MANAGEMENT CONTROL
SYSTEMS IN ORGANIZATIONAL
AND SOCIAL CONTEXTS: A CASE
STUDY OF THE CEYLON
ELECTRICITY BOARD

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Thesis submitted to the University of Sri Jayewardenepura
for award of the Degree of Doctor of Philosophy

2015
ABSTRACT

The primary purpose of this study was to investigate, understand and interpret the ways in which a public sector organization designed, operated and used management control system (MCS) to cope with their day-to-day operations. The focus was on the broad macro (institutional) and micro (organizational) context of the systems that existed in the Sri Lankan public sector.

Drawing from new institutional sociology (NIS) perspectives, the study is to be designed to address how organizational actors and external institutional forces influenced the design, shape and use of formal MCS, in public sector organizations in a developing country. The study further aims to develop a new theoretical framework for understanding problems of MCS using the theory of cultural political sociology of Sri Lanka in conjunction with NIS. Methodologically, the study used a qualitative case study approach. Data were collected using numerous techniques including interviews with 98 people across hierarchical levels, study of organizational and web-based documents, and observation of practices.

This study creates significant contributions to the body of management accounting literature in a number of forms. First, this study contributes to the management accounting literature by providing evidence on how MCS functioned in the public sector. By using NIS, it demonstrates how NIS can make sense of organizational practices in their socio-political and institutional contexts. Second, through the lenses of NIS, this study shows how this theory can offer broader descriptions about the dynamics of control practices in the service sector. Third, this research study has some practical implications by describing some design and operation scenarios, events and incidents. Fourth, this study found how control systems are changed due to external pressures, actions of key players, and local organisational settings. Ultimately the findings of this research
study will be useful to practitioners, policymakers and consultants in developing countries in terms of effective execution of control practices and identification and rectification of any drawbacks in the process.
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