Institutional entrepreneurship in the social construction of accounting control

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Abstract

The paper reviews the extant accounting and control structure change literature drawing upon Institutional theory in Sociology (ITS). The potential contribution of ITS is then extended by highlighting avenues less explored in the accounting research and then drawing a framework for understanding the process of social construction and institutionalization of the new organizational constructs. The theoretical framework emphasizes the field level study of the process that occurs before usual adoption and diffusion of new organizational constructs. The focus is on the non-isomorphic change, particularly the role of professionals and their networks as institutional entrepreneurs in the social construction of the field. The framework allows for a multi-level focus and for an explanation of the interplay between isomorphic and non-isomorphic change.

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* For the sake of simplicity ITS in this paper includes both old and new institutional sociology and latest developments in the field.
† Here organizational construct means organizational form as well as control structure
‡ We use the term field or field level or organizational field to mean the domains of organizations that in aggregate constitute a recognized area of institutional life, such as key suppliers, resource and product consumers, regulatory agencies and other organizations producing similar services and products (DiMaggio & Powell, 1983) or a community of organizations that interact frequently and fatefully with each other (Scott, 1995) or institutional logics or broad belief systems (Friedland and Alford, 1991).
1 Introduction

The aim of this paper is to develop a theoretical framework for understanding the process of social construction and institutionalization of ‘new’ organizational constructs by drawing upon institutional theory in sociology (ITS). For the purpose of doing this we review the accounting and control literature which used insights of ITS. An analysis of the literature reveals that there has been too much emphasis on adoption and diffusion of organizational constructs with little attention being paid to what happens before i.e. the process of social construction. This makes ITS similar to the rational choice perspective because both show the response of an organization or an actor to an established reality whether objective reality (rational choice) or social reality (contextualism—ITS) (Quattrone & Hopper, 2001). In this theoretical paper we focus attention on the process as well as the role played by the field level institutional entrepreneurs in social construction. We use the accounting literature and developments in ITS to make a framework for further studies in accounting. We suggest that this framework may be used to understand the process why and how some organizational constructs become constructed and institutionalized and others just fade away. Furthermore, we urge the study of non-isomorphic change preceding the usual adoption or adaptation and diffusion i.e. the isomorphic change, at both organization and field level. The framework is, of course, just to draw attention to another way of studying change and it in no way is a strict version of how change takes place. Further studies may contribute to refinement of ideas expressed in this paper.

To a large extent the development of a new construct takes place through the interplay between the organizational level and the level of the organizational field, where networks of organizations and professionals emerge and develop. Therefore, the framework to be developed here takes a multi-level focus. It takes both the organizational and the field level under scrutiny.

The paper adds to the body of knowledge in the area of accounting and control change. More specifically, it adds to our knowledge on control structure change that draws on various branches of institutional theory. It extends the potential contribution of institutional theory to the understanding of the emergence and development of new
organizational constructs incorporating certain control structures. The extension regards both the focus of the analysis and the role of agency. The main focus of institutional theory based research into control structure change so far has been on the level of the individual organization, without much explicit attention for the field of organizations the individual organization belongs to (with Dillard, Rigsby & Goodman, 2004 and Hopper & Major, 2007 as notable exceptions). Moreover, the accounting research drawing upon ITS paid much attention to an understanding of the conformity individual organizations show in adopting new constructs and structures, with hardly any attention for path creating / path changing individuals or organizations to whom we refer as institutional entrepreneurs. (See a latest issue on institutional entrepreneurs i.e. Garud, Hardy & Maguire, 2007).

Our theoretical framework allows for both a multi-level understanding and a prominent role for agency, particularly for the role of institutional entrepreneurs. Institutional entrepreneurs are skilled actors who use existing cultural and linguistic materials to narrate and theorize change so that other social groups in the field agree to cooperate in the change process (Greenwood, Suddaby & Hinings, 2002; Maguire, Hardy & Lawrence, 2004) and try to connect the new practices to stakeholders’ routines and values (Maguire et al., 2004). By exploring the concept of institutional entrepreneurship, we extend the analysis from the adoption of new control structures by individual organizations (and, from a field level perspective, the related diffusion across organizations) towards the construction of new control structures.

There is not one institutional theory, there are several branches. Extant research in control structure change has drawn on different branches. One distinction that can be made is the distinction between a branch of institutional economics and a branch of institutional sociology. A number of authors have discussed (changes in) control structures by using insights from transaction cost economics (TCE) - a branch of new institutional economics (NIE) (e.g; Van der Meer-Kooistra & Vosselman, 2000; Speklé, 2001; Vosselman, 2002; Covaleski, Dirsimth & Samuel, 2003; Dekker, 2004; Vosselman & Van der Meer-Kooistra, 2006; Vosselman & van der Meer-Kooistra, 2009). TCE-based explanations of changes in control structures are essentially explanations in terms of efficiency-seeking choice behavior by individual actors. So, TCE-based explanations emphasize agency.
Quite a number of other studies have drawn on institutional theory in sociology (that we will label as ITS). Many authors (for instance Covaleski & Dirsmith, 1988; Covaleski, Dirsmith & Michelman, 1993; Mezias, 1994; Abernethy & Chua, 1996; Caruthers, 1995; Malmi, 1999; Chua & Mahama, 2007; Dirsmith 2007; Dambrin, et al., 2007) have pointed towards the potentials of important notions and concepts in ITS to the understanding of accounting and control structure changes. ITS-based explanations of changes in control structures are essentially explanations in terms of legitimacy-seeking behaviour. So, ITS-based explanations emphasise conformity. This paper tries to explore the active role of organization(s) and other institutional entrepreneurs in the creation of an institution. By doing this we add to the stream of research which places accounting in its social and political milieu (Miller, 1994; Kaidonis, Moerman & Rudkin, 2009).

The remainder of the paper is organized as follows. Section 2 provides for a brief review of the extant contribution control structure research that drew insights of ITS. In section 3, the potential contribution of institutional theory in sociology (ITS) is extended by emphasizing a multi-level focus and by incorporating the concept of institutional entrepreneurship. Next section 4 discusses theoretical framework. Finally, section 5 contains conclusions, discussion and limitations.

2 Changes in control structures: extant contributions by institutional theory

Drawing on insights from ITS, this paper builds a theoretical framework for the understanding of the emergence and development of new organizational constructs. As was argued in the former section, the change of (management) control structures is an important feature of such a development. Therefore, as a starting point this section reviews relevant ITS based accounting and control contributions. We walk on review under three topics namely, legitimacy, decoupling, and institutionalization processes.

2.1 Legitimacy

There are two distinct branches of institutional theory that offer different explanations for observed control structures. Institutional economics [particularly TCE (Coase, 1937; Williamson, 1979, 1985, 1992, 2000)] offers explanations in terms of efficiency, whereas institutional theory in sociology, though not exclusively, offers explanations in terms of
legitimacy. Models that combine insights from transaction cost economics and institutional theory in sociology point to the interplay between efficiency and legitimacy. ITS suggests that organizations adopt new institutional designs in order to conform to societal or institutional requirements and, thus, to become legitimate. Legitimacy is ‘a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs, and definitions’ (Suchman, 1995, p.574). The legitimacy brings support by and acceptability in society. Since many organizations in a specific field or sector try to become legitimate, this results in isomorphism, that is, in similarity across several organizations. Isomorphism may be due to coercive (due to dependency, legislative requirements or cultural expectations in society), mimetic (copying the successful companies in situations of uncertainty) or normative mechanisms (pressures from professionalism) (DiMaggio and Powell, 1983, Powell & DiMaggio, 1991). These three types of isomorphism are associated with three pillars of ITS that constrain behavior, namely regulative, normative and cognitive pillars. The regulative pillar directs action through coercion and threat of formal sanction, the normative pillar supports action through norms of acceptability, morality and ethics, and the cognitive pillar guides action through the very categories and frames by which actors know and interpret their world (Scott 1995). However, more than one isomorphic pressure may be operating simultaneously, and potencies of institutional pressures may change over time as a result of constantly changing endogenous (e.g. key decision maker’s norms; values and unconscious conformity to traditions; motivation; competence and professionalism at the individual level; and shared belief systems, power and politics at the organizational level) and exogenous (e.g. regulatory pressures; public pressures; and professional norms and values at the organizational field level) factors (Carpenter & Feroz, 2001).

This is not to suggest that a decision guided by legitimacy considerations is non-rational (or the mimicry is without any logic). It is based on institutional rationality i.e. rationalized myths which refer to broader cultural beliefs and rules that structure cognition and guide decision making in the field (Meyer & Rowan, 1977; Lounsbury, 2008), as opposed to individual rationality as it is proclaimed in economics. The organizations that incorporate legitimated rationalized elements in their formal structures
maximize their legitimacy and increase their resources and survival capabilities (Meyer & Rowan, 1977, p.352).

Essentially, actor behavior is explained to be governed by external institutions and driven by a desire to increase the actor’s legitimacy (Van der Steen, 2006). Thus the tendency of different organizations to adopt a new organizational construct might be due to institutional isomorphism occurring through coercive, mimetic or normative mechanisms (DiMaggio and Powell, 1983). And such isomorphism does not necessarily mean a-rational mimesis (Lounsbury, 2008).

Critics have stated that TCE provides for an under-socialized account (it gives too little emphasis to social relations or embeddedness) whereas ITS provides for an over-socialized perspective (it pays too much attention to social relations or embeddedness) (Granovetter, 1985). Therefore, models that combine both institutional perspectives might have the potential to provide more balanced explanations. Moreover, it has also been claimed (DiMaggio & Powell, 1983; Tolbert & Zucker, 1983) that there is a tendency of early adoptions of organizational constructs to be driven by efficiency rather than legitimacy considerations. Such an institutional embeddedness of efficiency-seeking behavior is also paramount in a framework designed by Roberts and Greenwood (1997). They incorporate both efficiency and legitimacy aspects in the development of a Constraint Efficiency Framework for organizational design adoption. Roberts and Greenwood have connected elements from TCE and ITS and argue that organizations are efficiency seeking under cognitive and institutional constraints, as opposed to efficiency optimizing. Efficiency-seeking behavior is thus institutionally embedded. At least to some extent, organizations are embedded in both relational and institutionalized contexts and have to manage the demands of internal and boundary spanning relations as well as ceremonial demands of highly institutionalized environments (Meyer & Rowan, 1977).

However, this dichotomy between efficiency and legitimacy, or between the technical and the institutional, has been criticized by contemporary institutional scholars. For instance, Lounsbury argues that the technical considerations (efficiency considerations) are institutionally embedded (2008).

Previous studies of accounting (particularly management control change) emphasize the legitimacy along with traditional economics factors as the drivers of change (e.g;
Abernethy & Chua, 1996; Covaleski & Dirsmith, 1988; Granlund & Lukka, 1998; Modell, 2001; Granlund, 2001) and relate the diffusion of accounting innovations to different reasons including efficiency or fashion or legitimacy (mimetic isomorphism) or mix of these factors over a period of time (Malmi, 1999). Similarly the accounting research (drawing upon ITS) also indicates that both efficiency and legitimacy considerations might operate and that they need not be mutually exclusive (Hopper & Major, 2007). The institutional and market forces may not be dichotomous but rather complementary (Tsamenyi et al. 2006). In other words, legitimacy and efficiency may be intertwined (Hopper & Major, 2007). Moreover, the social and institutional may create or construct the economic and actors may draw on efficiency considerations as a means for attaining social legitimacy (Hopper & Major, 2007). Efficiency might be a social construct and what is perceived to be efficient might also be a product of socially constructed categories and institutionalized assumptions about the world (Dobbin, 1994; Suddaby & Greenwood, 2008). For instance, a construct is portrayed to be efficient but it may not be efficient for every organization / context.

2.2 Decoupling / Loose Coupling

Sometimes, there might be a (potential) conflict between the institutional and the technical, between the symbolic and the functional. The possibility of a conflict may be due to the fact that institutions exist at high levels of generalization, whereas business activities vary with specific, unstandardized and possible unique conditions (Meyer & Rowan, 1977). Another explanation of conflict may be that inconsistency may exist among institutionalized elements, because the institutional environment is pluralistic (Meyer & Rowan, 1977). When institutional and technical (functional) demands collide, it would be interesting to observe how organizations struggle to link the institutional to the technical, and how they link inconsistent ceremonial elements to each other. Does an isomorphic adoption of new organizational constructs and incorporated control structures actually change the internal operations or is it only a ritualistic or symbolic representation to the outside world or is it an in-between?
A situation where organizations adopt new organizational constructs in order to gain legitimacy without such a structure really becoming integrated with the internal operations is called *decoupling*. The in-between is called *loose coupling*.

Some accounting studies observed the decoupling in the implementation of management control systems adopted to satisfy institutional demands (e.g; Ansari & Euske, 1987; Carruthers, 1995; Fernandez-Revuelta Perez & Robson, 1999). For instance, Covaleski and Dirsmith (1983) point to the possibility of loose coupling between the institutional and the technical by arguing that *budgets* may be used to maintain external legitimacy by dramatizing rationality and efficiency. Similarly, the existence of a regulatory authority such as the Securities and Exchange Commission (SEC) may also depend on establishing legitimacy and the regulatory actions of the SEC may to a large extent have ceremonial application (Bealing Jr, 1994). However, the institutionalization of any management control system is not complete until it remains decoupled from day to day operations. Hence, a management control implemented for any reason can also influence the day to day operation and penetrate and change the internal operations to a certain extent (Covaleski & Dirsmith 1986). Collier’s (2001) field study into the financial management in the police force points to the possibility of a compromise between the institutional and the technical: the devolved budgets can satisfy both institutional and technical demands.

The devolution of budgets shifted the power which helped to reconcile the interests of those pursuing legitimating accountability with those who prioritized operational policing (Colier, 2001). Similarly the accounting may be used to display a commitment of technical rationality to external constituents but in fact it may involve political processes (Covaleski & Dirsmith, 1986, 1988). But, according to Covaleski & Dirsmith (1988), it is not only a one way process flow of structures from the institutional environment to the individual organization but also a reverse process i.e. structures may flow from an organization to the institutional environment. They (ibid) point out that the existence and persistence of societal expectation is also dependent on specific organizational practice and its reproduction. The societal values may not be reproduced by an individual organization and this may lead to alteration of societal values; if not it may result in non-receipt of continued support for a particular non-compliant organization. This insight is in fact an important input to our framework because it highlights that the control structure
may also flow from an individual organization to the field level. However, this study does not describe how this process of flow to the field takes place. We shall discuss this process in section 3 and 4.

Summing up, the review of decoupling / loose coupling phenomenon in accounting and control literature is that this is an organizational response to already established / available construct in the field. An interesting insight from the review of decoupling literature in accounting is that a new control structure can flow also flow from an organization to the field. However, no link has been explained between the construction of new control structure and the phenomenon of coupling / decoupling / loose coupling and such has process of construction has not been studied in the extant literature.

2.3 Institutional change processes

ITS does have the potential to explain change processes. In extant accounting literature, Covaleski et al., 1993, recall the paradox pointed out by DiMaggio (1988) that the term institutionalization can represent a process or an outcome. As a process, institutionalization is profoundly political and reflects the relative power of organized interests and actors who mobilize them, but as an outcome it is beyond the reach of interests and politics.

They (ibid) also highlight that the issue of institutionalization as a process within organizations (micro-level) remains relatively unexplored because the focus has been exclusively on the organizational field level. Related to institutionalization as a process there are three levels of social analysis namely the economic and political level, the organizational field level and the organizational level (Dillard et al., 2004). Both the processes and the context are important in understanding change (Dillard et al., 2004). The ‘processes’ are essential because they establish, transpose and decompose the institutional practices. The socio-economic and political ‘context’ is important because it constitutes the framework for understanding organizational processes. They (ibid) argue that an institutionalization process and institutional change may be better studied by connecting different levels of institutions (the socio-political level, the organization field level and the organizational level).
While Dillard et al., (2004) broaden the scope of the process analysis to the socio-political level and the organization field level, some researchers (e.g; Burns & Scapens, 2000; Siti-Nabiha & Scapens, 2005; Dambrin et al., 2007) zoom in on intra-organizational processes of change by treating management accounting systems and practices as organizational rules and routines. This does not mean however, that they ignore the importance of a broader (extra-organizational) institutional dimension. An important aspect of institutionalization processes at the level of the individual organization is strategic choice. The individual organizations may not simply bow to institutional expectations and pressures, but may resist and respond strategically. The reasons for resistance may be non-affiliation with professional associations, organizational imprinting and expected alteration in existing power relationship. Different strategic responses (acquiesce, compromise, defy, avoid or manipulate) to institutional pressure may exist (Oliver, 1991; Carpenter & Feroz 2001). Abernethy & Chua, 1996 have suggested a further research into the role of strategic choice and institutionalization at the level of the individual organization, along with the relationship between organizations’ technical and institutional environments (Abernethy & Chua, 1996). Institutionalization includes both implementation and internalization of new practices (Kostova & Roth, 2002). Therefore, the decoupling cannot remain intact in the institutionalization process. Moreover, the process of institutionalization is not so simple, systematic and linear (Quattrone & Hopper, 2001; Dambrin et al., 2007).

The change process at the level of the individual organization proves to be affected by both internal and external factors (Brignall & Modell, 2000; Collier, 2001; Modell, 2002; Tsamenyi, 2006). Greenwood & Hinings (1996) discuss old institutionalism (OI) and new institutionalism (NI) in sociology to understand the process of change. According to them, OI is about internal factors or intra-organizational dynamics (interests, values, power dependencies and capacity for action) at an individual organizational level which cause, stop or shape the process of change, while NI explains the external factors, at an organizational field level, affecting the change process. The change is the result of an interaction between these two i.e. contextual forces (NI) and intra-organizational dynamics (OI) (Greenwood and Hinings, 1996, Dillard et al., 2004) In this interaction
‘institutional entrepreneurship’ plays an important role (Garud et al., 2007). In a next section we will further elaborate on this concept.

To sum up, mostly the discussion of institutionalization process has been with reference to an individual organization’s adoption decision and effects of institutional environment with relatively little attention paid to role of both an organization and the field level actors in fuelling social construction and institutionalization of new control structures (organizational constructs) at the level of field. Such kind of individual organizations or field level actors (individuals as well as organizations) are the institutional entrepreneurs. Following section discusses the institutional entrepreneurship.

3. Extending institutional theory’s contribution: incorporating the concept of institutional entrepreneurship in a multi-level focus on control structure change

Established institutions are stable and persistent. They create path dependencies. However, institutions do change with the passage of time. The institutions change as a result of functional, political or social pressures (Dacin, Goodstein and Scott, 2002) The concept of institutional entrepreneurship is helpful in exploring how actors shape emerging institutions and transform existing ones despite the complexities and path dependencies that are involved (Garud et. al., 2007). These institutional entrepreneurs may be individuals or organizations (Maguire et al., 2004). Institutional entrepreneurs are skilled actors who use existing cultural and linguistic materials to narrate and theorize change so that other social groups in the field agree to cooperate in the change process (Greenwood et. al., 2002; Maguire et al, 2004) and try to connect the new practices to stakeholders’ routines and values (Maguire et al., 2004). Institutional entrepreneurs are the actors who have an interest in a particular institutional arrangement; they leverage resources to create new institutions or to transform existing ones (Maguire, et. al, 2004). Institutional entrepreneurs break with existing rules and practices associated with the dominant institutional logics and institutionalize alternative rules, practices or logics in which they are interested (Garud & Karnoe, 2001; Battilana, 2006). The alternative rule, practice or logic (and, in our case, the organizational construct) becomes institutionalized when it is shared and taken for granted across a wider field and the deviation from it is
sanctioned / requires appropriate justification. Institutional entrepreneurs may explore legitimacy and they may create institutions which are appropriate for them and which foster their interests. These agents, having resources, bring institutional change and they change the character of the institutions (Dacin et al., 2002). They are powerful actors who shape the change in a process that may be highly political. Sometimes, even less powerful actors may shape the institutional change, especially in emerging fields. This is for instance demonstrated by a study into HIV/AIDS treatment advocacy in Canada (Maguire et al., 2004).

The concept of ‘institutional entrepreneurship’ provides a ground for understanding why and how certain novel organizational forms emerge and become established over time. It reintroduces the concepts of agency, interests and power into the institutional analysis of organizations (Garud et al., 2007). Institutions are not only constraints, but also a platform for the entrepreneurial activities. Change is embedded in institutions, but is also the result of human and/or organizational agency.

Incorporating the concept of institutional entrepreneurship into the analysis encourages a multi-level focus. So far, most of the institutional studies into control structure change have focused on the adoption of control structures at the level of the individual organization. The inherent assumption is, that these structures are ‘available’ at field level and that, from the perspective of the field, they are diffused across organizations. However, before these structures can be diffused and adopted, they have to be designed and (socially) constructed. The design and construction takes place in the interplay between the level of the individual organization and the level of the organizational field. Though construction takes place before adoption and diffusion, every adoption enhances diffusion and as a result construction (and institutionalization) gets even stronger. The outcome of an construction process at field level is an organizational construct that is a sufficiently powerful suggestion for an efficient solution to the problems experienced at the level of individual organizations; or just a sufficiently powerful suggestion of how things should be at the level of the individual organization. When a particular innovation such as an organizational construct becomes so pervasive that it attains a kind of taken for granted status (e.g it is considered to be the efficient and legitimated form) and the deviation from its adoption has to be justified, it is called institutionalized. Essentially,
the process of institutionalization is a result of the interplay between the organizational field level and the organizational level.

Institutional entrepreneurs are important in this interplay. They are powerful actors that take an interest in a particular institutional arrangement. They deploy resources at their disposal to create and empower such arrangements. They bring about change while advancing their own agendas (Mizruchi & Fein, 1999; Dirsmith, 2007). One important category of such actors is the category of professionals, often organized in professional networks. These actors project innovations in the field, support and advertise them by explaining benefits and highlighting disadvantages of the competing alternatives.

The focus of the framework we develop in the next section is on the process of institutionalization of new constructs and, thus, on the interplay between the level of the individual organization and the level of the organizational field.

4. Towards a theoretical framework for the understanding of change in organizational constructs

A multi-level focus on change in organizational constructs opens up possibilities to distinguish between two modes of change: construction and reproduction. The construction mode involves design activity (at individual organizational level) as well as political action in political arenas (at a more collective level) at field level. Particularly organizational fields can be conceptualized as political arenas where power relations are maintained and transformed (Clemens & Cook, 1999; Lounsbury & Ventresca, 2003) and where contestation and struggle are at the heart of construction processes (Garud & Rappa, 1994; Maguire & Hardy, 2006). The reproduction mode involves adoption and diffusion. The adoption (and further tailor-design) of the organizational construct by individual organizations reproduces the organizational construct as it is already available at the level of the organizational field. Such a reproduction might entail (small) changes that affect the original construct and that reproduces it (and thus slightly changes it) at the level of the organizational field.

Both modes of change can be existent at both levels of the focus: the organization and the organizational field.
Linking the two modes of change with the two levels (individual organization and organizational field), Hargrave and Van de Ven (2006) describe four perspectives on institutional change: institutional design, institutional adaptation, institutional diffusion and collective action. We have made a simple version of these four perspectives for the sake of clarity in our paper as shown in figure 1.

In figure 1, looking vertically there are two modes of change namely construction and reproduction. Looking horizontally the focus could be on an individual organization or multiple organizations (i.e. field). The construction mode of change shows purposeful strategies to create or change an institution to solve a problem or injustice either at individual organization or at field level. The strategies are, of course influenced by the existing internal and external institutions. If the construction is at an individual organization it it called *institutional design* and if it is at the field level it is called *collective action*. Reproduction mode of change means adoption of an existing construct either by an individual organization or by multiple organizations for any reason (in the form of isomorphism). The adoption and further adaptation to the specifics of a particular construct by individual organization is called *institutional adaptation* and the adoption by many organization in a field is called *Institutional diffusion*. The diffusion process is characterized by evolutionary processes of variation, selection and retention. The four perspectives on institutional change are not only alternative perspectives on a single phenomenon but also represent different temporal phases of one complete institutional change process.

From figure 1 an important additional observation can be made that the agency is particularly important in the construction mode of change. It comes in the form of purposeful action and it entails social construction and political action. Political action involves conflict and power. Power also shapes behavior, and thus efficiency-seeking or legitimacy-seeking behaviour may not be the only causes for an institutional change in an
organizational construct. Instead, the actions may be driven by the desire to maintain power or to appear legitimate in the eyes of those who control resources.

**A theoretical framework**

To develop a framework that is capable of offering a comprehensive theoretical understanding of a development towards construction of new organizational constructs, we use the four perspectives of Hargrave & Van de Van (2006). We focus on an explicit inclusion of professionals and professional networks as *field level institutional entrepreneurs*, in the field level social construction of an organizational construct. We also add the time line to show that these processes take place over a period of time. Our model is depicted in figure 2.

For the sake of understanding the movement of discussion on figure 2, the readers may be aware that discussion begins from the interaction between professions & professional networks and an individual organization (institutional design), then discussion moves to construction aspect (collective action), then to institutional adaptation and ultimately to institutional diffusion. The construction comes before reproduction. The construction initiates reproduction in the form of adoption (by individual organization) and subsequent diffusion (by several organizations at field level), though each reproduction reinforces construction also. Our focus is on the construction aspect (left hand side of the figure 2) because mostly the emphases have been on reproduction in the form of isomorphism (right hand side of the figure 2).

We suggest that in accounting *professionals* such as consultants, controllers and accountants are important institutional entrepreneurs shaping the control practices and technologies. They are organized in professions and professional networks that encompass organizations such as accounting institutes, non-academic / practitioner platforms and other organizations used for disseminating ideas and making contacts. The professionals and their networks are active in constructing (or in helping to construct) the
organizational construct at the level of the organizational field. They mediate in not only
the construction but also the reproduction at the level of the individual organizations, for
instance, by consultancy services conferences, seminars, publications and training
programs. In short, they frame the organizational construct, and they construct networks
and coalitions in order to create its market (and, thus, the perception of efficiency) and its
legitimacy. They affect both modes of change and are active on both the level of field and
the level of the individual organization. They need not necessarily be the originators of a
new organizational construct, though. The construct might originate in an individual
organization, looking for a solution to a problem it experiences, or seeking for more
efficiency. The designing activity at the level of an individual organization may also be
induced by some other factor, for instance a change in management. Further, the new
construct may also originate in an interaction between individual organizations and
professionals. But the innovation (originating either from an individual organization or by
the interaction of an organization and professionals) may not get further constructed at
the field level without the support of professions and their networks who project this
innovation to the field level, theorize or frame the benefits and make coalitions with big
players (professionals and major organizations) in the field (Greenwood et al., 2002). In
other words, the construction at the field level calls for collective action (Hargrave & Van
de Ven, 2006).

During the collective action of the construction process, the professions theorize the
organizational construct. Such theorization is a process through which organizational
failings are conceptualized and linked to potential solutions (Greenwood et al., 2002).
The professions and professional networks theorize a new alternative; they endorse local
innovations (provide success stories of company / companies which have that particular
construct) and shape the construction and further diffusion of innovations (Greenwood et
al., 2002). Of course, there might be conflict, power or politics among the professions
themselves regarding the utility and legitimacy of the innovation. The time line in the
diagram shows that this process of construction and reproduction takes place over a
longer period of time. But construction is necessary before reproduction can ensue
though each reproduction (adoption) also reinforces construction, at least in the
beginning. Once an organizational construct is socially constructed (which includes
adoption by few companies or a big / renowned company) in a particular field, other organizations feel isomorphic pressures (coercive, mimetic and normative) and start adopting such an construct and it leads to diffusion at the field level. This process of social construction is not so clean and certain. Therefore, some constructs do not get constructed at the field level while others get socially constructed and diffuse to a larger number of organizations. But one interesting link in this process is the role of professions and professional networks as institutional entrepreneurs (individuals or organizations) which needs to studied. They are inevitable in the struggle to socially construct the rationalized myth (an organizational construct) at the field level. Even an adopting organization may also create a new construct during a translation process but field level construction of any accounting and control innovation depends on the role of professional and professional networks. Even the evolutionary changes are communicated to the field by the professionals and their networks. This kind of study may provide insights how fields change and why some actors become institutional entrepreneurs when successful while others who fail to socially construct do not get any attention. Furthermore, there is need to study non-isomorphic change preceding the usual adoption or adaptation and diffusion.

5 Conclusion and discussion
This paper reviews extant research in accounting and control which drew upon ITS. There has been an emphasis on the need for legitimacy and process of isomorphism. The individual organization just responds to institutional pressures, be they of a coercive, mimetic or normative nature. There is isomorphism at the level of the organizational field. Organizations primarily show legitimacy-seeking behavior instead of efficiency-seeking behavior. However, some latest suggest that efficiency and legitimacy are intertwined.

This paper purposefully develops a theoretical framework for the understanding of the institutionalization of a construct at the field level. The framework has room for both efficiency-seeking behavior and legitimacy-seeking behavior. Whether efficiency is in legitimacy or legitimacy is in efficiency, is an open question that has to be answered by field research. But the contribution of institutional theory to the understanding of change
in control structures is extended by explicitly emphasizing institutional entrepreneurship in the social construction at field level. Such entrepreneurship is assumed to be particularly undertaken by professionals: consultants, controllers and accountants. In terms of Scott (2008); they are the ‘lords of the dance’. These professionals design (or help designing) the construct, they mediate in the adoption of this new organizational construct by individual organizations and they help to accelerate the institutionalization of the construct at the level of the organizational field. The introduction of institutional entrepreneurship in the analysis calls for a multi-level focus: the framework regards the interaction between the level of the individual organization and the level of the organizational field. Following Hargrave and Van de Ven (2006) it distinguishes between two modes of change: a construction mode and a reproduction mode. A new organizational construct spreads in the field after construction, whether originally created by an individual organization or by the interaction between organizations and professionals. Its origin might be driven by technical considerations, by efficiency-considerations and/or by a change in external circumstances. After its origination a construct is socially constructed at the level of the organizational field through collective action by institutional entrepreneurs, particularly professionals and their networks. Once constructed at the level of organizational field, the construct is diffused across many organizations through isomorphism (adoption and diffusion).

Our framework should be applied in future empirical research. Such research may provide the answers to important questions like how and why fields change, what is the process of field level construction and what are the roles of the parties (individuals or organizations) involved (particularly the way professionals ‘theorize’ the change) in the social construction of rationalized myths. Why some actors become institutional entrepreneurs and others just disappear from our discussions? This empirical research is in need of all types of research methods i.e. multivariate (quantitative) methods and qualitative methods (interpretive, historical or dialectical). The multivariate analysis focuses on variance (outcome) rather than process (Suddaby and Greenwood, 2008). The construction process takes place over a longer period of time and in order to understand the construction process at field level, historical method or a longitudinal study is excellent. It will provide understanding how a construct evolved over time along with
role played by different actors in this process. Only through such studies, light can be thrown on the discursive interaction between individual organizations and the organizational field.

There are some limitations of this theoretical framework. Firstly, there might be state and societal and/or global effects on an organizational field and they may provide opportunities to the institutional entrepreneurs for construction of a new organizational construct or may change the course of the construction of an organizational construct. Secondly, our focus has been on the field level construction of new organizational constructs. But small variations and translations in the existing constructs also occur and diffuse to a larger number of organizations. But still professionals and their networks are important in the diffusion of these evolutionary changes to the field. Professional networks may involve non-human aspects, for instance, electronic and print media and others means of communications. These aspects, though considered by actor-network theory explicitly, remain implicit in our framework. These factors may also be considered in future research.

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**Mode of change**

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<th>Construction</th>
<th>Reproduction</th>
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<td>Multiple actors in Inter-organizational filed</td>
<td>Collective action</td>
</tr>
<tr>
<td>Focus Single actor</td>
<td>Institutional design</td>
</tr>
</tbody>
</table>
Figure 2.

**Construction**

- Field Level
  - Theorization, Endorsement, Legitimation
  - Professionals & professional Networks

**Reproduction**

- Field Level
  - Evolutionary processes of variation, selection and retention (Isomorphism)

- Organization Level
  - Institutional Design
  - Institutional Adaptation

**Reasons**

- Efficiency or solution to a problem or any other change
- Legitimacy and/or efficiency or any other change

**Time**