Information processing and management control: A note exploring the role played by information media in reducing role ambiguity

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Abstract

Role ambiguity is problematic for organizations because it leads to various unfavourable personal outcomes (such as stress, lower levels of performance, a desire to leave the job), which are likely to prove dysfunctional. At the same time, role ambiguity may be countered or avoided through the acquisition of 'clear' information about expected role behaviours. Information itself is obtained through communication channels or information media, and this paper examines the extent to which the utilisation of information media of both high and low information-carrying capacity for performance evaluation purposes may affect managers’ vulnerability to experiencing role ambiguity. The central argument the paper makes is that role ambiguity will decrease as the manager attaches increasing importance to information media for the purposes of performance evaluation. Findings support this argument for information media of low ‘richness’ (i.e. control reports), but not for information media of high richness (face-to-face, telephone). Overall, the research suggests that exploring the psychology of information processing may help to advance understanding on the role played by information media in the process of management control.

Keywords: Information media; Information richness theory; Accounting information; Management control; Performance evaluation

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Role ambiguity is an unwanted psychological state (Kahn et al., 1964; King and King, 1990), and is problematic for organizations because the resulting unfavourable personal outcomes (such as stress, lower levels of performance, a desire to leave the role, and poor relations with superiors) are likely to prove dysfunctional to firm performance (Miles and Perreault, 1976). At the same time, role ambiguity may
be countered or avoided through the acquisition of ‘clear’ information about expected role behaviours (Dougherty and Pritchard, 1985; Rizzo et al., 1970). Information is obtained through communication channels or information media (Daft and Lengel, 1986, 1990), and the purpose of this paper is to examine the extent to which the utilisation of accounting and other information media as information resources for the purposes of performance evaluation may affect managers’ vulnerability to experiencing role ambiguity. The study is motivated by the desire to advance understanding on what may be described as the psychology of information processing, and the central argument to be made is that role ambiguity will decrease as managers attach increasing importance to information media for assessment purposes. Testing this argument empirically allows the study to provide insight into the extent to which information media of differing information-carrying capacity or ‘richness’ (Daft and Lengel, 1986, 1990) are able to fulfil this proposed and potentially important function as an ambiguity reducer.

The paper proceeds as follows. The next section explains the concept of role ambiguity and develops arguments relating to the potential for information media of both low and high richness to act as ambiguity reducers. Section 2 describes the method used to test the resulting hypotheses and Section 3 presents the results of this analysis. Section 4 concludes the discussion, outlines the limitations of the study, and suggests avenues for further research. The study finds that attitudes towards information media of low richness may affect the experience of role ambiguity; the greater the importance attached to formal control reports as performance indicators, the lower the reported level of role ambiguity. By contrast, managers’ vulnerability to experiencing role ambiguity appears to be unaffected by attitudes held towards rich information media as information resources for the purpose of performance evaluation. The implications of the study’s findings are discussed in the concluding section.

1. Role ambiguity and information processing

Role ambiguity is defined as “deficient or uncertain information about role behaviours available to a given organizational position” (King and King, 1990, p. 49). For reasons such as environmental turbulence, job transformations, jurisdictional ambiguities, innovative processes, and poor communication between superior and subordinate, individuals may be unclear about their role responsibilities, and how these responsibilities should be discharged (House and Rizzo, 1970; Miles and Perreault, 1976). The consequences of non/performance may be unknown (Kahn, 1974).

Those who are ‘bothered’ by a lack of role clarity experience role ambiguity (Kahn et al., 1964). It follows, therefore, that those who are not bothered or who perceive role clarity do not experience role ambiguity, and, as the definition suggests, clarity of role expectations may be gained through the acquisition of sufficient or ‘certain’ information about expected role behaviours. Such information enables managers to create a sense of meaning to their role (Bowen and Lawler, 1992; Conger and Kanungo, 1988; Weick, 1979), particularly expected role performance. Information itself is received through information processing channels or information media (Emmanuel et al., 1990). Examples include face-to-face, telephone, email, written memoranda, meetings, minutes of those meetings, and written and numeric documents such as accounting reports (Daft and Lengel, 1984, 1986). These media are, potentially, the ‘enablers of clarity’, to the extent that each offers an alternative means by which managers may gain information which may help them to understand their role within the firm. Information richness theory (IRT) classifies information media in terms of their ‘richness’, or information-carrying capacity (Daft and Lengel, 1986, 1990), and the present study deploys this notion of richness to examine the ability of information media
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