Management Control Systems in Organizations in Prigogine's “Far From Equilibrium Conditions”

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Abstract

Extending previous management studies which have used Prigogine’s concept of dissipative structures, we explore the roles of management control systems at one end of the change continuum - extreme external and internal instability or “far from equilibrium” conditions. We use two longitudinal case studies of organizations in such conditions using data sources including interviews, observation and document analysis. At a point of instability called the bifurcation point, a system can collapse into chaos and we trace the electricity generator and retailer ETSA in the 1990s, which despite considerable investment in management control systems split apart. The second case of a European financial institution (EuroFinance) in the 2000s shows an organization which survived both internal and external crisis by modifying its management control systems to reframe and transform and therefore move to a higher order of organization – a dissipative structure.

Keywords: dissipative structures, management control systems, bifurcation point, chaos, levers of control