



MANAGEMENT CONTROL SYSTEM AND NIGERIAN FIRMS PERFORMANCE FROM INSTITUTIONAL THEORY PERSPECTIVE

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ABSTRACT

The paper intends to demonstrate how institutional problem among Nigeria firms led to the pervasive managerial weakness that hamper the performance of many firms. Many practices were found to be commonly adopted by Nigerian firms which were developed as a result of pressures from the business environment. This led to a weak Management control system (MCS) that could not be in congruence with the firms' strategic goals. These weak MCSs were copied by many Nigeria firms as such result in poor performance which many studies could not figure out thereby, leaving the area unexplored. Many studies tend to focus on poor performance from the contingency theoretical perspective thus, ignoring the impact of mimetic, coercive and normative isomorphism in the development MCS among Nigerian firms. Therefore, the study depicts a framework consisting of some crucial element of control adapted from Malmi and Brown (2008) MCS package; planning control, administrative control and cultural control which if empirically investigated would demonstrate the extent of its adoption by Nigerian firms and how they could trigger better performance. The poor use of these controls among firms portrays the presence of isomorphic pressures on the MCS practice. This suggest the need for more enlightenment of Nigerian managers on the need to adopt improved MCS practice as it would lead to reverse institutional changes, where isomorphic pressure would lead to the adoption of better MCS practice that could consequently lead to better firms performance. Though the paper is conceptual in nature thus, requires empirical research to address the pervasive firms' poor performance in the light of institutional theory.

Keywords: Management control system, institutional change, mimetic isomorphism.