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# The moderating effects of hierarchy and control systems on the relationship between budgetary participation and performance<sup>☆</sup>

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## Abstract

This study investigates the moderating effects that an organizational unit's hierarchical level and control systems have on the relationship between budgetary participation and performance. Using moderated regression analyses, we find a three-way interactive effect on performance between hierarchical levels, types of control systems, and budgetary participation. Further analyses reveal that at the high level of a hierarchy, budgetary participation has a positive relationship with performance and this relationship is stronger for organizational units that use output control than for those that use behavior control. By contrast, at the low level of a hierarchy, budgetary participation has a negative

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