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Editorial

Control Measurement and Ethical Behavior the theory of the firm based on the classical standard economic

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Control Measurement and Ethical Behaviour the theory of the firm based on the classical standard economic model proposes value maximization as an objective because, under some assumptions, this decision rule results in a socially efficient outcome. However, in practice, the basic assumptions often do not hold. Apart from other considerations, under the premise that "maximizing value goes first" one could manipulate accounting if necessary. This often leads to poor decisions and to unethical behaviour. We suggest that to prevent this from happening, firms must have a strong sense of both internal and external mission, attempting to satisfy the respective real needs of employees and customers while not harming other stakeholders, making decisions in accordance with these two missions and integrating ethics into any management decision. In the context of management control systems, and more specifically in performance evaluation the establishment of incentive systems typically 'hangs' from performance measures. The root of many misbehaviours is that organizational objectives cannot be entirely quantified; and while it is true that a 'bad' measure is better than nothing (if properly used), a bad measure poorly used may be much worse than nothing. If people are pushed only in the direction of quantifiable goals though 'strong' incentive systems that reward the quantitative results, it is very likely that they will not pursue the 'real' objectives of the firm, but seek to maximize the thing measured instead, which may well be, at the same time, both unprofessional and unethical.

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