

Structure and Agency in Management Control Research: A Theoretical Integration

**Sujeewa Damayanthi
Tharusha Gooneratne**

Abstract

This paper attempts to provide a theoretical explanation on how management controls in an organization take shape amidst the pressure of external institutional forces such as coercive, normative and mimetic forces, and internal dynamics such as norms, rules, and taken-for-granted assumptions, as well as key actors' strategic behaviour. In doing so, the paper integrates Neo Institutional Sociology and Old Institutional Economics, and draws theoretical insights from the "strategic responses to institutional processes" of Oliver (1991). The paper argues that when external forces meet internal dynamics, a tension is created within an organization. The authors, drawing from Oliver (1991), further argue that key actors respond to mitigate this tension by way of acquiescence, compromise, avoidance, defiance, and manipulation, and that this holistic approach is reflected through management control practices in an organization. Thereby this paper suggests that organizations depict heterogeneity in their practices due to powerful, performance oriented actors. It highlights the need for formulating management controls by effectively balancing such opposing influences, as suited to the particular organizational circumstances amid the external institutional forces encountered.

Keywords: Management Controls, Old Institutional Economics, Neo Institutional Sociology, Strategic Responses to Institutional Process, Agency- Structure Debate.

Ms. Sujeewa Damayanthi is a Lecturer, Department of Accounting, Faculty of Management & Finance, University of Colombo. E-mail: sujeewa.dg@gmail.com

Dr. Tharusha Gooneratne is a Senior Lecturer, Department of Accounting, Faculty of Management and Finance, University of Colombo. E-mail: tharushang@yahoo.com