



The Impact of Decentralization Dimensions on Subsidiaries Performance

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ABSTRACT

The main objective of this study is to examine the impact of the decentralization dimensions represented in (goals congruence, autonomy and information asymmetry) on subsidiaries performance. The results have showed that there is a statistically significant impact for both goals congruence and autonomy on subsidiaries performance, whereas there is no statistically significant impact for information asymmetry on subsidiaries performance. In the light of the results, some conclusions were drawn, most importantly is that the increased awareness of the managers in subsidiaries by creating a kind of consistency or integration between objectives. Autonomy is an important factor that influences on performance, pointing to the degree of managers' freedom in making managerial decisions. The exchange of information between the subsidiaries within the same group is not considered as a basic requirement for disclosure. Based on conclusions, the study recommends to increase coordination between the objectives of the Organization to create a kind of partnership in achieving the objectives, increase the degree of freedom of management at the lower levels in decision-making, and focus on the quality of information disclosure within the organization.

Keywords: Decentralization, Goals Congruence, Autonomy, Information Asymmetry, Subsidiary, Performance, Transfer Price

JEL Classifications: M10, M12, M40, M41

1. INTRODUCTION

Due to the large scale and size of projects in the light of the successive changes in the business environment, it has become difficult for senior management to take all decisions at different administrative levels, so it became necessary to achieve a degree of decentralization through the delegation of authorities to the lower administrative levels and determination of their responsibilities. This will achieve a certain kind paying attention decision-making and problem-solving within organizational subunits.

It can be said that managers can make decisions at all levels of organization whether upper or lower levels, but that does not preclude delegating decision-making at the subunit level (Hallin, 2016). Consequently, decentralization is reflected in the freedom of management at the lower levels of organization to make decisions that appear to be relevant to the organizational subunits, as they are more knowledgeable and informed about

the information that enables them to make the best decision (Franklin and Myars, 2016).

This leads to increased focus and attention of subunit managers on a specific range of activities, achieving a degree of creativity, flexibility and speed in decision making. Therefore, each manager is responsible for the performance of the unit, especially what is related to cost items which could be influenced by the manager's decisions so as to subject it to his control (Sacchi and Salotti, 2014).

In turn, expansion of the business has led to the emergence of a large number of decisions at different levels of management, which led to the difficulty of coordination at top management level. It is well-known that subunit managers often have more information about their departments, making them more responsive and faster in decision-making and more efficiently (Faguet, 2014). Consequently, granting manager sat lower levels more freedom to make decisions, thus increasing the focus of senior management

on key issues, especially in areas related to strategic decisions at the organizational level as a whole (Vestlund, 2015).

Henceforth, decentralization through delegating authorities to lower management levels should clearly reflect the performance of the organization as a whole (Holtzman and Nagle, 2014). Despite the multiplicity of performance measurement tools, the transfer prices between the subsidiary units is one of the most important of these tools, especially performance (Ando, 2014). Through the appropriate way to choose the conversion rate, these units would be enabled to measure their performance clearly and to demonstrate the operational results separately for each unit, then to apply this through a sound accounting system that will achieve the objectives of the organization as a whole. (Uyar, 2014) indicated that transfer prices might apply to departments, divisions, subsidiaries, or affiliate business units.

In terms of transfer prices rates and their relation to the performance of companies under decentralization, although there are different internal pricing methods between these firms, the method of total costs or variable costs is not commensurate with the decentralized companies because they do not provide a clear basis for evaluating their performance (Jannesson et al., 2014). On the other hand, the market-based pricing method will achieve some degree of autonomy in decision making for the subunit and create a kind of competition, which will be effectively reflected on its performance, thus it is suitable for companies with the highest degree of decentralization and provide a clear basis for evaluating their performance (Franklin and Myers, 2016).

On the other hand, we find that there is an influential variable should be taken into consideration when choosing a decentralized system, namely the cost and benefit realized. Many organizations give great importance to the standard of cost and benefit realized when choosing any of their systems. Thus, the search in the content of the relationship between decentralization in decision-making as a system and the method of determining the exchange rate between the companies as a tool to measure performance at the lower administrative levels is substantially influenced by the standard of cost and benefit. Several studies have dealt with this aspect such as (Xiao et al., 2018) which addressed the benefits and costs of decentralization and their impact on pricing decisions while applying them to a particular case of supply chains. As well as (Faguet, 2014), which showed the benefits of decentralization in many countries and did not address the costs and benefits of information within the same organization whether it was available at the senior management level or lower levels of management.

In this area, administrative and accounting thought has produced many studies dealing with the issue of decentralization in terms of its different dimensions and areas of application as a result of changes in the modern business environment (Ecker, et al., 2013; Andersen, 2015; Hallin, 2016). These studies have dealt with the issue of decentralization in many aspects. Some of these studies focused only on decentralization in terms of their application both at the local and the state levels, or in various fields such as international trade, education, health and other fields (i.e., Vendes, 2016; Holtzman and Nagle, 2014; Engel et al., 2018).

In light of previous studies results, this study extends from the efforts made in the field of administrative and accounting thought is expected to shed light on the impact of the dimensions of decentralization (goals congruence, autonomy and information asymmetry) on subsidiary companies performance through transfer pricing.

The main objective of this study is to examine the impact of the decentralization dimensions represented in (goals congruence, autonomy and information asymmetry) on subsidiaries performance. Specifically, the objectives of this study are:

- To examine the goals congruence dimension on subsidiaries performance.
- To examine the information asymmetry dimension on subsidiaries performance.
- To examine the autonomy dimension on subsidiaries performance.

This paper is organized in the following manner: Section 1 provides the introduction of study, Section 2 provides the theoretical framework (literature review and development of hypotheses), Section 3 discusses on the methodology used in the study, and Section 4 provides a discussion on the results from analysis and conclusions.

2. THEORETICAL FRAMEWORK

2.1. Literature Review

The concept that the behaviour and the trends of the top management, depends on when designing systems related to adopting decentralization, with regard to performance by identifying the method transfer pricing between departments, subunits and subsidiaries within the organization, is affected to a great degree with the conceptual side due to its ability in identifying the purposes of directing concerns with things relevant to pricing decision making across the different managerial levels.

Thus, a decentralized organization is one where decision-making is not limited to a few senior managers, but should include managers at different managerial considering important operational decisions within their responsibilities (Chen et al., 2015). In this regard, distribution of the burden of decisions at various managerial levels would avoid senior management from many daily problems and thus be able to devote themselves to long-term planning and coordination of the Organization's efforts as a whole (Martins, 2017). Despite the multiplicity of areas of decentralization, but many of the research in this area has focused on the application in the public sector and various other areas, and somewhat overlooked application in the business environment of the private sector (Afonso and Huaptmeier, 2009; Alegre, 2010; Sacchi and Salotti, 2014; Persha and Anderson, 2014).

In this context, the (Yang et al., 2015) study showed that there was a significant impact on the decentralization of economic growth. However, this study did not elaborate on the role of other factors that may have an impact as different application environments on the one hand and dimensions of decentralization on the other side. Other studies focused on the relationship between decentralization

and the performance, and largely overlooked the dimensions of decentralization.

Baldenius et al. (2016) points out that decentralized organizations may face difficulty in evaluating performance, so senior management should coordinate events within the organization to achieve the organization's overall objectives, most notably the goal of maximizing profits. In order for the organization to assess performance, Ando (2014) believes that there is a way to measure how these units contribute to the achievement of the Organization's objectives as a whole by pricing the products exchanged by the affiliated companies and this method is called the transfer price. Horngren et al. (2014) defines the transfer price as the price one subunit (department or division) charge product or services supplied to another subunit for the same organization. As a result, the final product of any of these subunits is considered as raw material for the unit transferred to it and the revenue of the converted unit is counted as part of the cost of the unit transferred to it. Since revenue and costs are factors used to assess the performance of any unit within the Organization, the converted materials must be priced at a fair exchange rate for the parties, so that neither either party benefits at the expense of the other (Farhood, 2016).

Market-based transfer price method is considered the most common selection method, where the exchange rate is determined by market conditions of supply and demand, so the seller is free to sell to the outside market or subunits within the same organization, Rossing and Rohde (2014) point out that these method is an objective measure of performance, as it is an effective performance indicator. It is difficult to manipulate this price so that it benefits one party when calculating the profit at the expense of the other party (Taleb et al., 2017). Cost-based transfer pricing is also a common method, as the transfer price is determined by variable cost or total cost but often based on the total cost of the product, which also includes the costs of other functional areas. Precevic and Hadika (2017) noted that, in addition to being easy to quantify, Cost-based transfer pricing gives the sales department a motive to cover all costs incurred.

Another method is negotiated transfer price, these method is determined when the sub-organization unit is free to negotiate the transfer price between them, then the unit decides whether to sell or buy from the units within the organization or from the external market (Franklin and Myers, 2016). The cost data of the product can be used within the unit and the market price in determining the transfer price (Choi and Meek, 2011).

Yousif (2015) argues that transfer price help to allocate economic resources, to optimize departmental and departmental decisions, and to provide a fair and logical basis for evaluating performance and motivation towards achieving the objectives of each of the subsidiary units and the objectives of the organization as a whole. Thus, through transfer price, it is possible to achieve goal alignment that ensures the proper allocation of resources, as well as to enhance the autonomy of these units and to enable them to measure their performance (Borkowski and Gaffney, 2012; Rossing and Rohde, 2014).

Through the above, the dimensions that the organization can achieve are reflected in transfer price, where senior management can assess the performance of the subsidiaries through the profits earned by each unit (Chu and Yange, 2012; (Kawai and Strange, 2013; Baldenius et al., 2016), by enabling management to coordinate between the objectives of its units, which contributes to the achievement of the promotion of goals congruence (Yamah, 2014; Xiao, et al., 2018). As well as the development and attainment of a high level of autonomy for subsidiary managers when making pricing decisions that reflect the performance of the organization as a whole (Jong et al., 2015; Vermeerbergen et al., 2016; Mbate, 2017). In addition to the ability of management to reduce information asymmetry so that this information is available to relevant parties within the organization, affecting the overall performance of the organization (Latridis, 2010; Artiach and Clarkson, 2011; Goktan, 2013; Frankline and Myers, 2016; Rodrigues and Goldi, 2017).

Transfer price is important concepts in cost accounting, they have not received sufficient attention, especially with regard to their impact on the performance of local companies with branches or sections that belong to the private sector, Since attention was focused on the effect of transfer prices on the performance of multinational companies (Vestlund, 2015; Stonciuviene and Uzкураite, 2015; Vendes, 2016), and on tax aspects (Frankline and Myers, 2016; Martins, 2017).

In terms of performance evaluation, transfer pricing are a fair and logical basis for evaluating performance as they affect the profitability of each subsidiary, they affect the profitability of the buyer by influencing the costs, and affect the profitability of the selling party through its impact on its revenue. However, Abdalsatar (2015) questioned the credibility of the subsidiaries' profits and their role in evaluating the performance, as transfer prices provide data on buyer's costs and revenue data of the selling party through the asymmetry of information, the whole matter is built on a rational and fair basis, so that profit alone does not affect the profits of the remaining units and their performance.

Based on the sides and dimensions discussed in the previous studies, one could find that to a certain extent, they did not allocate enough space to study the dimensions that are considered practically effective variables in the determination of transfer pricing that are compatibility of objectives (goals congruence, autonomy and information asymmetry).

As a result, what distinguishes this study is it has a clearer picture of the benefits of research in the impact of decentralization dimensions in determining the transfer price, which should lead managers at higher administrative levels towards enabling subunit managers to making optimal decisions. On the other hand, this study seeks to achieve the objectives of measuring performance through the mechanism of transfer pricing, which achieve a balance between the goals congruence, autonomy and information asymmetry, that reflected on the performance of the organization as a whole.

2.2. Development of Hypotheses

2.3. Goals congruence and subsidiaries performance

Transfer price is one of the most important factors for performance measurement in decentralization (Rossing and Rohde, 2014). The transfer price is the price borne by a sub organization unit of another regulatory unit within the same organization in exchange for the goods and services provided to it, this price represents revenue for the first unit and cost for the second unit to which it was transferred. In order to achieve the organization's objectives, it needs to achieve a kind of congruence or integration between the multiple and overlapping objectives of the organization and its subunits. This requires a situation in which all administrative levels of the organization share to achieve the overall objectives of the organization by measuring its performance (Dutta and Reichelstein, 2010). So, goals congruence is achieved when a manager of an organizational subunit seeks to achieve its objectives, and it behaves in a manner that achieves organizational objectives determined by the management (Datar and Rajan, 2018).

In this regard, the results of the Ali and Abdelfettah (2016) study indicate that there is a gap due to the inaccuracy in choosing the appropriate method for determining the transfer price between the organizational subunits. The use of one transfer price for various purposes as the cost-based exchange rate would lead to goals congruence for long-term decisions and this would not be achieved for short-term decisions. It should be noted that the images of congruence between objectives are clearly reflected in the transfer prices between the subunits. Lubogoyi et al. (2018) explained that the congruence of the objectives achieved through the joint responsibility of all administrative levels in the organization would contribute to the achievement of the objectives Interests and creates a kind of strategic alignment. Ding et al. (2017) focused on the measurement aspect of the goals congruence, since from the empirical point of view it is possible to verify the existence or lack of congruence of objectives by providing a measure that can measure the degree of congruence between objectives.

In terms of practical application, Yousif (2015) argues that there is some kind of conflict between the objective coordination criterion and the autonomy criterion, since the first criterion obliges the sub-unit to forgo some of its gains to other sub-units if that is detrimental to the interests of the Organization as a whole. As for autonomy criterion, the results of Trang (2016) study showed that pressure on the sub-unit in order to meet the objectives of the organization can only be achieved by relinquishing some of its own objectives which negatively affect its performance. However, Yamah (2014) study showed that, despite the discrepancy in performance measurement that may appear between autonomy and congruence, the organization as a whole would achieve its objectives more effectively if the objectives of the sub-units were consistent.

Investigation of previous studies it could be found that most of them have agreed on the importance of the goals congruence between parts of the organization, but many of these studies did not address the impact of the congruence of objectives in determining transfer price as a tool in effective performance. Therefore, this study expects that goals congruence has a significant impact as

one of decentralization dimensions on performance. Consequently, the following hypothesis could be formulated:

H01: There is no statistical significant impact at $\alpha \leq 0.05$ for goals congruence dimension on subsidiaries performance.

2.4. Information asymmetry and subsidiaries performance

Top management can take all decisions at all managerial levels in organization, but asymmetry of information is one of the main reasons for enabling lower managerial levels to make decisions about their units (Datar and Rajan, 2018). The information asymmetry is shown when the organizational sub-unit has more and better information about the factors that pertain to daily operating conditions within the unit and is not equally available to top management, in this case, Mbate (2017) believes that the optimal decision is to delegate these departments to take decisions since they are more informed about the aspects of their activities and are more informed about the information about decisions that affect their performance. With regard to information asymmetry, Goktan, (2013) has pointed to the role of exchange pricing and its contribution to motivation towards achieving the goals at different levels, thus contributing to the achievement of the objectives of the Organization as a whole. Frankline and Mayers (2016) noted that transfer price is considered as revenue for sales units and costs for purchasing units, so these prices affect their respective profits, since profit is one of the most important pillars for evaluating performance.

Moradi et al. (2013) indicated that the problem of information asymmetry arises because of the uniqueness of a party with information that is not available to the rest of the relevant parties within the organization, which leads to the preference of personal interest rather than general interest of the organization. (Sacchi and Salotti, 2014; Michalski et al., 2016) showed that asymmetry of information emerges with decentralization, causing the majority of users of accounting information to be unable to obtain the information they need. Farhoodi (2016) attributed the problem of information asymmetry to several internal factors the desire of the administration to maximize its own interests, enhancing the competitive value of the organization by increasing profits, and external factors that arise through inadequate regulations and laws and non-compliance with professional standards of conduct. Several studies have suggested some solutions to the problem of information asymmetry, Ali and Abdelfettah (2016) have shown a positive relationship between degree of disclosure and asymmetry of information, and found that the quality of information disclosure within the organization is one of the ways to reduce Information asymmetry.

Based on the above, asymmetry of information would lead to inconsistencies and in coordination between the objectives of the organization as a whole and the objectives of the subsidiaries. Although most studies agreed on the relationship between information asymmetry and organization performance, and proposed to solve the problem of asymmetry through disclosure, but did not address many other aspects such as internal control, as well as the role of other parties involved in determining the amount of information asymmetry.

The present study predicts that the information asymmetry as a dimension of decentralization will have a significant impact on the subsidiary performance. This could be formulated by the following hypothesis:

H02: There is no statistical significant impact at $\alpha \leq 0.05$ for information asymmetry dimension on Subsidiaries performance.

2.5. Autonomy and subsidiary performance

Several studies have dealt with the issue of decentralization and its reflection on the degree of autonomy of the organizational subunit and its freedom to make decisions, especially decisions regarding the determination of the transfer pricing (Augus and Yang, 2011; Olum, 2014; Yamah, 2014; Andersen, 2015). In this context, the present study will deal with decentralization in several aspects, including the relationship of decentralization to autonomy and the reflection on the performance of the subsidiaries within the organization and the performance of the organization as a whole.

It can be said that the essence of decentralization is related to the degree of freedom of management at the lower levels of organization in decision-making from autonomy perspective. This is achieved through the development and achievement of a high level of autonomy of organizational subunit (Horngren et al., 2014). The results of the Schuster and Klarke (2010) indicate that decentralized organizations should provide sub-units with sufficient autonomy for making decisions. The image of autonomy is largely demonstrated by the use of transfer prices among sub-units as an instrument through which autonomy can be achieved (Jong et al., 2015). For example, the use of the market-based exchange rate comes through the autonomy of the organizational sub-unit in determining the price on negotiable basis as if it were an independent profit-making company. This applies to price determination on a negotiable basis, since the manager's independence can increase his bargaining power (Abdalsatar, 2015). Whereas the results of the study of Szalavetz (2015) indicated that the autonomy of the manager in decision-making does not apply to the above, when determining the exchange rate on a cost basis, which is mandatory to some extent to adhere with cost whether standard cost or actual cost, This commitment negatively affects performance.

In contrast, Vermeerbergen et al. (2016) pointed out that it is not necessarily to link between decentralization and the criterion of autonomy, depending on the results of his study, which indicate that there is a small but influential impact of decentralization on autonomy, this is contrary to the findings of most studies. Rossing and Rohde (2014) note that other factors influence the degree of autonomy in determining transfer prices such as resource allocation and overlap of activities as well as the performance factor of each sub-unit. These results were consistent with Gammelggard et al. (2012) indicating that the degree of independence reflected on the performance of the sub-units. In contrast, Esser and Olsen (2012) pointed out that although autonomy may increase the performance of subunits, this does not necessarily have to be reflected in the performance of other subunits, since the decision of a subunit manager may not affect the decision of another unit's manager and thus on its performance.

Despite the differences and agreement of views expressed in the previous studies regarding the criterion of autonomy and its reflection on the performance of these units. It is necessary to discuss different opinions, taking into consideration the aspects that were presented previously. Therefore, the present study expects that there will be a significant impact on the criterion of autonomy of the sub-unit as one of the criteria of decentralization by determining exchange rate, which clearly reflects the performance of these units. From this point of view, the following hypothesis can be formulated:

H03: There is no statistical significant impact at $\alpha \leq 0.05$ for autonomy dimension on Subsidiaries performance.

Based on the above discussion, Figure 1 shows the theoretical model proposed by the hypotheses of the study, this model was developed through the guidance of many studies that were produced by the administrative and accounting thought, the dimensions of decentralization were reflected in the goals congruence, autonomy and information asymmetry on performance of subsidiaries.

3. METHODOLOGY

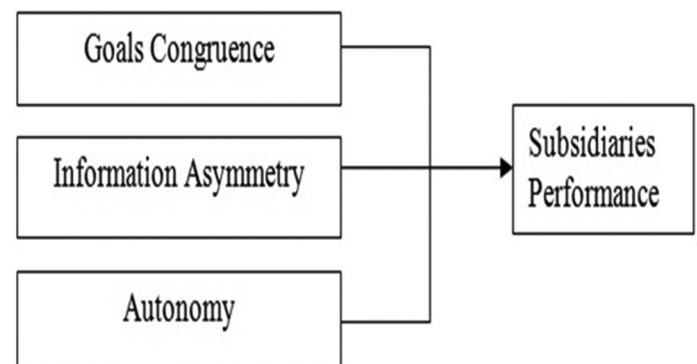
3.1. Method and Procedures

The descriptive approach was used to describe the responses and evaluations of the sampling units on the level of interest of managers in the dimensions of decentralization and the subsidiaries performance included in the study. The analytical method was used to measure the impact of decentralization dimensions (goals congruence, information asymmetry and autonomy) on the subsidiaries performance of a set of Manaseer Group in Jordan.

3.2. Population and sample of the study

The study population consists of the Manaseer Group, a specialized group operating in related fields in Jordan, which includes 18 subsidiary companies (corporation and limited liability). The researcher drew a random sample of employees at the level of executive and supervisory management (General Manager, Financial Manager, Factory Manager, Production Manager, Sales Manager, Purchases, Marketing Manager, Operation Manager, and Control Manager). The total number of the population equals 140 managers, 50% were selected so the sample size consisted of 70 managers.

Figure 1: Theoretical framework of the research



The researchers distributed 70 questionnaires to all sample units, the restored were 58 questionnaires with a percentage of 82.8% of the distributed questionnaires. When the restored questionnaires were examined, it was found that 9 questionnaires were in appropriate for statistical analysis, so the total number of the viable questionnaires for analysis equals 49 with a percentage of (84.5%) of the distributed questionnaires.

3.3. The stages of developing the study tool

After defining the objectives, questions and hypotheses of the study, the questionnaires were developed and formulated to reflect the model of the study. The final form of the questionnaire included the following parts:

3.4. Goals congruence

It includes the following dimensions: clarity of the objectives of the organization, definition of the objectives of the subunit, coordination of objectives, participation of objectives, conflict of objectives, achievement of objectives of the Organization through the objectives of sub-units, priority of achieving objectives and integration of objectives. These items were selected based on the studies of (Yamah, 2014; Yang, 2015; Xiao, et al., 2018; Lubogoyi et al., 2018).

3.5. Information asymmetry

It includes the following dimensions: Availability of information within the organizational unit, exchange of information between organizational units, disclosure of information, retention of important information, access to information, availability of information regarding transfer prices, coordination between units, quality of information and degree of information influence on the decision. These items were selected based on the studies of (Artiach and Clarkson, 2011; Goktan, 2013; Szalavetz, 2015; Frankline and Mayers, 2016; Rodrigues and Goldi, 2017).

3.6. Autonomy

This dimension includes the following: freedom of decision making, level of autonomy of the unit, independence in setting transfer prices, overlap of activities, independence in achieving the specific objectives, option to sell to the external market, the organization’s interference in the options of the subsidiary and favoring the organization more than its subsidiary. These items were selected based on the studies of (Yamah, 2014; Olum, 2014; Abdalstar, 2015; Szalavetz, 2015; and Vermeerbergen et al., 2016).

3.7. Performance

This dimension includes the following: profitability as a performance indicator, exchange rate as an objective measure of performance, transfer prices based on selling price, total cost basis, exchange based on variable cost, negotiating price basis, selling to the external market, focus on the benefit of the unit, concern about the performance of subsidiaries. These items were selected based on the studies of (Chu and Yange, 2012; Ando, 2014; Rossing and Rohde, 2014; Yousif, 2015; Precevic and Hadika, 2017).

The five-level Likert scale is chosen because it is the most widely used measure because it is easily understood and balanced. The

individuals of the sample refers to the extent to which they agree on each item according to the scale.

3.8. Validity and reliability

The validity of the study instrument was verified by presenting it to a group of 11 experts and arbitrators who are specialized in administrative sciences, statistics, measurement and evaluation. This increases the accuracy and the objectivity of the instrument by verifying the degree of relevance of the wording of the items and their relevance to the variables of the study. The questionnaire has been modified to be designed in its final form.

To verify the reliability of the questionnaire, Cronbach’s Alpha equation was used to calculate the stability coefficients of the variables, which reached (71.5), This value is acceptable for this type of research.

3.9. Hypothesis testing

To test the hypotheses of the study, the stepwise regression method was used. Before performing the test, the absence of multicollinearity should be investigated between independent variables that represent the dimensions of decentralization.

From Table 1, It is clear that there is no multicollinearity between the dimensions of decentralization as the values are less than the critical value of the test. Therefore, the effect of decentralization dimensions on the performance of the group of companies Study.

Using Histogram and Normal Probability Plot, it is verified that the data follow normal distribution as shown in Figures 2 and 3.

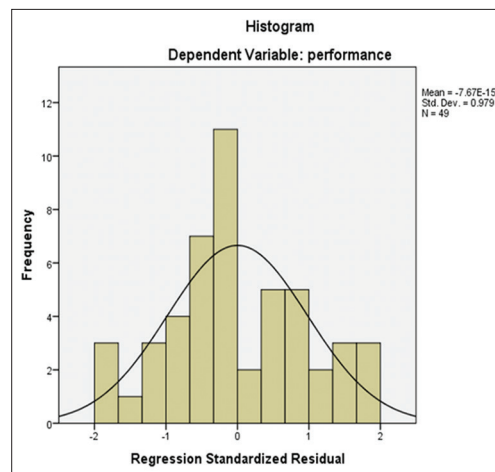
In light of the above and after ensuring that there is no linear overlap between the dimensions of decentralization and that the

Table 1: VIF Test Results to examine Multicollinearity between independent Coefficients^a

Model	Collinearity statistics	
	Tolerance	VIF
Congruence	0.719	1.390
Information asymmetry	0.867	1.034
Autonomy	0.709	1.410

a. Dependent variable: Performance

Figure 2: Histogram figure



data of the variables of the study follow normal distribution, it is possible to test the impact of the dimensions of decentralization (goals congruence, information asymmetry and autonomy) in subsidiaries performance.

The validity of the model should be verified, before proceeding as shown in Table 2.

It is clear from the results in Table 2 that the calculated value of F is equal to (18.512) that is greater than the tabulated value of F of (8.58) and the statistical significance equals (0.000). This indicates that the multiple linear regression model is valid, so there is an impact on the dimensions of decentralization in subsidiaries performance. In the light of the foregoing, the stepwise multiple linear regression method can be used to measure the impact of decentralization in performance.

A review of the data in Table (3) shows the following:

- From stepwise regression method Information asymmetry is excluded from the model due to the weak effect of this

Figure 3: Normal probability

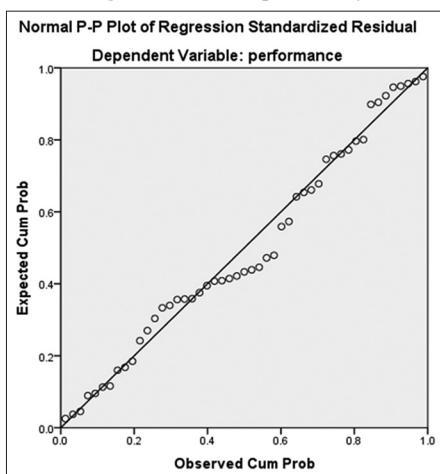


Table 2: ANOVA Test

Model	ANOVA				Significant
	Sum of squares	df	Mean square	F	
Regression	2.548	3	0.849	18.512	0.000 ^b
1 Residual	2.065	45	0.046		
Total	4.613	48			

a. Dependent variable: Performance, b. Predictors: (Constant), autonomy, asymmetry, congruence, F value at (3, 45) df, ($\alpha \leq 0.05$) = 8.58

Table 3: Coefficients of the regression model

Model	Coefficients			t	Sig.
	Unstandardized coefficients		Standardized coefficients		
	B	Standard error	Beta		
(Constant)	0.813	0.512		1.586	0.120
Congruence	0.518	0.116	0.528	4.446	0.000
Autonomy	0.354	0.141	0.298	2.510	0.016

a. Dependent variable: Performance

dimension on subsidiaries performance. This is supported by the value of the statistical significance sig (0.172) which is greater than the significance level at ($\alpha = 0.05$). Accordingly, we accept the null hypothesis (H_{02}), which states that information asymmetry has no statistically significant impact at ($\alpha 0.05$) on subsidiaries performance.

- The constant statistical significance of the regression coefficients B of the goals congruence dimension implies that this dimension has a statistical impact on subsidiaries performance since the sig (0.000) which is less than the significance level at ($\alpha = 0.05$), also the tabulated t (4.446), so one should reject the null hypothesis H_{01} and accept the alternative hypothesis which states the goals congruence dimension has a statistically significant impact on subsidiaries performance at ($\alpha \leq 0.05$).
- The constant statistical significance of the regression coefficients B of the autonomy dimension implies that this dimension has a statistical impact on subsidiaries performance since the sig (0.016) which is less than the significance level at ($\alpha = 0.05$), also the tabulated t (2.510), so one should reject the null hypothesis H_{03} and accept the alternative hypothesis which states the autonomy dimension has a statistically significant impact on subsidiaries performance at ($\alpha \leq 0.05$).
- The value of (R^2) which is equal (0.533) indicates that entering variables in the model that are goals congruence and autonomy interprets about (53.3%) of the variance in the subsidiaries performance, while the rest of the percentage which is equal to (46.7%) is attributed to other variables that is not mentioned in the regression model.
- The standard coefficients Beta calculated for goals congruence (0.528) and for autonomy (0.298) indicate that the concern of the managers with each of the previous dimensions with one standard deviation unit, will lead to increase their attitudes in promoting the performance of the mentioned companies with (52.8%) and (29.8%) respectively.
- The results of hypothesis testing showed that two dimensions of decentralization (goals congruence and autonomy) have a statistically significant impact in subsidiaries performance. The dimension of goals congruence has the most impact on performance compared to the rest of the dimensions. This is supported by the value of B (0.528). Henceforth the stepwise linear regression model of the study will be:

$$Y=0.813+0.518X_1+0.354X_2$$

Where:

- Y=Performance;
- X_1 =Goals Congruence;
- X_2 =Autonomy.

4. DISCUSSION AND CONCLUSION

- The results of hypothesis testing related to the study of the impact of decentralization on the subsidiaries performance of Al-Manaseer Group in general, showed that there is a statistically significant impact at ($\alpha \leq 0.05$) for both goals congruence and autonomy on subsidiaries performance of these companies. Whereas there is no statistically significant

impact at the same level for information asymmetry on subsidiaries performance.

- It is obvious from the preceding results, that the increased awareness of the managers in these companies of the need to achieve the objectives of the parent by creating a kind of consistency or integration between the multiple and overlapping objectives of the parent and subsidiaries, this could be made when there is a situation shared by all levels of management of the organization to achieve the objectives, which are determined by the management, through the managers in each subsidiary seeking to achieve their own objectives in a manner that does not conflict with the other subsidiaries in the same group.
- It was found that the dimension of goals congruence is the most influential on the performance of subsidiaries compared to the rest of the dimensions. This could be explained by the pursuit of these companies to achieve a kind of integration by increasing the degree of coordination between the goals of the group and the goals of each subsidiary, since they are specialized companies in a group of activities within a single business scope representing the core activity of the group as a whole.
- It was found that the dimension of autonomy is an important factor that influences the performance of subsidiaries, pointing to the degree of managers' freedom in making managerial decisions, this could be a result of promotion of sustained high level of subsidiary autonomy. In addition to this, the degree of autonomy enjoyed by the subsidiaries in selecting the transfer prices that suits the circumstances of each company, either selling to foreign market or to other subsidiaries at the market price or sale at a price that suits the circumstances of the transferring company, in a way reflected on its performance.
- The lack of tangible impact of the dimension of information asymmetry in the performance of subsidiaries, explains the fact that the exchange of information between the subsidiaries within the same group is not considered as a basic requirement for disclosure, especially information relating to transfer prices that are specific to each subsidiary, these companies find that the exchange of information between subsidiaries should be limited and within a certain range, so that it is reflected positively on the performance of the company that owns the information.
- In light of the above, it is clear that the dimensions of decentralization play a prominent role in the impact on the performance of subsidiaries in general, and results from the hypothesis testing show that these dimensions have a significant impact on the performance, and this impact varied in its interpreting power. Based on these results, it could be said that the validity of the study model to interpret the expected change in performance is accepted, since these results are subjected to theoretical determinants related to the dimensions of the variables of the study and to spatial determinants related to what presented by the sample of the study reflecting their level of interest in the idea of study.
- When comparing the results of hypothesis testing with the results of the previous studies, the present study showed that the goals congruence dimension is the most influential on performance, this result was agreed with the results

of (Lubogoyi, et al., 2018), which showed that the goals congruence would increase performance creating a kind of strategic balance. It also agreed with (Yamah, 2014) that the organization as a whole would achieve its objectives more effectively if the objectives of the sub-organizational units were consistent. However, it differed from the results of the study (Trang, 2016), which showed that the focus on achieving the goals of the Organization, can only be done when this unit leave some of its special objectives, which adversely affect the performance. On the other hand, the results of the current study showed that autonomy dimension comes in the second rank in terms of its impact on performance. These results were consistent with (Gammelggard et al., 2012), which indicated that the degree of autonomy is reflected in the performance of the sub-units. It also agreed with the results of the (Abdalsatar, 2015) study, which showed that organizations that are decentralized provide subsidiary with sufficient autonomy for the decision-making, where autonomy is demonstrated using prices, thereby enabling the ability to increase performance. However, it differed with the results of (Esser and Olsen, 2012), which showed that autonomy may increase the performance of sub-organization units, but this is not necessarily reflected in the performance of other sub-units. The decision of a sub-unit manager may not affect the decision of another unit manager, consequently on its performance. It also differed with the results of the study of (Szalavetz, 2015), where it showed that the autonomy of the manager in decision-making determines the exchange rate and being forced to some extent to meet the cost, whether actual or standard cost, which reflects negatively on the performance of this unit. Finally, the results of the current study showed that asymmetry of information has no impact on the performance of the sub-units and agreed with the results of the study of (Moradi et al., 2013) which showed that the problem of information asymmetry arises when one party monopolize information on the expense of other parties within the organization which lead to the preference of personal interest rather than the general interest of the organization. It also agreed with the results of the (Sacchi and Salotti, 2014), which showed that asymmetry of information, emerges with decentralization, so that most users of accounting information are unable to obtain the information they need. While the results differed with (Farhoodi, 2016), which showed that the problem of information asymmetry was attributed to several internal factors: The desire of the administration to maximize its own interests and to enhance the competitive value of the organization by increasing profits.

5. RECOMMENDATIONS

- To increase coordination between the objectives of the Organization as a whole and the objectives of the sub-units, and to create a kind of partnership in achieving the objectives at all managerial, and not to give preference to the personal interest at the expense of the general interest of the Organization.
- Achieving a high level of autonomy in such a way as to increase the actual performance of organizational units, by

increasing the degree of freedom of management at the lower levels of organization in decision-making.

- Increase the focus on the quality of information disclosure within the organization, which is one of the ways to minimize information asymmetry and to limit the monopolization of information by one party within the organization.
- Test the study hypotheses and its model in different sectors such as telecommunications, information technology, hotels, banks and others.

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