Why Do Organizations Prefer Exploitative IT-enabled Management Control Systems? An Exploratory Case Study

Abstract:
Managers need to allocate scarce resources to either exploitative management control systems that refine organizational routines or to exploratory management control systems (MCS) that help to identify emerging threats and opportunities. In this paper, we use a case study with a financial service provider to understand how managers allocate information technology resources to exploitative and exploratory MCS. In contrast to established theory, we found that managers do not allocate IT resources equally but rather allocate IT predominantly to exploitative MCS. We drew from theory on creative processes to explain this behavior. That is, managers first use IT resources to master their exploitative management control systems through automation and digitization of routines and through establishing a common database for management control systems. This mastery of exploitative MCS serves as a catalyst for allocating resources to exploratory MCS. Our study proposes new insights into the complex relationship between exploit...
information technology and management control systems.

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