THE IMPACT OF CENTRALIZATION OF DECISION MAKING ON MANAGERIAL PERFORMANCE: EVIDENCE FROM JORDANIAN HIGHER EDUCATION

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ABSTRACT
This research investigates the impact of budget participation level on managerial performance. Operational managers are presumed to have different perceptions about managerial performance in universities that centralize budget decisions and in those which decentralize budget decisions. Managerial performance is measured using modified items from Mahoney et al. (1965). This research draws on relevant prior studies in management accounting, particularly on budget issues, formulate the research questions and implement the survey method (with seventy-seven functional managers in five private Jordanian universities) in an attempt to shed light on the perceptions of proposed level of budget participants. For the current study, the unit of analysis was the department (faculty, academic department, or administrative department), while the head of the department was the main source of data. The study employs Mann-Whitney to test the differences between the two groups and Kruskal-Wallis to test the differences between the three level of centralization. The findings show that there is a significant difference in the means of those who devolve the budgeting decision to the lowest level of management and those who do not.

KEY WORDS: Centralization, higher education institutions, Managerial performance.