

Executive Personality and Management Accounting Control Systems: Corporate Governance Mechanisms as a Mediating Framework

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ABSTRACT

Executive personality plays a significant role in shaping strategic decisions, organizational behaviour, and the effectiveness of management control practices. This paper develops an integrative conceptual framework explaining how executive personality influences the design and use of Management Accounting and Control Systems (MACS) through the mediating role of corporate governance. Drawing upon Upper Echelons Theory, Agency Theory, and Contingency Theory, the framework argues that executives' psychological characteristics affect organizational outcomes, while corporate governance serves as the institutional mechanism that channels, constrains, or reinforces these behavioural influences within accounting and control processes. The study adopts a conceptual research design based on an extensive review and synthesis of scholarly literature on executive personality, corporate governance, behavioural management accounting, and organizational control systems. By integrating complementary theoretical perspectives, the paper develops a coherent conceptual model and proposes five theoretically grounded propositions that explain the relationships among executive personality, governance mechanisms, and MACS, providing a foundation for future empirical investigation. The proposed framework suggests that executive personality exerts both direct and indirect effects on the design and effectiveness of management accounting and control systems.

Keywords: Executive Personality, Corporate Governance, Management Accounting and Control Systems (MACS), Upper Echelons Theory, Behavioural Management Accounting, Agency Theory, Contingency Theory.

INTRODUCTION

Management Accounting and Control Systems (MACS) have long been recognized as essential organizational mechanisms for planning, coordinating, monitoring, and evaluating business activities. MACS have traditionally been conceptualized as a collection of interconnected communication structures that makes it easier to digest information in order to let managers continuously coordinate the many components and achieve the goals of a business. The design and use of MACS were mostly seen as logical reactions to exogenous contextual elements such as market competitiveness, organizational scale, manufacturing technology, and environmental unpredictability within traditional contingency accounting literature. (Chenhall, 2003). MACS affect how organizational resources behave in order to carry out organizational strategies (Armstrong et al., 2010). While these structural elements have made a substantial contribution to management accounting research, they only partially explain why firms operating under comparable conditions often adopt various control approaches and achieve different organizational outcomes.

Budgeting and strategic choices are directly influenced by managerial judgments, cognitive biases, ethical principles, and personality traits, according to modern behavioural management accounting, which views accounting systems as dynamic behavioural tools. (Riahi-Belkaoui, 2002). In view of growing organizational complexity and increased stakeholder expectations for accountability, transparency, and sustainable performance, comprehending the behavioural determinants of MACS has thus emerged as a significant research priority. Executive personality significantly shapes organizational decision-making by setting strategic priorities, allocating resources, defining performance targets, and influencing management accounting controls. According to Upper Echelons Theory, organizations are reflections of their top executives because

strategic decisions are shaped by executives' experiences, values, cognitive orientations, and psychological characteristics (Hambrick & Mason, 1984). Recent literature extends this perspective by demonstrating that executive personality traits influence a wide range of organizational outcomes beyond strategy formulation. Bright personality traits, including conscientiousness, honesty–humility, openness to experience, and emotional stability, have been associated with ethical leadership, transparency, prudent decision-making, and effective organizational control. Conversely, dark personality traits such as narcissism, Machiavellianism, psychopathy, hubris, and excessive overconfidence are frequently linked to aggressive risk-taking, earnings management, manipulation of performance measures, weakened internal controls, and reduced organizational accountability. Studies examining executive influence on financial reporting further suggest that managerial psychological characteristics significantly affect accounting choices and reporting quality, supporting the behavioural assumptions of Upper Echelons Theory (Hambrick, 2007).

Management accounting research has mainly ignored how executive personality influences the creation and application of MACS, despite growing interest in executive psychology. There is a substantial theoretical gap in our knowledge of the behavioural mechanisms connecting executive qualities to MACS because the majority of current research focuses on structural factors.

Corporate governance provides a potential mechanism linking executive personality and MACS. Governance mechanisms—including board independence, audit committee effectiveness, executive compensation, ownership structure, and internal controls—reduce agency conflicts, enhance accountability, and constrain managerial opportunism (Jensen & Meckling, 1976). Consequently, they play a critical role in shaping the design and use of MACS.

Although previous studies have independently examined executive personality, corporate governance, and management accounting systems, these research streams have largely evolved in isolation. Upper Echelons Theory explains how executive characteristics influence organizational decisions, Agency Theory emphasizes governance mechanisms that monitor executive behaviour, and Contingency Theory explains how organizational context influences accounting system design. However, limited research has integrated these perspectives into a unified framework capable of explaining how executive personality shapes Management Accounting and Control Systems through corporate governance mechanisms. Addressing this gap is particularly important because governance structures may either constrain undesirable executive behaviours or reinforce positive behavioural characteristics, thereby influencing the effectiveness of organizational control systems.

Accordingly, this paper develops an integrative conceptual framework that links executive personality, corporate governance mechanisms, and Management Accounting and Control Systems. Specifically, the paper argues that corporate governance mechanisms serve as an institutional pathway through which executive personality influences the design and utilization of MACS. Strong governance mechanisms are expected to promote transparent budgeting, robust performance measurement, effective internal controls, and responsible resource allocation, whereas weak governance structures may permit dominant executive personalities to override or weaken accounting controls. By integrating insights from Upper Echelons Theory, Agency Theory, and Contingency Theory, this paper provides a comprehensive explanation of the behavioural and institutional factors that jointly shape management accounting practices.

This paper makes several contributions to the literature. First, it extends behavioural management accounting research by integrating executive personality into the study of Management Accounting and Control Systems. Second, it advances Upper Echelons Theory by applying it to management accounting decisions rather than focusing solely on strategic choices and organizational performance. Third, it conceptualizes corporate governance mechanisms as a key institutional mechanism linking executive behaviour and accounting control practices. Finally, the paper develops a theoretically grounded conceptual framework and a set of research propositions that provide a foundation for future empirical investigations examining the interplay among executive personality, governance mechanisms, and MACS across different organizational contexts.

LITERATURE REVIEW

For terminological clarity and consistency, this paper adopts Management Accounting and Control Systems (MACS) as the umbrella term used throughout, encompassing what earlier literature has separately labelled Management Accounting Systems (MAS) and Management Control Systems (MCS). Where a specific cited study uses MCS or MAS to describe its own named construct — for example, Malmi and Brown's (2008) "MCS as a package" framework — that original terminology is retained for accuracy; elsewhere, MACS is used consistently to refer to the budgeting, performance measurement, planning, and control processes that are the focus of this study.

Although the concept of management control systems has been present in management accounting literature for decades, there has been very little explicit theoretical and empirical research on Management Control System (MCS) as a package.(Malmi & Brown, 2008). MACS is a tool or system used by managers to guide employees toward reaching predetermined goals and objectives (Segovia-Villarreal et al., 2021). In practice, MACS has undergone a number of modifications and advancements. Additionally, it concentrated on offering official financial data and employing metrics derived from conventional accounting. Currently, MACS has evolved into a comprehensive system that offers information on social and personal controls, non-financial details, external information, and predictive information.(Fachrudin et al., 2024). MACS are facing demands that go beyond what they have historically been able to handle due to the growing complexity and dynamism of markets and technologies (Dávila et al., 2024). The firm's strategic goals must be supported by management accounting. It cannot function as a distinct discipline, creating its own set of protocols and measurement systems and applying them consistently to all businesses without taking into account the fundamental principles, objectives, and tactics of specific businesses.(Kaplan, 1984).The design of MACS must interact with corporate strategy (Emmanuel et al., 1990). The implementation of MACS should be adjusted in accordance with the rate at which strategy is changing and in light of the potential for an organization to transition from a process-centered to a people-centered system.(Coller et al., 2018).

MACS are helpful in conveying company atmosphere, role expectations, and motivation (Collins, 1982). The goal of a unified MACS is to guarantee that activities align with the company's goals. A comprehensive and successful management control system must include both planning and controlling. From a functional perspective, they can be seen as an effort to push the company's various functional divisions—like marketing, product development, or accounting—to merge into a single network in order to enhance decision-making.(Lowe, 1971).

Executive personality has emerged as an important area of inquiry in organizational and strategic management research because the psychological characteristics of top executives influence organizational decisions and outcomes. Upper Echelons Theory(Hambrick & Mason, 1984) argues that organizations are reflections of their top managers, as executives interpret environmental information and make strategic choices based on their experiences, values, and personality traits. Consequently, organizational practices, including management accounting and control systems are shaped not only by structural factors but also by the behavioural characteristics of organizational leaders. Personality refers to relatively stable patterns of thoughts, emotions, and behaviours that distinguish individuals and influence their responses to different situations(McCrae & Costa Jr., 2008). In executive research, personality traits are commonly examined using the Big Five model, the Dark Triad, and more recently the HEXACO framework.(Szabó et al., 2021).

In order to examine the connection between top managers' traits and management accounting and control systems, academics have recently begun to use upper echelons theory. Research has regularly shown that more creative and/or advanced management accounting and control systems are linked to younger, shorter-tenured CFOs and senior managers with backgrounds in business.(Hiebl, 2014). In executive research, personality traits are commonly examined using the Big Five model, the Dark Triad, and more recently the HEXACO framework. The Big Five dimensions—openness to experience, conscientiousness, extraversion, agreeableness, and emotional stability—have been associated with leadership effectiveness, strategic decision-making, and organizational performance. Among these traits, conscientiousness is consistently linked to disciplined planning, accountability, and systematic decision-making, whereas openness to experience promotes innovation and strategic adaptability.(Miao et al., 2023)

Agency Theory, introduced by (Jensen & Meckling, 1976), is one of the most influential theoretical perspectives in corporate governance and accounting research. The theory explains the relationship between principals (shareholders) and agents (managers), where principals delegate decision-making authority to agents to manage organizational resources on their behalf. However, because managers may pursue personal objectives that differ from shareholders' interests and typically possess more information than owners, conflicts of interest and information asymmetry arise, resulting in agency problems.(Eisenhardt, 1989). Agency Theory has become a dominant theoretical foundation in accounting research because it provides a framework for understanding how accounting information, performance measures, budgeting systems, and incentive contracts can reduce information asymmetry and managerial opportunism. Within management accounting, the theory explains the role of budgeting, performance evaluation, transfer pricing, and management control systems in aligning managerial behaviour with organizational goals through monitoring and incentive mechanisms.(Hill, 2024). Corporate governance research has further extended Agency Theory by demonstrating that effective governance mechanisms improve financial reporting quality, strengthen internal controls, and enhance organizational performance. Independent boards and effective audit committees play a central role in monitoring executives, reducing opportunistic behaviour, and protecting shareholders' interests. Consequently, strong governance mechanisms contribute not only to regulatory compliance but also to more effective management accounting and organizational control.(Al-Faryan, 2024).

Contingency theory states that the design and use of control systems is dependent upon the context of the organizational setting. (Fisher, 1998). Managers are encouraged to make choices that achieve organizational goals when there is effective control. Without adequate control, managers may make bad judgments for the company because their personal aims may conflict with business goals, they may not know what is required of them, or the task may be beyond their skills or training.(Alchian & Demsetz, 1972). According to contingency theory, there isn't just one ideal approach to running or leading a company. Rather, matching internal structures, tactics, and leadership philosophies to both internal and exterior situational elements is necessary for best performance. (Aliu, 2025).

Management accounting control systems and corporate governance are deeply connected frameworks that align employee behavior, transparency, and risk management with strategic organizational goals(Pham & Vu, 2025). MACS tools provide internal data and performance measurements that mitigate principal-agent risks . Changes in corporate governance mechanisms accompanied by MACS innovations have been investigated by management accounting and control studies. In addition to guaranteeing that businesses adhere to legal and regulatory requirements, an efficient corporate governance framework promotes long-term value development for stakeholders. By supplying precise, timely, and pertinent financial and non-financial data to aid in decision-making, management accounting plays a crucial part in promoting and enhancing corporate governance.(Bhimani, 2009). These days, management accountants help top executives and the board of directors make governance decisions that align with the company's long-term strategy by giving them important information. Management accountants are now strategic consultants who are heavily involved in the governance processes of performance assessment, risk management, and compliance monitoring, rather than just being number crunchers.

Research Gap

Although substantial research has examined executive personality, corporate governance, and Management Accounting and Control Systems, these streams have largely evolved independently. Studies grounded in Upper Echelons Theory have primarily focused on how executives' personality traits influence strategic decision-making, firm performance, innovation, and risk-taking. Similarly, corporate governance research has concentrated on governance mechanisms as tools for monitoring managerial behaviour and mitigating agency conflicts. In contrast, management accounting research has predominantly explained the design and use of MACS through structural and contextual factors such as organizational strategy, size, technology, and environmental uncertainty.

Despite these advances, limited attention has been given to the behavioural mechanisms through which executive personality influences the design and use of MACS. More importantly, little is known about the role of corporate governance in explaining this relationship. Existing studies have generally examined executive

personality and governance, or governance and management accounting, in isolation, leaving a gap in understanding how these constructs interact within a unified theoretical framework.

Furthermore, while behavioural management accounting research has increasingly acknowledged the importance of human factors in accounting practices, few studies have integrated insights from Upper Echelons Theory, Agency Theory, and Contingency Theory to explain how executive personality shapes management accounting decisions through governance mechanisms. This fragmentation limits our understanding of why organizations with similar structural characteristics often differ in their management accounting practices and control systems.

To address this gap, the present study develops an integrative conceptual framework that links executive personality, corporate governance mechanisms, and Management Accounting and Control Systems. By positioning corporate governance as the mediating mechanism between executive personality and MACS, this paper contributes to the behavioural management accounting literature and provides a theoretically grounded foundation for future empirical research.

Theoretical Foundation

This study develops a conceptual framework by integrating three complementary theories: Upper Echelons Theory, Agency Theory, and Contingency Theory. While each theory has independently contributed to explaining executive behaviour, corporate governance, and management accounting practices, their combined application provides a more comprehensive understanding of how executive personality influences the design and use of Management Accounting and Control Systems.

Upper Echelons Theory

Upper Echelons Theory (Hambrick & Mason, 1984) proposes that organizational outcomes are reflections of the values, experiences, cognitive bases, and personality characteristics of top executives. Because executives interpret organizational situations through their individual psychological characteristics, their strategic choices influence organizational structures, processes, and performance. Consequently, executives with different personality traits are likely to adopt different approaches to budgeting, performance measurement, strategic planning, and management control. This theory therefore provides the behavioural foundation for explaining the relationship between executive personality and MACS.

Agency Theory

Agency Theory (Jensen & Meckling, 1976) explains the relationship between principals (shareholders) and agents (executives) and emphasizes the need for governance mechanisms to reduce conflicts of interest and information asymmetry. Corporate governance mechanisms, such as board independence, audit committees, executive compensation policies, and internal controls, monitor executive behaviour and promote accountability. In the present framework, Agency Theory explains how governance mechanisms influence the extent to which executive personality affects the design and implementation of MACS.

Contingency Theory

Contingency Theory argues that there is no universally optimal management accounting system; rather, the effectiveness of MACS depends on organizational and environmental conditions (Otley, 1980; Chenhall, 2003). Traditional contingency variables include organizational size, technology, strategy, and environmental uncertainty. This paper extends the contingency perspective by proposing that executive personality and corporate governance mechanisms also constitute important behavioural and organizational contingencies that shape the design and use of MACS.

Integrating the Theoretical Perspectives

Although each theory explains a different aspect of organizational behaviour, their integration offers a comprehensive explanation of the proposed relationships. Upper Echelons Theory explains how executive

personality shapes managerial decision-making. Agency Theory explains how corporate governance mechanisms monitor and influence executive behaviour. Contingency Theory explains why the effectiveness of Management Accounting and Control Systems depends on organizational context. Together, these theories suggest that executive personality influences management accounting practices both directly and indirectly through corporate governance mechanisms.

Conceptual Framework Development

This paper proposes an integrative conceptual framework that explains how executive personality influences the design and use of MACS through the mediating role of corporate governance mechanisms. Drawing on Upper Echelons Theory, Agency Theory, and Contingency Theory, the framework argues that executive personality shapes managerial decision-making, while corporate governance mechanisms influence the extent to which these behavioural tendencies are reflected in organizational control systems. Consequently, the effectiveness of MACS depends not only on organizational and environmental factors but also on the interaction between executive personality and governance structures.

Executive Personality and Corporate Governance Mechanisms

Upper Echelons Theory suggests that executives' values, cognitive orientations, and personality traits influence organizational policies and governance practices (Hambrick & Mason, 1984). Executives exhibiting bright personality traits, such as conscientiousness and honesty–humility, are more likely to encourage transparency, ethical leadership, and effective board oversight. They generally support independent monitoring, robust internal controls, and accountability mechanisms that promote long-term organizational success.

In contrast, executives possessing dark personality traits, including narcissism, Machiavellianism, psychopathy, and excessive overconfidence, may seek greater managerial discretion by weakening governance structures, limiting board independence, or reducing the effectiveness of monitoring mechanisms. Such behaviours can increase agency conflicts and reduce organizational accountability. Therefore, executive personality is expected to influence the effectiveness of corporate governance mechanisms.

Corporate Governance Mechanisms and Management Accounting and Control Systems

Corporate governance mechanisms play a critical role in ensuring that management accounting information is reliable, transparent, and aligned with organizational objectives. Effective governance structures—including independent boards, active audit committees, sound internal control systems, and appropriate executive compensation policies—strengthen organizational oversight and encourage the adoption of effective budgeting systems, performance measurement frameworks, strategic planning processes, and internal controls.

From the perspective of Agency Theory, governance mechanisms reduce managerial opportunism by enhancing accountability and monitoring executive actions (Jensen & Meckling, 1976). Consequently, organizations with stronger governance mechanisms are more likely to develop Management Accounting and Control Systems that support accurate reporting, responsible resource allocation, and effective organizational control.

Executive Personality and Management Accounting and Control Systems

Executive personality also exerts a direct influence on the design and use of MACS. Personality traits shape managerial preferences regarding budgeting, performance evaluation, cost control, and strategic planning. Executives characterized by conscientiousness, openness to experience, and honesty–humility are generally associated with participative budgeting, transparent reporting, balanced performance measurement, and disciplined use of management controls.

Conversely, executives exhibiting narcissism, Machiavellianism, psychopathy, or overconfidence may favour greater managerial discretion, aggressive performance targets, or less transparent control practices. Such tendencies may encourage budgetary slack, manipulation of performance indicators, weakened internal

controls, or excessive organizational risk-taking. Therefore, executive personality is expected to influence both the design and the utilization of Management Accounting and Control Systems.

The Mediating Role of Corporate Governance Mechanisms

The central argument of this paper is that corporate governance mechanisms mediate the relationship between executive personality and Management Accounting and Control Systems. Although executive personality influences managerial decisions, its impact on organizational control systems is not exercised in isolation. Governance mechanisms determine the extent to which executive preferences can shape budgeting practices, performance measurement systems, internal controls, and strategic planning processes.

Strong governance mechanisms are expected to constrain the negative consequences of dark personality traits by strengthening board oversight, audit committee effectiveness, and internal accountability. At the same time, effective governance may reinforce the positive influence of bright personality traits by promoting transparency, ethical leadership, and disciplined management practices. Accordingly, corporate governance functions as an institutional mechanism through which executive personality influences the design and effectiveness of MACS.

Justification for the Mediation Model and Alternative Relationships

The choice to model corporate governance as a mediating mechanism, rather than as a moderator or as part of a purely reciprocal relationship, reflects the theoretical logic of the two behavioural and institutional theories integrated in this framework. Mediation implies a sequential causal pathway in which executive personality first shapes governance practices, which in turn shape MACS. This sequencing is consistent with Upper Echelons Theory's premise that executives' psychological characteristics are relatively stable, antecedent dispositions that precede and shape organizational structures and processes — including the governance arrangements that executives themselves influence through board appointments, compensation design, and oversight practices (Hambrick & Mason, 1984). Agency Theory reinforces this sequencing by positioning governance mechanisms as the institutional apparatus that monitors and channels managerial behaviour once it is exercised, rather than as a pre-existing constraint on personality itself. Corporate governance is therefore treated as the mechanism through which executive personality is translated into MACS design and use, rather than as an independent force that merely conditions a direct personality–MACS relationship.

Nevertheless, alternative theoretical relationships remain plausible and are acknowledged here as important boundary conditions. A moderation model, in which governance strength conditions the effect of executive personality on MACS without personality first altering governance itself, is equally defensible in organizations where governance structures are largely exogenous to any single executive — for example, when a newly appointed executive enters a firm with an already-established board and audit committee. Under this alternative, governance would not be shaped by personality but would instead determine how much discretion personality-driven preferences can exercise over MACS. A reciprocal or bidirectional relationship is also conceivable over time: governance mechanisms may initially constrain executive discretion, but executives with extended tenure may gradually reshape board composition, compensation committees, and internal control arrangements, thereby altering the very governance mechanisms that once constrained them. Executive tenure and organizational context may therefore determine whether mediation, moderation, or reciprocal causation best describes the relationship in a given setting. The mediation model proposed in this paper is presented as the primary mechanism warranted by the integration of Upper Echelons and Agency Theory, while moderation and reciprocal alternatives are identified as testable boundary conditions for future empirical research (see Section 9).

Conceptual Framework

The proposed framework provides a theoretical explanation of how executive personality influences management accounting practices through corporate governance mechanisms. It extends behavioural management accounting research by integrating executive psychology, governance, and organizational control

systems within a unified framework and establishes the basis for the research propositions developed in the following section.

Figure 1

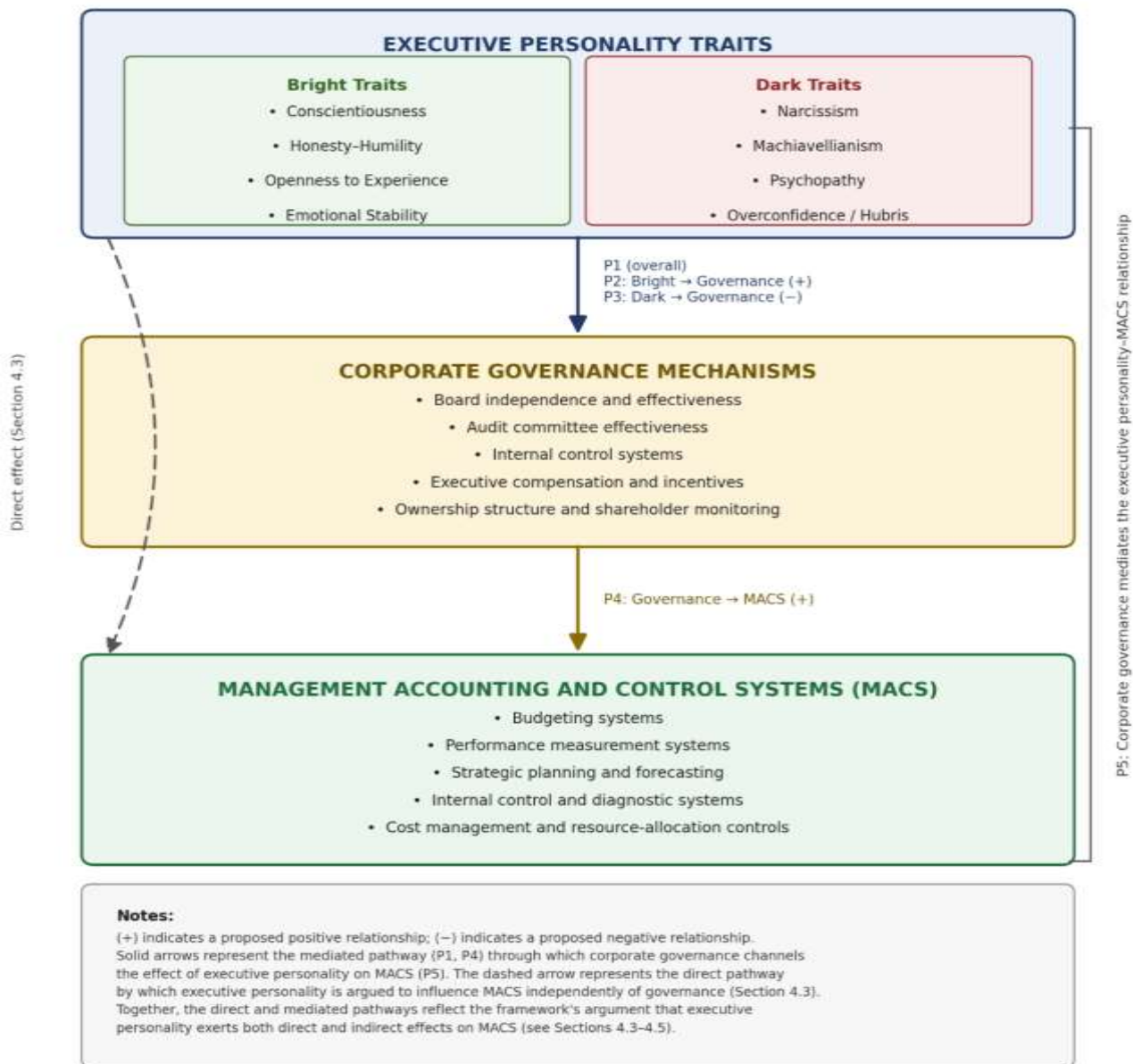


Figure 1 Conceptual framework

Conceptual framework linking executive personality, corporate governance mechanisms, and Management Accounting and Control Systems (MACS), showing the mediated pathway (P1, P4, P5), the direct pathway (Section 4.3), and the trait-specific effects (P2, P3).

Research Propositions

The proposed conceptual framework suggests that executive personality influences the design and use of MACS both directly and indirectly through corporate governance mechanisms. Based on the theoretical foundations and literature synthesis presented earlier, the following propositions are developed to guide future empirical research.



Executive Personality and Corporate Governance Mechanisms

The literature suggests that executives' personality traits influence their leadership style, ethical orientation, and decision-making, which in turn affect governance practices. Executives exhibiting ethical and responsible behaviour are more likely to support effective governance mechanisms, whereas executives displaying self-serving or manipulative tendencies may weaken governance structures.

Proposition 1 (P1): Executive personality traits significantly influence the effectiveness of corporate governance mechanisms

Bright Personality Traits and Corporate Governance

Bright personality traits, particularly conscientiousness and honesty–humility, are associated with ethical leadership, accountability, transparency, and stronger board relationships. These characteristics promote effective governance practices and reinforce organizational control.

Proposition 2 (P2): Bright executive personality traits are positively associated with stronger corporate governance mechanisms.

Dark Personality Traits and Corporate Governance

Dark personality traits, including narcissism, Machiavellianism, psychopathy, and excessive overconfidence, often encourage managerial opportunism, excessive risk-taking, and reduced transparency. These tendencies may weaken governance mechanisms and reduce organizational accountability.

Proposition 3 (P3): Dark executive personality traits are negatively associated with the effectiveness of corporate governance mechanisms.

Corporate Governance and MACS

Corporate governance mechanisms strengthen organizational oversight by promoting transparency, accountability, and effective monitoring. Strong governance is therefore expected to improve the design and implementation of Management Accounting and Control Systems.

Proposition 4 (P4): Effective corporate governance mechanisms positively influence the design and use of Management Accounting and Control Systems.

Mediating Role of Corporate Governance

The central argument of this paper is that corporate governance mechanisms explain how executive personality affects management accounting practices. Effective governance can reinforce the positive effects of bright personality traits while constraining the adverse effects of dark personality traits.

Proposition 5 (P5): Corporate governance mechanisms mediate the relationship between executive personality traits and the design and use of Management Accounting and Control Systems.

Table 1 summarizes the five propositions and links each directly to its primary theoretical basis.

Table 1. Summary of Research Propositions and Theoretical Basis

Proposition	Statement	Primary Theoretical Basis
P1	Executive personality traits significantly influence the effectiveness of corporate governance mechanisms.	Upper Echelons Theory
P2	Bright executive personality traits are positively associated with	Upper Echelons Theory;

	stronger corporate governance mechanisms.	Agency Theory
P3	Dark executive personality traits are negatively associated with the effectiveness of corporate governance mechanisms.	Upper Echelons Theory; Agency Theory
P4	Effective corporate governance mechanisms positively influence the design and use of Management Accounting and Control Systems.	Agency Theory; Contingency Theory
P5	Corporate governance mechanisms mediate the relationship between executive personality traits and the design and use of Management Accounting and Control Systems.	Integrated: Upper Echelons Theory + Agency Theory + Contingency Theory

DISCUSSION

The proposed conceptual framework provides a comprehensive explanation of how executive personality influences the design and use of MACS through the mediating role of corporate governance mechanisms. While previous studies have largely examined executive personality, corporate governance, and MACS as separate research streams, this paper integrates these constructs into a unified theoretical framework. The framework argues that management accounting practices are not determined solely by organizational structures or environmental contingencies but are also shaped by the behavioural characteristics of top executives and the effectiveness of governance mechanisms.

The framework suggests that executive personality has both direct and indirect implications for management accounting practices. Executives exhibiting bright personality traits, such as conscientiousness and honesty–humility, are more likely to support transparent budgeting, reliable performance measurement, ethical decision-making, and robust internal control systems. In contrast, executives with dark personality traits, including narcissism, Machiavellianism, psychopathy, and excessive overconfidence, may favour greater managerial discretion, aggressive risk-taking, and weaker control mechanisms. These behavioural tendencies can significantly influence how management accounting information is generated, interpreted, and used within organizations.

A key contribution of this paper is the integration of Upper Echelons Theory, Agency Theory, and Contingency Theory to explain the relationship between executive personality and MACS. Upper Echelons Theory provides the behavioural foundation by explaining that executives' personality traits, experiences, and values influence strategic and managerial decisions. Agency Theory complements this perspective by emphasizing the role of corporate governance mechanisms in monitoring executive behaviour, reducing agency conflicts, and promoting accountability. Contingency Theory further explains that the effectiveness of management accounting systems depends on organizational conditions and governance structures. By combining these theoretical perspectives, the proposed framework offers a richer understanding of how behavioural and structural factors jointly influence management accounting practices.

Another important contribution of this study is its extension of behavioural management accounting research. Traditional management accounting studies have primarily focused on technical and organizational determinants of control system design, such as organizational size, technology, strategy, and environmental uncertainty. In contrast, this paper highlights executive personality as an important behavioural determinant of MACS. By recognizing that accounting systems are designed and implemented by individuals whose decisions are influenced by their psychological characteristics, the framework broadens the scope of behavioural management accounting and encourages greater integration between accounting research and organizational psychology.

The framework also underscores the critical role of corporate governance mechanisms in translating executive behaviour into organizational practices. Governance mechanisms, including board independence, audit committee effectiveness, executive compensation policies, ownership structure, and internal control systems, provide institutional safeguards that influence managerial discretion. Effective governance mechanisms strengthen accountability, improve transparency, and encourage the disciplined application of budgeting,

performance measurement, and strategic control systems. Conversely, weak governance structures may permit dominant executive personalities to exercise excessive discretion, thereby increasing the likelihood of ineffective controls, biased decision-making, and opportunistic behaviour.

From a managerial perspective, the framework suggests that organizations should not view management accounting systems as purely technical tools but as behavioural systems influenced by leadership characteristics and governance quality. Boards of directors, audit committees, and senior management should therefore consider executive personality when designing governance arrangements and management control systems. Strengthening governance mechanisms can help mitigate the potential adverse effects of dark personality traits while reinforcing the positive influence of ethical and conscientious leadership on organizational control practices.

Overall, the proposed framework advances understanding of the behavioural foundations of Management Accounting and Control Systems by demonstrating that executive personality and corporate governance mechanisms jointly shape accounting practices. It provides a theoretical basis for future empirical research examining these relationships across different organizational settings and contributes to the growing literature at the intersection of strategic leadership, corporate governance, and behavioural management accounting.

Theoretical Contributions

This conceptual paper makes several important contributions to the literature on executive personality, corporate governance, and Management Accounting and Control Systems (MACS). By integrating insights from Upper Echelons Theory, Agency Theory, and Contingency Theory, the proposed framework offers a comprehensive explanation of how executive personality influences management accounting practices through corporate governance mechanisms.

First, the paper extends Upper Echelons Theory by applying it to the management accounting domain. Although Upper Echelons Theory has been widely used to explain strategic decision-making and organizational performance, its application to the design and use of Management Accounting and Control Systems has remained limited. This study broadens the scope of the theory by arguing that executives' personality traits influence not only strategic choices but also budgeting, performance measurement, internal controls, and other management accounting practices. In doing so, the paper demonstrates that accounting systems are behavioural outcomes shaped by executive characteristics rather than merely technical or structural arrangements.

Second, this study contributes to the corporate governance literature by conceptualizing governance mechanisms as an institutional pathway linking executive personality and MACS. Previous research has primarily examined corporate governance as a monitoring or compliance mechanism that reduces agency conflicts and protects shareholders' interests. The present framework extends this perspective by proposing that governance mechanisms also influence how executive behavioural characteristics are translated into management accounting practices. Accordingly, corporate governance is viewed not only as a system of oversight but also as an important organizational mechanism that shapes the effectiveness of management control systems.

Third, the paper contributes to the behavioural management accounting literature by emphasizing the importance of executive psychology in the design and implementation of MACS. Traditional management accounting research has predominantly focused on structural determinants such as organizational size, technology, strategy, and environmental uncertainty. While these factors remain important, the proposed framework highlights executive personality as a behavioural determinant that complements existing contingency-based explanations. This perspective encourages greater integration between accounting research, organizational psychology, and strategic leadership.

Fourth, the study advances Contingency Theory by expanding the range of contingencies considered relevant to Management Accounting and Control Systems. Rather than limiting contingency factors to organizational and environmental characteristics, the framework proposes that executive personality and corporate

governance mechanisms should also be viewed as important behavioural and institutional contingencies that influence the effectiveness of MACS. This broader interpretation provides a more holistic understanding of why organizations with similar structural characteristics may adopt different management accounting practices.

Finally, the proposed framework offers a foundation for future empirical research by developing theoretically grounded propositions that can be tested across different organizational contexts. The framework encourages researchers to examine the combined influence of executive personality, governance mechanisms, and management accounting practices using diverse methodological approaches, including survey research, archival studies, and mixed-method designs. It also opens new avenues for investigating behavioural influences on budgeting, performance measurement, strategic planning, sustainability reporting, and organizational control.

Overall, this study advances the literature by integrating behavioural, governance, and management accounting perspectives into a unified conceptual framework. By explaining how executive personality and corporate governance mechanisms jointly shape Management Accounting and Control Systems, the paper provides a richer theoretical understanding of organizational control and offers a platform for future developments in behavioural management accounting research.

Practical Implications

The proposed conceptual framework offers several practical implications for organizations seeking to strengthen their Management Accounting and Control Systems (MACS) through effective leadership and governance practices. By demonstrating how executive personality and corporate governance mechanisms jointly influence management accounting practices, the framework provides valuable insights for boards of directors, senior executives, management accountants, investors, and policymakers.

First, the study highlights the importance of considering executive personality during leadership selection and succession planning. Boards of directors should recognize that executives' personality traits can significantly influence budgeting practices, performance measurement, strategic planning, and internal control systems. Assessing behavioural characteristics such as conscientiousness, honesty–humility, and ethical orientation alongside technical competence may support more effective leadership appointments and strengthen organizational decision-making.

Second, the framework underscores the critical role of corporate governance mechanisms in promoting effective management accounting practices. Organizations should strengthen board independence, enhance audit committee effectiveness, improve internal control systems, and design executive compensation policies that encourage accountability and long-term value creation. Robust governance mechanisms can reduce managerial opportunism, enhance transparency, and ensure that management accounting systems support organizational objectives rather than individual interests.

Third, the study provides important implications for management accountants and finance professionals. As key participants in budgeting, performance evaluation, and strategic planning, management accountants should recognize that accounting systems are influenced by behavioural factors as well as technical considerations. Designing accounting controls that promote transparency, encourage participation, and reduce opportunities for bias can improve the reliability and effectiveness of organizational decision-making.

The framework also has implications for investors and regulators. Investors increasingly evaluate organizations based on governance quality, ethical leadership, and sustainability performance. Understanding the relationship between executive personality, governance mechanisms, and MACS can improve assessments of organizational risk and long-term performance. Similarly, regulators may consider encouraging governance practices that strengthen accountability and internal control systems, thereby improving the quality of financial reporting and corporate oversight.

Finally, the proposed framework supports organizations in achieving sustainable organizational performance. Effective governance mechanisms, combined with well-designed Management Accounting and Control Systems, can strengthen accountability, improve resource allocation, enhance strategic decision-making, and foster ethical organizational behaviour. Consequently, organizations that integrate behavioural considerations into governance and management accounting practices are likely to be better positioned to achieve long-term financial success, stakeholder confidence, and sustainable value creation.

Future Research Directions

The proposed conceptual framework provides several opportunities for future research on the relationship between executive personality, corporate governance mechanisms, and MACS. As this study is conceptual in nature, empirical research is required to validate the proposed relationships and extend understanding of the behavioural factors influencing management accounting practices.

First, future studies should empirically examine the relationships proposed in this framework across different organizational contexts. Researchers may investigate whether bright personality traits, such as conscientiousness and honesty–humility, and dark personality traits, including narcissism, Machiavellianism, psychopathy, and overconfidence, influence the design and use of MACS through corporate governance mechanisms. Quantitative techniques such as Structural Equation Modelling (SEM) or Partial Least Squares Structural Equation Modelling (PLS-SEM) may be employed to test the proposed mediation relationships. In addition to testing the mediation model proposed here, researchers should empirically compare it against the alternative moderation and reciprocal specifications discussed in Section 4.5, for example by testing moderated-mediation models or by using longitudinal designs that allow the governance–personality relationship to vary with executive tenure.

Second, future research should explore these relationships across different organizational settings, including family-owned businesses, small and medium-sized enterprises (SMEs), multinational corporations, public sector organizations, and non-profit institutions. Governance structures and managerial discretion vary across organizational forms, and these differences may influence how executive personality affects management accounting practices.

Third, cross-country comparative studies would provide valuable insights into the influence of national governance systems, legal environments, and cultural contexts on the proposed relationships. Comparing developed and emerging economies may reveal how institutional differences shape the interaction between executive personality, governance mechanisms, and MACS.

Fourth, future studies could investigate additional personality characteristics beyond those considered in this paper. Traits such as locus of control, emotional intelligence, resilience, tolerance for ambiguity, ethical orientation, and moral character may provide further understanding of executive decision-making and its implications for management accounting and organizational control.

Fifth, researchers may extend the proposed framework by examining additional organizational outcomes influenced by MACS. Beyond financial performance, future studies could investigate innovation capability, organizational resilience, sustainability performance, Environmental, Social, and Governance (ESG) initiatives, Business Responsibility and Sustainability Reporting (BRSR), and long-term value creation. Such investigations would provide a broader understanding of how behavioural and governance factors contribute to sustainable organizational success.

Sixth, longitudinal research designs are recommended to examine how executive personality, governance mechanisms, and MACS evolve over time. Changes in executive leadership, board composition, and governance practices may alter the effectiveness of management accounting systems, making longitudinal studies particularly valuable for understanding dynamic organizational processes.

Finally, future research may adopt mixed-method approaches by combining archival data, survey methods, interviews, and case studies. Such approaches would provide richer insights into how executive personality

influences management accounting practices in real organizational settings while also validating the theoretical relationships proposed in this paper.

Overall, the proposed framework establishes a foundation for future behavioural management accounting research by encouraging interdisciplinary investigations that integrate strategic leadership, corporate governance, organizational behaviour, and management accounting. Empirical validation and theoretical refinement of the proposed relationships will contribute to a deeper understanding of the behavioural and institutional factors shaping Management Accounting and Control Systems.

CONCLUSION

This paper developed an integrative conceptual framework to explain how executive personality influences the design and use of Management Accounting and Control Systems (MACS) through the mediating role of corporate governance mechanisms. By drawing on Upper Echelons Theory, Agency Theory, and Contingency Theory, the study demonstrates that management accounting practices are shaped not only by organizational and environmental factors but also by the behavioural characteristics of top executives and the effectiveness of governance structures.

The proposed framework highlights that executive personality traits can significantly influence governance practices and, consequently, the effectiveness of budgeting, performance measurement, strategic planning, and internal control systems. Bright personality traits, such as conscientiousness and honesty–humility, are expected to promote ethical leadership, transparency, and stronger governance, whereas dark personality traits, including narcissism, Machiavellianism, psychopathy, and overconfidence, may increase managerial discretion and weaken organizational controls. Corporate governance mechanisms therefore play a crucial role in aligning executive behaviour with organizational objectives and strengthening the effectiveness of MACS.

This study contributes to the literature in several ways. It extends Upper Echelons Theory into the management accounting domain by demonstrating how executive personality influences accounting and control practices. It also broadens the behavioural management accounting literature by integrating insights from psychology, corporate governance, and management accounting within a single conceptual framework. Furthermore, it positions corporate governance mechanisms as a key institutional pathway linking executive behaviour and management accounting practices, thereby offering a more comprehensive understanding of organizational control.

The proposed framework provides a foundation for future empirical research examining the relationships among executive personality, corporate governance mechanisms, and MACS across diverse organizational settings. Testing the proposed propositions in different industries, organizational forms, and institutional contexts will enhance understanding of how behavioural and governance factors jointly influence management accounting practices and organizational performance.

In conclusion, effective Management Accounting and Control Systems cannot be understood solely through structural or technical perspectives. They are also shaped by the behavioural characteristics of organizational leaders and the governance mechanisms that guide and monitor managerial decision-making. Integrating these perspectives advances behavioural management accounting research and offers valuable insights for organizations seeking to strengthen accountability, improve decision-making, and achieve sustainable long-term performance.

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