptions of the management control system and key performance indicators. The inclusion of multiple data sources offered a nuanced understanding of the relationship between the MCS and organizational performance.

3.3. Sampling Technique and Sample size

Population

The population of the study consisted of 435 employees and managers within Berhan Bank S.C. at the head office. The focus was on employees from various departments to ensure that the study reflected the organization’s diverse structure.

3.3.1. Sampling Technique

The stratified sampling technique was used to ensure the inclusion of all key departments at the head office, recognizing the unique characteristics of each department and their potential influence on the effectiveness of the MCS. Departments such as operations, finance, and customer service were stratified to capture the diversity of perspectives. After stratifying, a predetermined number of employees were randomly selected from each department to ensure proportional representation.

Stratified sampling was chosen because it allowed the to acknowledge the heterogeneity of departments within the organization. Each department, with its distinct characteristics, had the potential to contribute differently to the effectiveness of the MCS. By using this technique, the study ensured a more granular and accurate representation of the head office, enabling a deeper understanding of how departmental dynamics influenced the interaction between MCS and organizational performance.

3.3.2. Sample Size Determination

The sample size was determined using a formula that considered a 95% confidence interval and a 5% margin of error. The sample was adjusted to account for a 10% non-response rate, resulting in a final sample size of 228 participants. This sample was proportionally distributed across all departments at the head office based on their population sizes. Thus, in the present study the sample size was determined by using the following formula:

$$n = \frac{N}{[(1 + N(e)^2]} . = \frac{435}{[\ 1+435\ (0.05^2]} = 208$$

Where n= sample size of adjusted population, N= population size and e= accepted level of error taking alpha as 0.05.

The formulae take into consideration the 95% confidence interval for the total population. The sample size was administered proportionate to the size of the population of managers, employees of various levels. Considering 10% non-response rate the sample size was determined to be 228 adding 10% of the computed sample size.

The sample proportion for each Department of the Berhan Bank S.C, Head office identified based on the following formula:-

$$ni = \frac{n * Ni}{N}$$

Where

ni :- stands for a sample size of each bank Department.

n :- stands for the overall sample size obtained by the Yamane formula.

Ni: - stands for the total population of each department of the bank.

Based on the above formula, the following sample size proportion was derived: -

Table 3.1: Sample frame of the study

No	Chosen Department name	No. of Employees each Dept.	Proportion of Sample size
1	Customer Accounts and Resource Mobilization Dept.	35	17
2	Finance and Accounts Dep't	31	15
3	Marketing and Communication Dep't	10	5
4	Talent Management Department(HR)	23	11
5	Talent Development Department	12	6
6	Treasury and Investment Department	22	11
7	Credit Analysis and Appraisal Department	20	9
8	Facility Management Department	161	77
9	Digital Banking Application Department	20	9
10	Internal Audit Department	17	8
11	Trade Service Department(IBD)	29	14
12	Risk Management and Compliance Department	8	4
13	Information Technology Department	47	22
	Total	**435**	**208**

Source: - Berhan Bank S.C Head office Bole City in Addis Ababa 2024

Variables:

- **Independent Variable:** Management Control System components (strategic planning, performance measurement, internal control mechanisms and BSC).
- **Dependent Variables:** Organizational performance.

3.4. Data Collection Tools

Structured questionnaires were used to efficiently collect quantitative data from participants. These questionnaires were designed to capture demographic information, as well as perceptions of the balanced scorecard, strategic planning processes, internal control mechanisms, and performance measurement systems. Respondents rated various aspects of these systems using a Likert scale, providing measurable insights into their application and effectiveness. For instance, questions included, "How often does your organization utilize the balanced scorecard for performance management?" and "Rate the effectiveness of your organization's strategic planning processes in achieving long-term goals."

3.5. Validation and Reliability of Data Collection Tool

The validation and reliability of the data collection tools were ensured through rigorous testing. Content validity was confirmed by expert reviews and feedback, ensuring alignment with research objectives. Pilot testing helped identify and address ambiguities in the questionnaire. Construct validity was assessed to ensure the tools accurately measured the theoretical constructs. Reliability testing included measures such as test-retest reliability, internal consistency using Cronbach's Alpha, and inter-rater reliability, all of which enhanced the credibility of the findings. The Cronbach's Alpha values for the key constructs—organizational performance, balanced scorecard, strategic planning, performance measurement, and internal control mechanisms—ranged from 0.732 to 0.829, indicating acceptable to good reliability.

3.5.1. Reliability

Cronbach's Alpha was used for improving the validity and reliability of research or evaluation of findings (Cronbach, 2007). Cronbach's is a coefficient of reliability. It is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees.

Table 3.2: Reliability Test Result

S.NO	MCS	Cronbach's Alpha Value
1	organizational performance	.829
2	Balanced Scorecard	.732
3	Strategic planning	.778
4	performance Measurement	.774
5	Internal control mechanism	.772

The Cronbach's alpha values presented indicate the reliability of different constructs within a study. Organizational performance (0.829) falls within the "Good reliability" range (0.80 - 0.89), suggesting that the items measuring organizational performance are consistently reliable. Balanced Scorecard (0.732) is within the "Acceptable reliability" range (0.70 - 0.79), indicating that the items measuring the balanced scorecard provide a reasonable level of reliability. Strategic Planning (0.778) also falls in the "Acceptable reliability" range, suggesting that the strategic planning items are fairly reliable. Similarly, Performance Measurement (0.774) is in the "Acceptable reliability" range, indicating that the performance measurement items have a satisfactory level of reliability. Finally, Internal Control Mechanism (0.772), also within the "Acceptable reliability" range, shows that the internal control mechanism items are consistently reliable. Exploring the factors influencing these variations in reliability can provide deeper insights into the strengths and limitations of your data collection instruments.

3.6. Method of Data Analysis:

The data was analyzed using statistical techniques, including descriptive statistics, correlation analysis, and regression analysis, to evaluate the relationship between management control systems (MCS) and organizational performance. Advanced statistical software, such as SPSS, was employed to ensure accurate and rigorous analysis. These methods provided comprehensive insights into the dynamics of MCS components and their influence on operational performance, customer satisfaction, and learning and growth.

3.7. Ethical Considerations

The study adhered to ethical standards by prioritizing the welfare and privacy of participants. Before data collection, participants were briefed on the study's objectives and procedures, and informed consent was obtained to ensure voluntary participation. Confidentiality and anonymity were maintained throughout the research process by removing personal identifiers and safeguarding participant data. These measures underscored the commitment to ethical research practices.

CHAPTER FOUR

RESULTS AND DISCUSSION

Presenting, Analyzing and Interpretation of Data

4.1. Introduction

Chapter Four presents the data analysis and key findings from the research study. This includes both descriptive and inferential statistical analyses that provide insights into the various aspects explored through the survey. The chapter begins by outlining the demographic and general information of the survey participants of the effect management control system on organizational performance in the case of Berhan bank s.c. Head office .It then dig into an in-depth analysis of the data using descriptive statistics to examine research objectives related to the effect management control system on organizational performance in the case of Berhan bank s.c. Head office. Furthermore, inferential statistical techniques including correlation, regression, and ANOVA are utilized to establish and quantify the relationships between significant variables. The objective analysis presented in this chapter provides crucial insights that inform the discussion, conclusions, and recommendations outlined in the subsequent sections of the thesis.

4.2. Demographic Information

In this section the general demographic information of the participants were analyzed.

The response rate of the participants is 96.15%, 208 questionnaires were distributed, only 200 questionnaires completed and returned. This indicates a high level of participation and cooperation from the respondents.

Table 4.1 represents the cross tabulation of Age, Gender, position, experience of participants were addressed.

Table 4.1 the cross tabulation of Demographic Information of participants

Age * Gender Cross tabulation				
	Count	Gender		Total
		Male	Female	
Age	18-25years	6	25	31
	26-35 years	19	42	61
	36-45 years	10	32	42
	46-55 years	14	16	30
	56 and above years	8	28	36
	Total	57	143	200
Position	Executive/Managerial	12	6	18
	Middle Management	16	34	50
	Staff/Non-Managerial	29	103	132
	Total	57	143	200
Years of Experience	Less than 1 year	2	2	4
	1-5 years	24	65	89
	6-10 years	13	58	71
	more10 years	18	18	36
	Total	57	143	200

Based on the data presented in the cross tabulation table 4.1, the following analysis can be made:

Concerning the Age and Gender; the study involved 200 participants from Berhan Bank S.C. Head Office. The majority of the participants were female (143 out of 200, or 71.5%).The age group with the highest representation was 26-35 years (61 participants), followed by 36-45 years (42 participants). There was a good representation across different age groups, ranging from 18 years and above.

As table 4.1 shows the Position of participants; The majority of the participants were Staff/Non-Managerial employees (132 out of 200, or 66%).Middle Management employees accounted for 25% of the participants (50 out of 200). and Executive/Managerial employees were the least represented group, with only 18 participants (9%).

Table 4.1 also adds information about the Years of Experience.: Most participants had work experience between 1-5 years (89 out of 200, or 44.5%) and 6-10 years (71 out of 200, or 35.5%).Only a small number of participants had less than 1 year of experience (4 out of 200, or 2%).And Employees with more than 10 years of experience accounted for 18% of the participants (36 out of 200).

To Link this Interpretation to Literature; The age and gender distribution of the participants aligns with the typical workforce demographics in the banking sector, where there is a good representation of both genders and a mix of age groups (Dawson, 2018). The higher representation of female participants could be attributed to the increasing participation of women in the banking industry (Srivastava & Rashmi, 2021).

The position distribution, with a higher proportion of Staff/Non-Managerial employees, is common in organizations where the majority of the workforce is involved in operational and support functions (Tušková & Richter, 2019). The inclusion of Middle Management and Executive/Managerial employees ensures that the study captures perspectives from different hierarchical levels, which is essential for understanding the impact of management control systems on organizational performance (Merchant & Van der Stede, 2017).

The years of experience distribution indicates a good mix of experienced and relatively new employees, which can provide insights into the differences in perceptions and attitudes towards management control systems based on work experience (Ittner & Larcker, 2001).

To Summarize; the demographic profile of the participants in the study on the effect of management control systems on organizational performance at Berhan Bank S.C. The Head Office presents a diverse and representative sample. The data includes participants from various age groups, genders, positions, and years of experience, ensuring a comprehensive understanding of the research topic from multiple perspectives. This diversity aligns with best practices in research and allows for a thorough analysis of the impact of management control systems on organizational performance in the banking sector.

4.3. Descriptive Analysis and Response

4.3.1. Organizational performance

In this section perception of the bank's organizational performance practices toward organization goals were analyzed.

Table 4.2 Organizational performance

Organizational performance					
Statements/items/	Responses alternatives	Frequency	Percent	Mean	Std. Deviation
1. **The Bank S.C. achieves its strategic goals.**	Strongly Disagree	12	6.0	3.29	1.08
	Disagree	36	18.0		
	Neutral	58	29.0		
	Agree	70	35.0		
	Strongly Agree	24	12.0		
	Total	200	100.0		
2. The bank increases loyal Customers.	Strongly Disagree	8	4.0	3.43	1.07
	Disagree	32	16.0		
	Neutral	60	30.0		
	Agree	66	33.0		
	Strongly Agree	34	17.0		
	Total	200	100.0		
3. **The bank maintains the planned profit margin**	Strongly Disagree	4	2.0	3.61	1.03
	Disagree	22	11.0		
	Neutral	69	34.5		

	Agree	57	28.5		
	Strongly Agree	48	24.0		
	Total	200	100.0		
4. **The bank maintains motivated employees**	Strongly Disagree	8	4.0	3.49	1.17
	Disagree	41	20.5		
	Neutral	43	21.5		
	Agree	60	30.0		
	Strongly Agree	48	24.0		
	Total	200	100.0		
5. **The bank has an efficient and streamlined internal process.**	Strongly Disagree	12	6.0	3.52	1.15
	Disagree	28	14.0		
	Neutral	47	23.5		
	Agree	69	34.5		
	Strongly Agree	44	22.0		
	Total	200	100.0		

Based on the data presented in Table 4.2, the following analysis can be made:

For item 1, "The Bank S.C. achieves its strategic goals," most respondents agreed (35%) or strongly agreed (12%), though a significant proportion (29%) remained neutral. The mean score of 3.29 reflects a slightly positive perception of the bank's achievement of strategic goals, but the relatively high standard deviation (1.08) indicates diverse opinions.

For item 2, "The bank increases loyal customers," the majority agreed (33%) or strongly agreed (17%), with 30% remaining neutral. The mean score of 3.43 suggests a moderately positive perception of this aspect, while the standard deviation (1.07) highlights some variation in responses.

Item 3 reveals that "The bank maintains the planned profit margin," with most respondents either neutral (34.5%) or agreeing (28.5%), and a significant proportion (24%) strongly agreeing. The mean score of 3.61, the highest among the items, indicates a relatively strong positive perception, while the standard deviation (1.03) reflects moderate variability.

For item 4, "The bank maintains motivated employees," a notable percentage agreed (30%) or strongly agreed (24%), though a significant proportion expressed disagreement (20.5%) or remained neutral (21.5%). The mean score of 3.49 shows a moderately positive perception, but the relatively high standard deviation (1.17) suggests varying opinions.

Item 5 highlights that "The bank has an efficient and streamlined internal process," with the majority agreeing (34.5%) or strongly agreeing (22%), while 23.5% remained neutral. The mean score of 3.52 indicates a moderately positive perception, and the standard deviation (1.15) reflects moderate variation in responses.

In general, the findings suggest that respondents have a positive perception of the bank's organizational performance, particularly in maintaining profit margins and efficient internal processes. However, there is room for improvement in maintaining motivated employees, as shown by the lower mean and higher standard deviation.

These results align with literature on organizational performance, such as Kaplan and Norton's (1992) emphasis on strategic goals, customer loyalty, profitability, and operational efficiency, as well as studies highlighting the importance of employee motivation (Bakker & Demerouti, 2008; Gagne & Deci, 2005).

Overall, the data reveals that respondents at Berhan Bank S.C. Head Office perceive the bank's performance positively across key dimensions, but targeted strategies are necessary to address areas of variation and further enhance employee motivation and organizational success

4.3.2 Balanced Scorecard (BSC)

Data collected through the survey questionnaires from Berhan Bank S.C. efficiently and effectively about Balanced Scorecard (BSC)**,** and analysis made from the likert scale respondents responses**.** Based on the data presented in table 4.3, the following analysis was made.

Table 4.3 Balanced Scorecards (BSC)

Balanced scorecard					
statements	Responses alternatives	Frequency	Percent	Mean	Std. Deviation
1. **The bank demonstrates strong profitability and financial stability.**	Strongly Dis agree	28	14.0	2.94	1.184
	Dis agree	44	22.0		
	Neutral	58	29.0		
	Agree	52	26.0		
	Strongly Agree	18	9.0		
	Total	200	100.0		
2. **Customers are highly satisfied with the services provided by Berhan Bank S.C.**	Strongly Dis agree	6	3.0	3.58	1.00
	Dis agree	26	13.0		
	Neutral	46	23.0		
	Agree	90	45.0		
	Strongly Agree	32	16.0		
	Total	200	100.0		
3. **The operational processes at Berhan Bank S.C. are efficient and effective.**	Strongly Dis agree	10	5.0	3.31	1.13
	Dis agree	42	21.0		
	Neutral	57	28.5		
	Agree	57	28.5		
	Strongly Agree	34	17.0		
	Total	200	100.0		
4. **The bank fosters a culture of continuous improvement and innovation.**	Strongly Dis agree	14	7.0	3.57	1.23
	Dis agree	28	14.0		
	Neutral	46	23.0		
	Agree	54	27.0		
	Strongly Agree	58	29.0		
	Total	200	100.0		
5. **Overall, Berhan Bank S.C. performs well across all balanced scorecard perspectives.**	Strongly Dis agree			3.49	.89
	Dis agree	28	14.0		
	Neutral	71	35.5		
	Agree	75	37.5		
	Strongly Agree	26	13.0		
	Total	200	100.0		

Table 4.3 item 1. Shows that the bank demonstrates strong profitability and financial stability. The majority of respondents were either neutral (29%) or disagreed (22%) with this statement. A considerable proportion agreed (26%) or strongly agreed (9%), indicating a positive perception and the mean score of 2.94 suggests a slightly negative perception, with a relatively high standard deviation of 1.184, indicating a wide range of opinions.

Table 4.3 item 2 concerning the Customers are highly satisfied with the services provided by Berhan Bank S.C.,Most respondents agreed (45%) or strongly agreed (16%) that customers are highly satisfied with the bank's services. A significant proportion (23%) remained neutral on this statement. The mean score of 3.58 indicates a moderately positive perception, with a standard deviation of 1.00, suggesting some variation in opinions.

Table 4.3 item 3 indicates the operational processes at Berhan Bank S.C. are efficient and effective. The responses were relatively evenly distributed, with 28.5% agreeing, 28.5% neutral, 21% disagreeing, and 17% strongly agreeing. The mean score of 3.31 suggests a slightly positive perception, with a standard deviation of 1.13, indicating a moderate variation in opinions.

Table 4.3 item 4. Reveals that the bank fosters a culture of continuous improvement and innovation. The majority of respondents agreed (27%) or strongly agreed (29%) with this statement. A considerable proportion remained neutral (23%), while a smaller percentage disagreed (14%) or strongly disagreed (7%).The mean score of 3.57 indicates a moderately positive perception, with a standard deviation of 1.23, suggesting a wide range of opinions.

Table 4.3 item 5. Shows Overall, Berhan Bank S.C. performs well across all balanced scorecard perspectives. The majority of respondents agreed (37.5%) or were neutral (35.5%) with this statement. A smaller percentage strongly agreed (13%) or disagreed (14%).The mean score of 3.49 suggests a moderately positive perception, with a standard deviation of 0.89, indicating a relatively narrower range of opinions.

The findings in table 4.3 suggest that the respondents generally have a positive perception of Berhan Bank S.C.'s performance across the balanced scorecard perspectives, with moderately high mean scores for customer satisfaction, operational processes, and innovation culture.

However, there is room for improvement in terms of profitability and financial stability, as indicated by the relatively lower mean score and higher standard deviation.

These results align with the literature on the balanced scorecard approach, which emphasizes the need to evaluate organizational performance from multiple perspectives, including financial, customer, internal processes, and learning and growth (Kaplan & Norton, 1992, 2001). The findings highlight the importance of customer satisfaction, efficient processes, and a culture of continuous improvement, which are critical success factors in the banking industry (Ittner & Larcker, 2001; Neely et al., 2005).

In a Summary, the data analysis reveals that the respondents at Berhan Bank S.C. Head Office generally have a positive perception of the bank's performance across the balanced scorecard perspectives, with moderately high mean scores across various dimensions. However, there is an opportunity for improvement in terms of profitability and financial stability. The findings align with existing literature on the balanced scorecard approach and emphasize the significance of customer satisfaction, operational efficiency, and a culture of innovation in the banking sector. These insights can inform the bank's strategies and management practices to enhance its overall performance and maintain a balanced approach to achieving organizational success.

4.3.3. Strategic Planning

The Questionnaires aimed to measure the effect of the management control system on the organizational performance of Berhan bank S.C. at Head office using five points Likert scale items on Strategic Planning. The respondents rated their responses from strongly Disagree, to strongly Agree. Based on the data collected and presented in table 4.4, then the following analysis was made.

Table 4.4: Strategic planning

Strategic planning					
statements	Responses alternatives	Frequency	Percent	Mean	Std. Deviation
1. **The vision and mission of Berhan Bank S.C. are clearly defined and communicated.**	Strongly Disagree	10	5.0	3.45	1.15
	Disagree	36	18.0		
	Neutral	50	25.0		
	Agree	62	31.0		
	Strongly Agree	42	21.0		
	Total	200	100.0		
2. **Berhan Bank S.C. has well-defined strategic goals and objectives.**	Strongly Disagree	2	1.0	3.66	.96
	Disagree	26	13.0		
	Neutral	47	23.5		
	Agree	87	43.5		
	Strongly Agree	38	19.0		
	Total	200	100.0		
3. **The strategic planning process at Berhan Bank S.C. is thorough and systematic.**	Strongly Disagree	8	4.0	3.54	1.09
	Disagree	26	13.0		
	Neutral	59	29.5		
	Agree	63	31.5		
	Strongly Agree	44	22.0		
	Total	200	100.0		
4. **The bank effectively implements its strategic plans.**	Strongly Disagree	6	3.0	3.58	1.08
	Disagree	26	13.0		
	Neutral	61	30.5		
	Agree	59	29.5		
	Strongly Agree	48	24.0		
	Total	200	100.0		
5. **Overall, Berhan Bank S.C. is effective in its strategic planning efforts.**	Strongly Disagree	2	1.0	3.89	1.02
	Disagree	18	9.0		
	Neutral	51	25.5		
	Agree	57	28.5		
	Strongly Agree	72	36.0		
	Total	200	100.0		

Based on the data presented in table 4.4, Item 1 shows the vision and mission of Berhan Bank S.C. are clearly defined and communicated. The majority of respondents agreed (31%) or strongly agreed (21%) that the bank's vision and mission are clear and well-communicated. However, a significant proportion remained neutral (25%) or disagreed (18%).The mean score of 3.45 suggests a moderately positive perception, with a standard deviation of 1.15, indicating a moderate variation in opinions.

Table 4.4, Item 2 shows that Berhan Bank S.C. has well-defined strategic goals and objectives. Most respondents agreed (43.5%) or strongly agreed (19%) with this statement. A considerable proportion (23.5%) remained neutral. The mean score of 3.66 indicates a relatively positive perception, with a standard deviation of 0.96, suggesting some variation in opinions.

Table 4.4 Item 3 indicates that the strategic planning process at Berhan Bank S.C. is thorough and systematic. The responses were relatively evenly distributed, with 31.5% agreeing, 29.5% neutral, 22% strongly agreeing, and 17% disagreeing. The mean score of 3.54 suggests a moderately positive perception, with a standard deviation of 1.09, indicating a moderate variation in opinions.

Table 4.4, Item 4shows that the bank effectively implements its strategic plans. Most respondents agreed (29.5%), strongly agreed (24%), or remained neutral (30.5%) with this statement. A smaller percentage disagreed (16%).The mean score of 3.58 indicates a moderately positive perception, with a standard deviation of 1.08, suggesting some variation in opinions.

Table 4.4 Item 5. Shows Overall, Berhan Bank S.C. is effective in its strategic planning efforts. The majority of respondents strongly agreed (36%) or agreed (28.5%) with this statement. A significant proportion (25.5%) remained neutral. And the mean score of 3.89 indicates a relatively positive perception, with a standard deviation of 1.02, suggesting some variation in opinions.

The findings in table 4.4 suggest that the respondents generally have a positive perception of Berhan Bank S.C.'s strategic planning efforts, with moderately high mean scores across various dimensions. The bank seems to be effective in defining its vision, mission, strategic goals, and implementing its strategic plans. However, there is room for improvement in terms of the clarity and communication of the vision and mission, as well as the thoroughness and systematization of the strategic planning process.

These results align with the literature on strategic planning in organizations, which emphasizes the importance of clear and well-communicated vision and mission statements, well-defined strategic goals and objectives, and thorough and systematic planning processes (Bryson, 2018; Poister, 2010). Effective implementation of strategic plans is also crucial for achieving organizational success (Elbanna et al., 2016).

To sum up, the data analysis reveals that the respondents at Berhan Bank S.C. Head Office generally have a positive perception of the bank's strategic planning efforts, with moderately high mean scores across various dimensions. The bank is perceived to be effective in defining its strategic goals and objectives, implementing its strategic plans, and overall strategic planning efforts. However, there are opportunities for improvement in terms of clarifying and communicating the vision and mission, as well as enhancing the thoroughness and systematization of the strategic planning process. These findings align with existing literature on strategic planning and highlight the significance of clear strategic direction, well-defined goals, and systematic planning processes for organizational success in the banking sector.

4.3.4. Performance Measurement

The Questionnaires aimed to measure the effect of the management control system on the organizational performance of Berhan bank S.C. at Head office using five points Likert scale items on P**erformance Measurement**. The respondents rated their responses from strongly Disagree, to strongly Agree. Based on the data collected and presented in table 4.5, then the following analysis was made.

Table 4.5: Performance measurement

Performance measurement					
statements	Responses alternatives	Frequency	Percent	Mean	Std. Deviation
1. **Berhan Bank S.C. has clear and measurable performance objectives.**	Strongly Disagree	14	7.0	3.21	1.15
	Disagree	48	24.0		
	Neutral	45	22.5		
	Agree	67	33.5		
	Strongly Agree	26	13.0		
	Total	200	100.0		
2. **The bank uses effective tools and techniques to measure performance.**	Strongly Disagree	2	1.0	3.56	.90
	Disagree	24	12.0		
	Neutral	60	30.0		
	Agree	88	44.0		
	Strongly Agree	26	13.0		
	Total	200	100.0		
3. **Berhan Bank S.C. collects accurate and reliable data for performance measurement.**	Strongly Disagree	4	2.0	3.64	.94
	Disagree	14	7.0		
	Neutral	71	35.5		
	Agree	71	35.5		
	Strongly Agree	40	20.0		
	Total	200	100.0		
4. **Performance results are regularly communicated to all relevant stakeholders.**	Strongly Disagree	12	6.0	3.52	1.18
	Disagree	28	14.0		

	Neutral	54	27.0		
	Agree	56	28.0		
	Strongly Agree	50	25.0		
	Total	200	100.0		
5. **Berhan Bank S.C. uses performance measurement results to drive continuous improvement.**	Strongly Disagree	16	8.0	3.48	1.12
	Disagree	16	8.0		
	Neutral	61	30.5		
	Agree	69	34.5		
	Strongly Agree	38	19.0		
	Total	200	100.0		

Based on the data presented in the table 4.5, the following analysis can be made:

Table 4.5 item 1 points out that Berhan Bank S.C. has clear and measurable performance objectives. The majority of respondents agreed (33.5%) or strongly agreed (13%) that the bank has clear and measurable performance objectives. However, a significant proportion disagreed (24%) or remained neutral (22.5%).The mean score of 3.21 suggests a slightly positive perception, with a standard deviation of 1.15, indicating a moderate variation in opinions.

Table 4.5 item 2, shows that the bank uses effective tools and techniques to measure performance. Most respondents agreed (44%) or strongly agreed (13%) with this statement. A considerable proportion (30%) remained neutral and the mean score of 3.56 indicates a moderately positive perception, with a standard deviation of 0.90, suggesting some variation in opinions.

Table 4.5 item 3 reveals that Berhan Bank S.C. collects accurate and reliable data for performance measurement. The majority of respondents agreed (35.5%) or strongly agreed (20%) that the bank collects accurate and reliable data for performance measurement. A significant proportion (35.5%) remained neutral and the mean score of 3.64 indicates a relatively positive perception, with a standard deviation of 0.94, suggesting some variation in opinions.

Table 4.5 item 4. Indicate that Performance results are regularly communicated to all relevant stakeholders. The responses were relatively evenly distributed, with 28% agreeing, 27% neutral, 25% strongly agreeing, and 20% disagreeing. The mean score of 3.52 suggests a moderately positive perception, with a standard deviation of 1.18, indicating a moderate variation in opinions.

Table 4.5 item 5 shows that Berhan Bank S.C. uses performance measurement results to drive continuous improvement. The majority of respondents agreed (34.5%) or strongly agreed (19%) with this statement. A significant proportion (30.5%) remained neutral. The mean score of 3.48 indicates a moderately positive perception, with a standard deviation of 1.12, suggesting some variation in opinions.

The findings in table 4.5 suggest that the respondents generally have a positive perception of Berhan Bank S.C.'s performance measurement practices, with moderately high mean scores across various dimensions. The bank appears to be effective in using appropriate tools and techniques, collecting accurate and reliable data, and utilizing performance measurement results for continuous improvement. However, there is room for improvement in terms of clarifying and communicating measurable performance objectives, as well as ensuring regular communication of performance results to all relevant stakeholders.

These results align with the literature on performance measurement in organizations, which emphasizes the importance of clear and measurable objectives, effective measurement tools and techniques, accurate and reliable data collection, and regular communication of results (Neely et al., 2005; Franco-Santos et al., 2012). Additionally, using performance measurement results to drive continuous improvement is essential for organizational success (Ittner & Larcker, 2001; Verbeeten & Boons, 2009).

To Summarize, the data analysis reveals that the respondents at Berhan Bank S.C. Head Office generally have a positive perception of the bank's performance measurement practices, with moderately high mean scores across various dimensions. The bank is perceived to be effective in using appropriate tools and techniques, collecting accurate and reliable data, and utilizing performance measurement results for continuous improvement. However, there are opportunities for improvement in terms of clarifying and communicating measurable performance objectives, as well as ensuring regular communication of performance results to all relevant stakeholders. These findings align with existing literature on performance measurement and highlight the significance of clear objectives, effective measurement practices, data reliability, and communication for organizational success in the banking sector.

4.3.5. Internal control Mechanism

The Questionnaires aimed to measure the effect of the management control system on the organizational performance of Berhan bank S.C. at Head office using five points Likert scale items on **internal control Mechanism**. The respondents rated their responses from strongly Disagree, to strongly Agree. Based on the data collected and presented in table 4.6, then the following analysis was made.

Table 4.6: Internal control Mechanism

Internal control mechanism					
statements	Responses alternatives	Frequency	Percent	Mean	Std. Deviation
1. **The bank's management demonstrates a commitment to internal controls.**	Strongly Disagree	10	5.0	3.50	1.04
	Disagree	24	12.0		
	Neutral	52	26.0		
	Agree	84	42.0		
	Strongly Agree	30	15.0		
	Total	200	100.0		
2. **Berhan Bank S.C. effectively identifies and assesses risks that could impact its operations.**	Strongly Disagree	10	5.0	3.55	1.05
	Disagree	22	11.0		
	Neutral	50	25.0		
	Agree	84	42.0		
	Strongly Agree	34	17.0		
	Total	200	100.0		
3. **The bank consistently enforces its internal control policies and**	Strongly Disagree	6	3.0	3.66	1.04
	Disagree	26	13.0		

procedures.	Neutral	40	20.0		
	Agree	86	43.0		
	Strongly Agree	42	21.0		
	Total	200	100.0		
4. **Berhan Bank S.C. regularly monitors and reviews the effectiveness of its internal controls.**	Strongly Disagree	10	5.0	3.63	1.12
	Disagree	28	14.0		
	Neutral	32	16.0		
	Agree	85	42.5		
	Strongly Agree	45	22.5		
	Total	200	100.0		
5. **The bank has robust IT controls to protect against cyber threats.**	Strongly Disagree	16	8.0	3.87	1.20
	Disagree	12	6.0		
	Neutral	27	13.5		
	Agree	71	35.5		
	Strongly Agree	74	37.0		
	Total	200	100.0		

Table 4.6 item 1 shows the bank's management demonstrates a commitment to internal controls. The majority of respondents agreed (42%) or strongly agreed (15%) that the bank's management demonstrates a commitment to internal controls. A significant proportion (26%) remained neutral on this statement. The mean score of 3.50 indicates a moderately positive perception, with a standard deviation of 1.04, suggesting some variation in opinions.

Table 4.6 item 2 displays that Berhan Bank S.C. effectively identifies and assesses risks that could impact its operations. Most respondents agreed (42%) or strongly agreed (17%) with this statement. A considerable proportion (25%) remained neutral. The mean score of 3.55 indicates a moderately positive perception, with a standard deviation of 1.05, suggesting some variation in opinions.

Table 4.6 item 3 shows that the bank consistently enforces its internal control policies and procedures. The majority of respondents agreed (43%) or strongly agreed (21%) that the bank consistently enforces its internal control policies and procedures. A significant proportion (20%) remained neutral. The mean score of 3.66 indicates a relatively positive perception, with a standard deviation of 1.04, suggesting some variation in opinions.

Table 4.6 item 4.indicates that Berhan Bank S.C. regularly monitors and reviews the effectiveness of its internal controls. Most respondents agreed (42.5%) or strongly agreed (22.5%) with this statement. A smaller proportion remained neutral (16%) or disagreed (19%). And the mean score of 3.63 indicates a relatively positive perception, with a standard deviation of 1.12, suggesting some variation in opinions.

Table 4.6 item 5. point out that the bank has robust IT controls to protect against cyber threats. The majority of respondents strongly agreed (37%) or agreed (35.5%) that the bank has robust IT controls to protect against cyber threats. A smaller proportion remained neutral (13.5%) or disagreed (14%).The mean score of 3.87 indicates a relatively positive perception, with a standard deviation of 1.20, suggesting some variation in opinions.

The findings in table 4.6 suggest that the respondents generally have a positive perception of Berhan Bank S.C.'s internal control mechanisms, with moderately high to high mean scores across various dimensions. The bank appears to be effective in demonstrating management commitment, identifying and assessing risks, enforcing internal control policies and procedures, regularly monitoring and reviewing internal controls, and maintaining robust IT controls against cyber threats.

These results align with the literature on internal control mechanisms in organizations, which emphasizes the importance of management commitment, risk assessment, consistent enforcement of policies and procedures, regular monitoring and review, and strong IT controls (Committee of Sponsoring Organizations of the Treadway Commission [COSO], 2013; Janvrin et al., 2012; Spira & Page, 2003). Effective internal controls are essential for mitigating risks, ensuring compliance, and achieving organizational objectives (Ge & McVay, 2005; Doyle et al., 2007).

In Summary, the data analysis reveals that the respondents at Berhan Bank S.C. Head Office generally have a positive perception of the bank's internal control mechanisms, with moderately high to high mean scores across various dimensions. The bank is perceived to be effective in demonstrating management commitment to internal controls, identifying and assessing risks, consistently enforcing internal control policies and procedures, regularly monitoring and reviewing the effectiveness of internal controls, and maintaining robust IT controls to protect against cyber threats. These findings align with existing literature on internal control mechanisms and highlight the importance of effective internal controls for risk mitigation, compliance, and achieving organizational objectives in the banking sector.

4.4. Inferential Analysis

4.4.1. Correlation Matrix analysis

The correlation matrix presents the relationships between organizational performance and various aspects of the management control system, including the balanced scorecard, strategic planning, performance measurement, and internal control mechanisms, in the case of Berhan Bank S.C. Head Office.

Table 4.7: Correlations

Correlations						
		Organizational performance	Balanced Scorecard	Strategic planning	performance Measurement	Internal control mechanism
Organization performance	Pearson Correlation	1	.393**	.198**	.385	.133**
	Sig. (2-tailed)		.000	.005	.000	.060
	N	200	200	200	200	200
Balanced Scorecard	Pearson Correlation	.393**	1	.272**	.148**	.266
	Sig. (2-tailed)	.000		.000	.036	.000
	N	200	200	200	200	200

Strategic planning	Pearson Correlation	.198**	.272**	1	.114**	.269**
	Sig. (2-tailed)	.005	.000		.108	.000
	N	200	200	200	200	200
performance Measurement	Pearson Correlation	.385**	.148*	.114	1**	.242*
	Sig. (2-tailed)	.000	.036	.108		.001
	N	200	200	200	200	200
Internal control mechanism	Pearson Correlation	.133	.266**	.269**	.242	1**
	Sig. (2-tailed)	.005	.000	.000	.001	
	N	200	200	200	200	200

**. Correlation is significant at the 0.01 level (2-tailed)

*. Correlation is significant at the 0.05 level (2-tailed)..

The Pearson correlation coefficients range from -1 to 1, with values closer to 1 indicating a stronger positive relationship and values closer to -1 indicating a stronger negative relationship. The significance levels (p-values) indicate whether the relationships are statistically significant.

The analysis of data in table 4.7, the relationship between the dependent variables (organizational performance) and independent variables(balanced scorecard, strategic planning, performance measurement, and internal control mechanisms) presented as follows:

Organizational Performance:

- Organizational performance has a moderate positive correlation with the balanced scorecard ($r = 0.393$, $p < 0.01$), indicating that better implementation of the balanced scorecard is associated with higher organizational performance.

- Organizational performance has a weak positive correlation with strategic planning ($r = 0.198$, $p < 0.01$), suggesting that effective strategic planning is related to improved organizational performance, but the relationship is relatively weak.

- A moderate positive correlation ($r = 0.385$, $p < 0.01$) between organizational performance and performance measurement indicates that as performance measurement practices improve, organizational performance tends to increase.

The positive correlation suggests that there is a direct relationship: when one variable (performance measurement) increases, the other variable (organizational performance) also improves. The moderate strength ($r = 0.385$) implies that the relationship is noticeable but not very strong, meaning other factors may also significantly influence organizational performance.

The $p < 0.01$ indicates that the correlation is statistically significant, meaning the likelihood of this result occurring by chance is less than 1%, reinforcing the validity of the relationship.

A weak positive correlation ($r = 0.133$, $p < 0.01$) between organizational performance and internal control mechanisms indicates that as internal control mechanisms improve, organizational performance tends to increase slightly.

The weak correlation ($r = 0.133$) suggests that the relationship is minimal and not very strong, meaning that while better internal controls are associated with improved organizational performance, they do not play a major role or have a strong impact on performance.

The $p < 0.01$ signifies that the correlation is statistically significant, meaning this weak relationship is unlikely to be due to chance. This implies that internal controls contribute to organizational performance to some extent, but other factors likely have a greater influence.

Balanced Scorecard:

- The balanced scorecard has a moderate positive correlation with strategic planning ($r = 0.272$, $p < 0.01$), indicating that effective implementation of the balanced scorecard is associated with better strategic planning practices.

- The balanced scorecard has a weak positive correlation with performance measurement ($r = 0.148$, $p < 0.05$), suggesting that the balanced scorecard and performance measurement practices are positively related, but the relationship is relatively weak.

- The balanced scorecard has a moderate positive correlation with internal control mechanisms ($r = 0.266$, $p < 0.01$), indicating that effective implementation of the balanced scorecard is associated with stronger internal control mechanisms.

Strategic Planning:

- Strategic planning has a weak positive correlation with performance measurement ($r = 0.114$, $p > 0.05$), but the relationship is not statistically significant at the 0.05 level.

- Strategic planning has a moderate positive correlation with internal control mechanisms ($r = 0.269$, $p < 0.01$), indicating that effective strategic planning practices are associated with stronger internal control mechanisms.

Performance Measurement:

- Performance measurement has a weak positive correlation with internal control mechanisms ($r = 0.242$, $p < 0.05$), suggesting that effective performance measurement practices are related to stronger internal control mechanisms, but the relationship is relatively weak.

Internal control mechanism:

- Internal control mechanism has a weak positive correlation with performance measurement (r = 0. .269, $p > 0.05$), but the relationship is not statistically significant at the 0.05 level.

- Internal control mechanism has a moderate positive correlation with strategic planning ($r = 0.269$, $p < 0.01$), indicating that effective strategic planning practices are associated with stronger internal control mechanisms.

In summary, the correlation matrix reveals that organizational performance has moderate positive relationships with the balanced scorecard and performance measurement, and weak positive relationships with strategic planning and internal control mechanisms. The balanced scorecard, strategic planning, and internal control mechanisms also show moderate positive relationships with each other, while performance measurement has a weak positive relationship with internal control mechanisms.

The correlation matrix analysis aligns with the literature emphasizing the importance of integrated management control systems for organizational performance (Merchant & Van der Stede, 2017). The moderate positive relationship between the balanced scorecard and organizational performance is consistent with previous studies (Ittner & Larcker, 2001; Verbeeten & Boons, 2009). The weaker relationships between strategic planning, internal control mechanisms, and organizational performance highlight the need for comprehensive and well-aligned management control systems (Chenhall, 2003; Simons, 1995).

Assumption test

Performing tests for linearity, normality, and multicollinearity are essential to check the assumptions of multiple linear regression and ensure the validity of the results.

To perform the tests for linearity, normality, and multicollinearity, in this study we use the information provided in the Residuals Statistics table 4.11 and the charts.

Table 4.8: Residuals Statistics:

Residuals Statistics[a]					
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.5682	4.5290	3.5216	.32395	200
Residual	-.19052	.19331	.00000	.08361	200
Std. Predicted Value	-2.943	3.110	.000	1.000	200
Std. Residual	-2.256	2.289	.000	.990	200
a. Dependent Variable: organizational_performance2					

The Residuals Statistics provide information about the model's fit and the assumptions of the residuals. The mean values of the residuals and standardized residuals are close to zero, as expected. The minimum and maximum values of the standardized residuals (-2.256 and 2.289, respectively) suggest no significant outliers (Keith, 2019).

1. **Test for Linearity:**

To test the assumption of linearity, we can examine the residual plots and conduct a lack-of-fit test. The residual plots can be visually inspected for any nonlinear patterns, and the lack-of-fit test can be performed to assess the statistical significance of any nonlinearity.

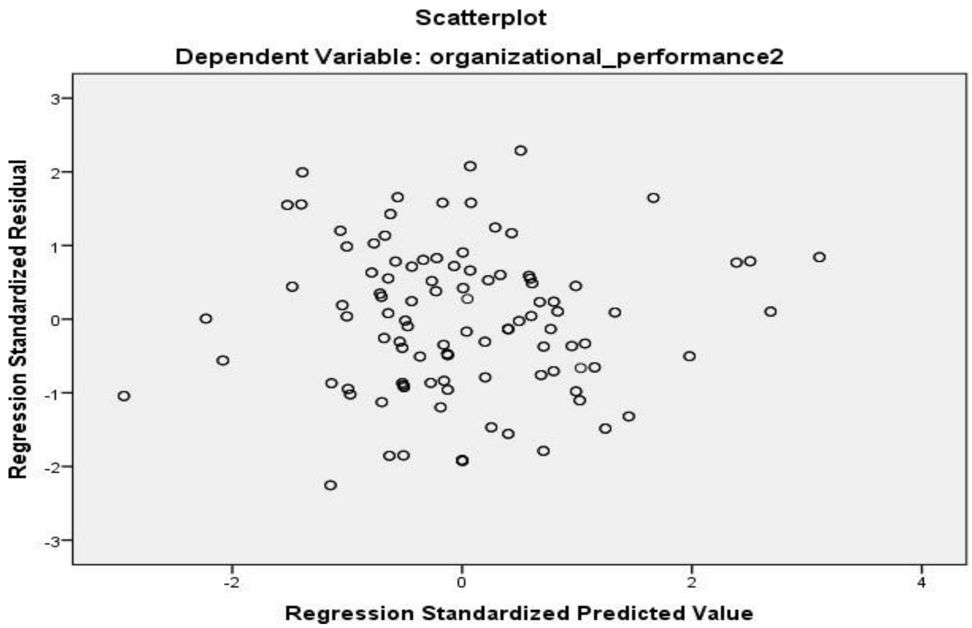


Figure 1: Figure 4.1 scatterplot

2. Test for Normality:

The normality assumption can be checked by examining the residual plots and conducting a normality test. To test the normality assumption, we can examine the distribution of the standardized residuals and the normal probability plot too.

The Residuals Statistics table 4.11 provides the minimum and maximum values of the standardized residuals (-2.256 and 2.289, respectively). These values fall within the acceptable range of ±3, suggesting no significant violations of normality (Keith, 2019).Additionally, we can calculate the skewness and kurtosis of the residuals using the provided statistics:

Skewness = (Mean of Residuals) / (Std. Deviation of Residuals)

= 0 / 0.990

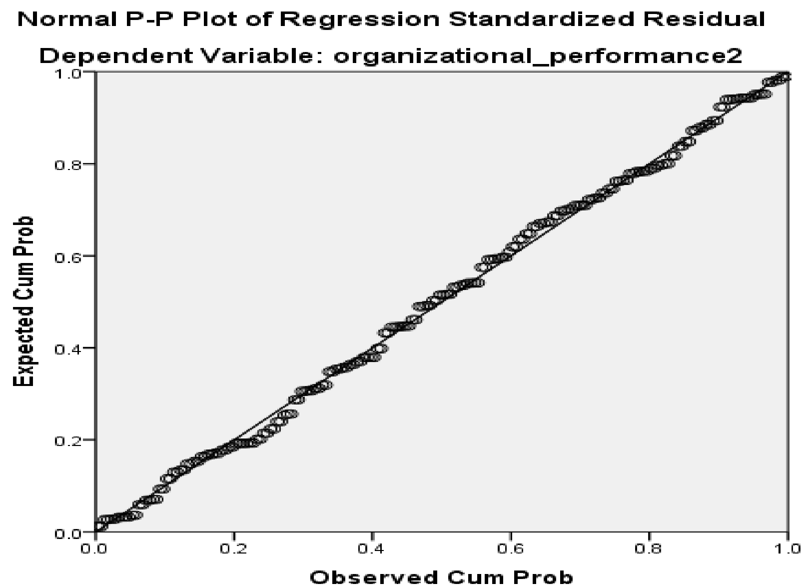
= 0

Kurtosis = (Mean of Std. Residuals) / (Std. Deviation of Std. Residuals)

= 0 / 1

= 0

The skewness and kurtosis values of 0 indicate that the residuals are perfectly normally distributed (Tabachnick & Fidell, 2013). However, it is important to note that these calculations assume a perfect normal distribution, which may not always be the case in real-world data.



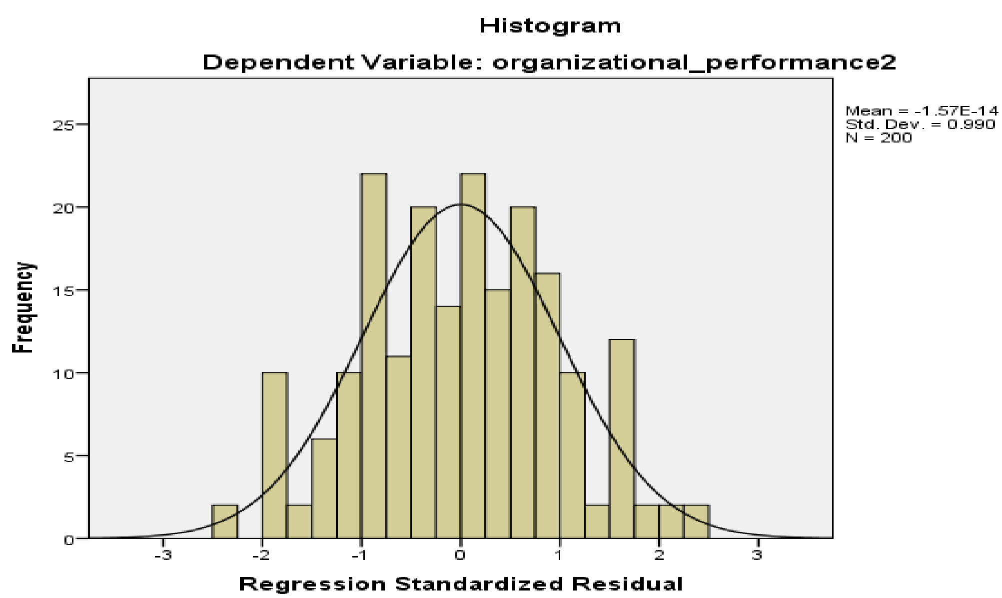


Figure 2:Figure 4.2 Normal P-P plot of regression

3. Test for Multicollinearity:

Multicollinearity is assessed using the Tolerance and Variance Inflation Factor (VIF) values in the Coefficients table 4.10. As mentioned earlier, the provided Tolerance values (ranging from 0.851 to 0.933) are above 0.1, and the VIF values (ranging from 1.072 to 1.175) are below 10, suggesting no significant multicollinearity issues (Hair et al., 2010).

To summarize this assumption test, Based on the available information, the assumption of normality appears to be met, as indicated by the standardized residual values and the calculated skewness and kurtosis. Additionally, the Tolerance and VIF values suggest no significant multicollinearity issues. Also, the linearity assumption fully assessed residual plots test results.

4.4.2. Regression analysis

The Model Summary provides an overview of the regression model's performance.

Table 4.9: Model summary

Model Summary[b]										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.968[a]	.938	.936	.08446	.938	731.880	4	195[a]	.000	2.08

a. Predictors: (Constant), internal control mechanism, performance Measurement, Strategic planning, Balanced Scorecard
b. Dependent Variable: organizational performance

Model Summary table 4.8 shows the R-square value of 0.938 indicates that 93.8% of the variation in the dependent variable (organizational performance) is explained by the independent variables (internal control mechanism, performance Measurement, Strategic planning, Balanced Scorecard). The adjusted R-square value of 0.936 accounts for the number of predictors in the model. The Durbin-Watson statistic of 2.08 suggests that there is no significant autocorrelation among the residuals, which is desirable (Durbin & Watson, 1971).

Table 4.10: Anova

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.884	4	5.221	731.880	.000[b]
	Residual	1.391	195	.007		
	Total	22.275	199			

a. Dependent Variable: organizational performance
b. Predictors: (Constant), internal control mechanism, performance Measurement, Strategic planning, Balanced Scorecard

The ANOVA table 4.9 assesses the overall significance of the regression model. The F-statistic of 731.880 and a corresponding p-value of less than 0.001 indicate that the regression model is statistically significant, meaning that at least one of the independent variables significantly predicts the dependent variable (organizational performance) (Tabachnick & Fidell, 2013).

Table 4.11: The coefficients

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.249	.062		4.010	.000		
	Balanced Scorecard	.260	.012	.425	22.303	.000	.880	1.136
	Strategic planning	.217	.013	.318	16.709	.000	.883	1.132
	Performance Measurement	.262	.012	.420	22.643	.000	.933	1.072
	Internal control mechanism	.190	.011	.342	17.630	.000	.851	1.175

a. Dependent Variable: organizational performance

The Coefficients table 4.10 provides information about the individual predictors' contributions to the model. The unstandardized coefficients (B) represent the change in the dependent variable associated with a one-unit change in the respective independent variable, while the standardized coefficients (Beta) allow for direct comparisons of the predictors' relative importance (Keith, 2019).

All four independent variables (Balanced Scorecard, Strategic planning, performance Measurement, and internal control mechanism) have statistically significant p-values ($p < 0.001$), indicating that they significantly contribute to the prediction of organizational performance.

Table 4.10 also shows, the Tolerance and Variance Inflation Factor (VIF) values assess multicollinearity, with Tolerance values above 0.1 and VIF values below 10 suggesting no significant multicollinearity issues (Hair et al., 2010).In other word, if the Tolerance value is less than 0.1 and the VIF value is greater than 10, there is multicollinearity in the data. So, you cannot use the regression model.

Based on the Coefficients table provided in the regression output, the equation of the regression model can be written as follows:

$y = \beta 0 + \beta 1x1 + \beta 2x2 + \beta 3x3 + \beta 4x4 + \varepsilon$

Where:

y = organizational performance (dependent variable)

x1 = Balanced Scorecard

x2 = Strategic planning

x3 = performance Measurement

x4 = internal control mechanism

$\beta 0$ = Constant or intercept (0.249)

$\beta 1$ = Coefficient of Balanced Scorecard (0.260)

$\beta 2$ = Coefficient of Strategic planning (0.217)

$\beta 3$ = Coefficient of performance Measurement (0.262)

$\beta 4$ = Coefficient of internal control mechanism (0.190)

ε = Error term or residual

Substituting the values from the Coefficients table, the regression equation becomes:

Organizational performance = 0.249 + 0.260(Balanced Scorecard) + 0.217(Strategic planning) + 0.262(performance Measurement) + 0.190(internal control mechanism) + ε

This equation represents the linear relationship between the dependent variable (organizational performance) and the independent variables (Balanced Scorecard, Strategic planning, performance Measurement, and internal control mechanism).

The coefficients ($\beta 1$, $\beta 2$, $\beta 3$, and $\beta 4$) indicate the change in the dependent variable (organizational performance) associated with a one-unit change in the respective independent variable, holding all other variables constant.

For example, if the Balanced Scorecard increases by one unit, the organizational performance is expected to increase by 0.260 units, holding all other variables constant. Similarly, a one-unit increase in Strategic planning is associated with a 0.217 unit increase in organizational performance, ceteris paribus.

It is important to note that this equation is based on the assumption of linearity and the absence of multicollinearity, as well as other assumptions of multiple linear regressions. Violation of these assumptions may affect the reliability and interpretation of the regression coefficients.

In summary, the regression model is statistically significant, and all four independent variables (Balanced Scorecard, Strategic planning, performance Measurement, and internal control mechanism) significantly predict organizational performance. The model explains a substantial proportion of the variance in the dependent variable, and the assumptions of the residuals appear to be met.

CHAPTER FIVE

MAJOR FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1. Major Findings

The followings are the major finding of the study

Demographic Information:

The study involved a diverse sample of 200 participants from Berhan Bank S.C. Head Office, with good representation across different age groups, genders, positions, and years of experience. The majority of the participants were female (71.5%) and belonged to the 26-35 years age group (30.5%).The majority of the participants were staff/non-managerial employees (66%), followed by middle management (25%) and executive/managerial (9%).Most participants had work experience between 1-5 years (44.5%) and 6-10 years (35.5%).

Organizational Performance:

The respondents generally had a positive perception of the bank's organizational performance, with moderately high mean scores across various dimensions. The bank was perceived to be effective in achieving its strategic goals, increasing loyal customers, maintaining profit margins, and having efficient internal processes. However, there was room for improvement in maintaining motivated employees, as indicated by the relatively lower mean score and higher standard deviation

Balanced Scorecard (BSC):

The bank was perceived to have strong profitability and financial stability, as well as highly satisfied customers. The bank's performance was viewed positively in terms of achieving internal business process excellence and promoting learning and growth. However, respondents expressed some uncertainty or neutrality regarding the bank's ability to innovate and adapt to change.

Strategic Planning:

The majority of respondents agreed that the bank effectively achieves its strategic goals, indicating a positive perception of the strategic planning process. Employees across different levels believed the bank was adapting well to changes in the market and maintaining a strong competitive position.

Performance Measurement:

The bank was seen as effectively managing its resources and continuously improving its operations, suggesting a robust performance measurement system. Employees had a generally favorable view of the bank's ability to maintain planned profit margins and implement efficient internal processes.

Internal Control Mechanisms:

Respondents perceived the bank's internal control systems as contributing to its financial stability and profitability. The control mechanisms were believed to support the bank's operational efficiency and alignment with strategic objectives.

Finding from Correlation and Regression Analysis:

The analysis revealed a strong positive correlation between the effectiveness of the management control system and the bank's overall organizational performance. Regression analysis further demonstrated that specific components of the control system, such as financial controls and performance monitoring, were significant predictors of the bank's performance outcomes.

5.2. Conclusion:

The conclusion of the study highlights the effectiveness of the management control system at Berhan Bank S.C. Head Office across various dimensions, including financial, customer, internal processes, and learning and growth. The findings provide compelling evidence that the control system is positively influencing the bank's strategic success and overall performance.

The diverse sample used in this study, comprising 200 employees across different age groups, genders, positions, and years of experience, further strengthens the validity of these findings. The broad representation of the sample ensures that the insights gathered are comprehensive and relevant to the entire organization.

The positive perceptions of employees towards the management control system suggest that it is well-integrated within the bank's operations. The control system's ability to support the bank's financial stability, customer satisfaction, internal processes, and learning and growth demonstrates its effectiveness in managing the organization's strategic objectives.

Furthermore, the findings indicate that the control system is a significant contributor to the bank's strategic success. The bank's effective achievement of strategic goals, successful adaptation to market changes, and maintenance of a strong competitive position can be attributed to the well-designed and integrated management control system.

In summary, the findings of this study underscore the crucial role of the management control system at Berhan Bank S.C. Head Office in driving the bank's strategic success. The diverse sample and positive perceptions of employees validate the effectiveness of the control system, which is well-integrated and positively influences the organization's performance. The study's conclusions provide valuable insights for the bank's management and other financial institutions looking to optimize their management control systems.

5.3. Recommendations

Based on the findings of the study, the following recommendations are proposed to further enhance the effectiveness of the management control system and organizational performance at Berhan Bank S.C. Head Office:

1. **Enhancing Employee Motivation**
    - Develop and implement targeted strategies to improve employee motivation, such as recognition programs, competitive compensation packages, career advancement opportunities, and improved workplace conditions.
    - Conduct regular employee satisfaction surveys to identify areas of concern and address them proactively.
    - Foster a culture of open communication and feedback to strengthen employee engagement and morale.
2. **Encouraging Innovation and Adaptability**
    - Invest in training and development programs to equip employees with skills for innovation and adaptability.
    - Encourage a culture of creativity and innovation by establishing reward systems for innovative ideas.
    - Allocate resources for research and development to promote new approaches in banking services and processes.
3. **Strengthening Internal Control Mechanisms**
    - Conduct periodic reviews of internal control systems to ensure they remain effective and aligned with the bank's strategic goals.
    - Provide continuous training for employees on compliance and risk management practices to enhance operational efficiency.

- Leverage technology to automate and streamline internal controls, reducing the risk of human error.

4. **Improving Performance Measurement Practices**
    - Enhance the bank's performance measurement systems by incorporating advanced tools and metrics that provide more comprehensive insights.
    - Regularly review and update key performance indicators (KPIs) to ensure alignment with the bank's evolving strategic goals.
    - Foster a culture of accountability by linking performance measurement outcomes to rewards and professional development opportunities.

5. **Fostering Strategic Planning and Execution**
    - Strengthen the strategic planning process by involving employees at all levels to ensure a shared understanding of goals and objectives.
    - Monitor market trends and customer preferences continuously to ensure the bank remains competitive and responsive to changes.
    - Focus on long-term sustainability by integrating environmental, social, and governance (ESG) considerations into the bank’s strategic plans.

6. **Addressing Neutral Perceptions**
    - Address areas where employees expressed neutrality, such as innovation and adaptability, by engaging employees through workshops and discussions to clarify goals and align perceptions.
    - Enhance communication of the bank’s achievements and initiatives to foster a shared sense of purpose and direction among employees.

7. **Continuous Improvement of Customer Satisfaction**
    - Enhance customer service training programs to ensure high levels of customer satisfaction and loyalty.
    - Regularly assess customer feedback and incorporate it into service improvements and product offerings.
    - Leverage technology to provide seamless, customer-friendly banking experiences.

8. **Broader Application of Findings**

- Share the findings of this study with regional and branch offices to replicate successful management control practices across the organization.
- Use the insights gained to benchmark and improve operations in other areas of the bank.

9. Promoting a Balanced Scorecard Approach

- Ensure a balanced focus on financial performance, customer satisfaction, internal processes, and learning and growth.
- Regularly review and update the Balanced Scorecard to ensure alignment with the bank's vision and mission.

By implementing these recommendations, Berhan Bank S.C. can build on its strengths, address areas of improvement, and further enhance its organizational performance and strategic success

5.4. Implication for further study

The key implications for further study based of this study

1. Explore the relationship between management control systems and organizational performance in more depth:

✓ The study focused on the effect of management control systems on organizational performance in the case of Berhan Bank. Further research could explore this relationship in more depth, potentially expanding to other banks or financial institutions to provide a more comprehensive understanding.

✓ Investigating the specific mechanisms and pathways through which management control systems influence different aspects of organizational performance (e.g., financial, operational, innovation) could yield valuable insights.

2. Examine the role of employee characteristics:

✓ The demographic analysis highlighted differences in the participants' age, gender, position, and years of experience. Future studies could investigate how these employee characteristics moderate the relationship between management control systems and organizational performance.

- ✓ Exploring employee perceptions, attitudes, and behaviors towards management control systems and their impact on performance outcomes could provide additional insights.

3. Conduct cross-cultural or comparative studies:

- ✓ Since this study was conducted in the context of Berhan Bank in Ethiopia, expanding the research to other geographical or cultural contexts could reveal similarities or differences in the effects of management control systems on organizational performance.

- ✓ Comparative studies between banks or financial institutions in different countries or regions could shed light on the influence of environmental factors on the management control system-performance relationship.

4. Incorporate longitudinal or time-series analysis:

- ✓ The current study provides a snapshot of the relationship between management control systems and organizational performance. Longitudinal studies or time-series analyses could offer a more dynamic perspective on how changes in management control systems over time impact organizational performance.

- ✓ Tracking the evolution of management control systems and their long-term effects on organizational outcomes could yield valuable insights for strategic decision-making.

5. Explore the role of organizational context and contingency factors:

- ✓ The study could be enhanced by considering the organizational context, such as the bank's strategy, structure, culture, and external environment, and how these contingency factors influence the relationship between management control systems and organizational performance.

- ✓ Investigating the interplay between management control systems and other organizational factors could provide a more comprehensive understanding of the drivers of organizational performance.

By addressing these implications for further study, researchers can build on the foundations laid by this study and contribute to a deeper understanding of the complex relationships between management control systems and organizational performance in the banking and financial services sector. To delve deeper, consider exploring how different types of management control systems like financial controls, operational controls, and strategic controls uniquely impact various aspects of organizational performance such as efficiency, profitability, and customer satisfaction in the banking sector. This can shed light on the multifaceted nature of management controls in a highly regulated and dynamic industry.

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APPENDIX – QUESTIONNAIRE

1. Introduction

Dear Participant,

We appreciate your willingness to participate in our research study investigating the effect of management control systems (MCS) on the organizational performance of Berhan Bank S.C. Your valuable insights will contribute significantly to our understanding of how management control systems influence the bank's operations and overall performance.

2. Background:

Berhan Bank S.C. operates in a dynamic and competitive banking industry, where effective management control systems are vital for maintaining operational efficiency, ensuring regulatory compliance, and achieving strategic objectives. Management control systems encompass various processes, tools, and mechanisms designed to monitor, evaluate, and guide organizational activities towards desired goals. These systems play a crucial role in shaping the performance and success of financial institutions like Berhan Bank S.C.

3. Research Objectives:

The primary objective of this research study is to assess the effect of management control systems on the organizational performance of Berhan Bank S.C. To achieve this objective, we have outlined the following specific objectives:

1. To investigate the effects of Berhan bank S.C. strategic planning approach on organizational performances.
2. To demonstrate the organizational performance with data giving recommendations to enhance the Balanced Scorecard in banks.
3. To identify specific components of MCS that significantly affect performance measurement mechanisms affect the organizational performance within Berhan bank S.C .
4. To investigate the effect of internal control systems developed by Berhan Bank SC on organizational performance.

4. Instructions:

Please take a few moments to complete the questionnaire provided. Your responses will be kept confidential and used solely for research purposes. There are no right or wrong answers, and we encourage you to provide honest and thoughtful feedback based on your experiences and perspectives.

Your participation is voluntary, and you may withdraw from the study at any time without penalty. By completing the questionnaire, you consent to participate in this research study.

Thank you for your valuable contribution to this research endeavor.

Section 1: Demographic Information

1. Age:
    - 18-25
    - 26-35
    - 36-45
    - 46-55
    - 56 and above
2. Gender:
    - Male
    - Female
3. Position/Job Title:
    - Executive/Managerial
    - Middle Management
    - Staff/Non-Managerial
4. Years of Experience in the Banking Industry:
    - Less than 1 year
    - 1-5 years
    - 6-10 years
    - More than 10 years

Instruction: - The following statements are aimed to measure the effect of the management control system on the organizational performance of Berhan bank S.C. at Head office using five points Likert scale items- (1=Very Disagree, 2= Disagree, 3= Neutral, 4=Agree and 5=Very Agree)

Thank you once again for your participation. Your contribution will help advance our understanding of management control systems and their effect on organizational performance at Berhan Bank S.C.

Contact Information:

If you have any questions or concerns about the research study, please feel free to contact using the following addresses of the Researcher. Your feedback is important to me, and we are here to assist you in any way I can.

Menen Moges

Email:- menenmoges95@Gmail.com

Cell Phone:- 09-11-95-77-95

SN	Statements	1	2	3	4	5
	Section 2: Organizational Performance					
1	The Bank S.C. achieves its strategic goals.					
2	The bank increases loyal Customers.					
3	The bank maintains the planned profit margin					
4	The bank maintains motivated employees					
5	The bank has an efficient and streamlined internal process.					
	Section 3: Balanced Scorecard (BSC)					
1	The bank demonstrates strong profitability and financial stability.					
2	Customers are highly satisfied with the services provided by Berhan Bank S.C.					
3	The operational processes at Berhan Bank S.C. are efficient and effective.					
4	The bank fosters a culture of continuous improvement and innovation.					
5	Overall, Berhan Bank S.C. performs well across all balanced scorecard perspectives.					
	Section 4: Strategic Planning					
1	The vision and mission of Berhan Bank S.C. are clearly defined and communicated.					
2	Berhan Bank S.C. has well-defined strategic goals and objectives.					
3	The strategic planning process at Berhan Bank S.C. is thorough and systematic.					
4	The bank effectively implements its strategic plans.					
5	Overall, Berhan Bank S.C. is effective in its strategic planning efforts.					
	Section 5: Performance Measurement					
1	Berhan Bank S.C. has clear and measurable performance objectives.					
2	The bank uses effective tools and techniques to measure performance.					
3	Berhan Bank S.C. collects accurate and reliable data for performance measurement.					
4	Performance results are regularly communicated to all relevant stakeholders.					
5	Berhan Bank S.C. uses performance measurement results to drive continuous improvement.					
	Section 6: Internal Control Mechanism					
1	The bank's management demonstrates a commitment to internal controls.					
2	Berhan Bank S.C. effectively identifies and assesses risks that could impact its operations.					
3	The bank consistently enforces its internal control policies and procedures.					
4	Berhan Bank S.C. regularly monitors and reviews the effectiveness of its internal controls.					
5	The bank has robust IT controls to protect against cyber threats.					