

# Logics, complexities and paradoxical tensions: management controls in a clustered firm

Logics,  
complexities  
and paradoxical  
tensions

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Received 2 June 2019  
Revised 24 March 2020  
5 August 2020  
Accepted 14 October 2020

## Abstract

**Purpose** – This paper explores how management controls of a clustered apparel firm in Sri Lanka (Stitch-It) is shaped by institutional field and societal logics, firm's head office prescriptions, clusters' own attributes and strategic behavior of cluster managers.

**Design/methodology/approach** – It follows the research philosophy of interpretivism and embedded case study approach within the qualitative research design, while institutional complexity within the institutional logics perspective and paradoxical tensions, organizational attributes and strategic responses to institutional processes provide the theoretical underpinning.

**Findings** – The findings suggest that market, profession and state logics in the apparel field, alongside community logic at the societal level, develop a state of complexity in Stitch-It and its clusters. At the cluster level, such complexity is further intensified by head office guidelines (on controls), which gets filtered by the organizational attributes of the particular clusters. At this state, paradoxical tensions are developed within clusters, and to mitigate such tensions, key organizational members employ different strategies, which in turn shape management controls of the clusters.

**Practical implications** – This paper highlights that practicing managers need to be mindful of different logics in the field, organizational attributes, resulting tensions, complexities, strategies to deal with them and their ramifications on controls.

**Originality/value** – The paper asserts that management controls is a dynamic and a situational phenomenon, which continuously evolves in light of organizational attributes, multiple logics and head office prescriptions. It conceptualizes the “tensions” evident in the design and implementation of management controls, arising due to multiplicity of pressures as “paradoxical tensions.” Although important and relevant to management control arena, “paradoxical tensions” has been scantily explored by prior researchers.

**Keywords** Management controls, Institutional complexity, Strategic responses, Paradoxical tensions, Single embedded case study

**Paper type** Research paper

## 1. Introduction

There is a growing body of literature (Cruz *et al.*, 2009; Ezzamel *et al.*, 2012; Hoque and Hopper, 1994; Hyvönen *et al.*, 2009; Järvinen, 2012, 2016; Ozdil and Hoque, 2017; Wickramasinghe *et al.*, 2004; Wickramasinghe *et al.*, 2008) which illuminates how institutional forces in the organizational field (macro) as well as values, cultures, interests and power relations that prevail within an organization, i.e. organizational attributes (micro) shape management controls of a particular organization. This illumination has been taking place in two directions. On one hand, a stream of studies explains how management controls are shaped by multiple logics in the field and the society (see Cruz *et al.*, 2009; Hoque and Hopper, 1994).

Sujeewa Damayanthi and Tharusha Gooneratne wish to dedicate this paper in memory of their co-author, Professor J.A.S.K Jayakody who passed away in August 2020.



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For example, [Cruz et al. \(2009\)](#) illustrate how controls in a joint venture Portuguese company have been subjected to multiple logics emerging from its global corporation. [Hoque and Hopper \(1994\)](#) elucidate how management control systems (MCS) in a jute mill in Bangladesh are governed by sociopolitical facets, such as competition, regulative environment and complexities in the field. On the other hand, studies such as those by [Ezzamel et al. \(2012\)](#), [Järvinen \(2016\)](#), [Ozdil and Hoque \(2017\)](#), [Wickramasinghe et al. \(2004\)](#) and [Wickramasinghe et al. \(2008\)](#) explain that MCS of an organization is shaped by its own attributes such as organizational values, cultures, interests and power relations. Accordingly, [Ozdil and Hoque \(2017\)](#) note how budgeting in an Australian University have been influenced by its participants' rational myths and actions. Seeing in this manner, control systems of a particular organization are subjected to institutional forces in the field, society, headquarter requirements as well as organizational attributes like values, interests of decision-makers and their power mobilization within the organization.

A notable absence from this body of literature is how management controls of an organization are simultaneously shaped by field and societal level logics and the organization's own attributes, with few exceptions such as [Kapiyangoda and Gooneratne \(2018\)](#) and [Diab and Metwally \(2019\)](#). While the former has examined how the operating company of a multinational corporation is shaped by external institutional influences and the cultural context of the operating company, the latter, grounded in a rural Egyptian agro-manufacturing setting, examines how community institutions, such as family and religion influences controls practices, showing the importance of individual agency and subjectivity. Of further importance, extending the work of [Burns and Scapens \(2000\)](#), [Bogt and Scapens \(2019\)](#) offer a framework to illuminate how accounting practices become "situated nature" i.e. could be changed (differently implemented) in different organizations as well as in different parts of the same organization due to differing situated rationalities of various groups within the organization which are of contradictory nature, and become sources to institutional change or resistance to change.

Although these studies acknowledge the influence of both field and societal level logics as well as organizational attributes in shaping controls, how the simultaneous existence of such influences occur within real-life organizations, the resulting tensions and the managerial responses are unclear. This is nevertheless important as management control is an evolving and situational phenomenon. In the same line, [Järvinen \(2016, p. 880\)](#) claims: "...accounting systems is likely to be driven by institutional forces, and much needs to be done in developing an understanding of how interaction between field-level logics and organizational agencies influence the adoption of accounting controls." Addressing this lacuna in the literature and responding to the above call, this paper explores *how various logics in the society and institutional fields interface with organizational attributes and how such interactions develop a state of tension as well as how organizational members respond to such tensions through various strategies, together with their ramifications on shaping management controls [1] in an organization*. This is translated to research questions as follows:

- (1) What are the conflicting external constituents (logics) in the organizational field and how do they influence the framing of management controls in an organization?
- (2) How do those logics interface with prevailing attributes of an organization?
- (3) How do tensions develop at their interface and how do key organizational members respond to these tensions by employing different strategies and in turn how is management control shaped in an organization?

Accordingly, our paper serves as a response to the call of [Bogt and Scapens \(2019\)](#) to illuminate how diverse institutions and situated rationalities could be accommodated within

prevailing routines as well as how contradictions may occur. Theoretically, this paper draws on institutional logics, specifically the institutional complexity perspective (Thornton *et al.*, 2015) supplemented by paradoxical tensions (Lewis, 2000), organizational attributes (Greenwood *et al.*, 2011) and strategic responses to institutional process (Oliver, 1991). While Thornton *et al.* (2015) explain how multiple logics develop a state of institutional complexity, Greenwood *et al.* (2011) postulate how organizational attributes filter the level of complexity encountered by an organization. Work of Lewis (2000) from management literature is borrowed to illuminate how such complexity develops a tension (which is theorized as paradoxical tension), whereas Oliver (1991) is used to explicate how key organizational members engage in different strategies to deal with such paradoxes. As elaborated in the section on theoretical framework, using these multiple theoretical notions elucidate how MCSs are designed and implemented in clustered firms. Although apt, this has not been the focus of past researchers, and our study fills an apparent gap in the literature.

This paper makes contributions in fourfold: First, it contributes to the institutional logics perspective through theoretical proliferation [2], by drawing on Greenwood *et al.* (2011), Oliver (1991), paradoxical tensions (Lewis, 2000) alongside logics, and institutional complexity perspective. We address the claimed limitations of institutional logics perspective of underscoring the role of micro-foundations (Cloutier and Langley, 2013) and values within institutions (Klein, 2015), for by drawing on such multiple theoretical strands, this paper provides a conceptual tool to explain the legitimacy struggles of actors and how conflicts are resolved at the organizational (micro) level. Second, it adds to the burgeoning literature by elucidating that management control in an organization needs to be understood as a dynamic and a situational phenomenon; shaped and reshaped by alternative strategies applied by key actors in their attempt to mitigate tensions resulting from complexities at the interface of conflicting multiple logics, organization's internal attributes and head quarter controls, especially in the case of firms with several strategic business units (SBUs). Third, it extends the body of interdisciplinary accounting research, by illuminating that accounting is a social practice, amid the complexities of culture, values, beliefs, ideologies and perceptions of real-world actors (Guthrie and Parker, 2017; Parker and Guthrie, 2014), while being intertwined with the organizational and social context (Hopwood, 2009). Fourth, such an understanding is vital for practicing managers in the effective design and implementation of management control in organizations, more particularly for firms with several SBUs, amid multiple pressures encountered by them.

The remainder of this paper is organized as follows: The next section reviews prior management control literature, inspired by logics perspective, followed by the theoretical frame work. The research context and methodology are presented thereafter. The field study evidence is offered next, while the paper ends with a discussion of findings and conclusion.

## 2. A review of prior literature

While over three decades ago, in the seminal work of Mintzberg (1987) "crafting strategy," the relationship between strategy-making of senior management and the day-to-day activities of operational management was advocated, this began to be systematically explored years later (Johnson *et al.*, 2003; Marginson 2002). Literature suggests that management control plays strategic roles in modern business environments (Ahrens and Chapman, 2005; Chapman, 2005; Langfield-Smith, 2005; Simon, 1995; Tucker *et al.*, 2009); thus, there is a need to draw strategy into the sphere of management accounting practice (Ahrens and Chapman, 2005; Bromwich, 1990). Particular, amid increased global competition and customer demands, formulation and implementation of strategy have been a key concern for contemporary organizations. Geared toward this need, organizations have focused on enhancing competitiveness and instigating productivity improvements through operational strategies based on quality, timeliness,

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reliability, and customer service (Langfield-Smith, 2005). Within this backdrop, innovative management practices, such as total quality management (TQM), just in time (JIT), business process engineering (BPR), and continuous improvement have emerged, with important implications for the design of MCSs. In the accounting front, this has led to development of “strategically focused” management control tools in the form of activity-based management (ABM), balanced scorecard (BSC), target costing and benchmarking, as well as traditional tools, such as performance measurement and rewards systems, budgetary control, action plans, feedback mechanisms, aligned to the entity’s operational strategy encompassing quality, production and manufacturing flexibility (Langfield-Smith, 2005).

With the spread of multinational and clustered firms, foregrounding on the control style of the corporate head quarter, in terms of its participation and influence on the strategy and MCSs of business units, researchers have explored systems used by the parent to control business units, and controls used within business units (Ahrens and Chapman, 2004; Nilsson and Olve, 2001). As these authors elaborate, management control can be used as a means of measuring local managers’ efforts to give them a sense of their contribution to organizational strategies. It would thus be important for the organizational center to avoid simply replacing local efforts with central instructions, for in many organizations due to the significance of local information and local autonomy, strategy as an organizational practice emerges only through the day-to-day activities of individual managers. Therefore, head office, marketing and operations staff could draw on MCSs as a way of crafting strategy and engendering strategy informed behaviors, for instance to achieve growth targets, harnessing the efforts of local managers to pursue agendas of the head office, i.e. specific strategic objectives. Management controls can be also used in the processes of strategizing. For example, in customer relationship management by systematically segmenting customers into groups with specific consumption profiles for whom particular offerings, membership cards, and other incentive schemes are designed to increase customer spending, and then analyzing spending increase as a combination of repeat visits and spending per visit. In delving into the relationship between management control and strategy, there is thus a need to bring together insights from various fields (Chapman, 2005), such as manufacturing, marketing or product design levels taking a rather interdisciplinary perspective.

As evident from prior literature, strategy has been grounded within the context of management control with important ramifications as to how rationality is viewed by organizational actors. While from economics and rational choice theories rationality is seen from the purview of utility maximization, this paper takes a rather different stance, for the notion of rationality espoused in this paper subscribes to the form of rationality that institutionalists embrace, i.e. “rationality as institutionally contingent” (Fligstein, 1997; Lounsbury, 2008). This institutional rationality is stated by Weber (1964) as substantive rationality, which “cannot be measured merely in terms of formal calculation, instead it involves a relation to the absolute value or to the content of the particular given ends to which it is oriented” (p. 185). Such given ends could be “ethical, political, utilitarian, hedonistic or attainment of social distinction or anything else” (p. 185). Rationality of MCSs too have thus been shaped according to demands of the modern business environment. Such institutional contingent rationality [see Friedland (2009); Lounsbury (2002); Thornton (2004)] is manifested in institutional logics, because, logics refers to cognition and decision-making in the institutional field which is structured and guided by broader cultural beliefs and rules. By focusing on the logics perspective, one can examine organizational heterogeneity and practice variation giving emphasis to organizational actors and their practices (Lounsbury, 2008). Following authors such as Oliver (1991), Zajac and Westphal (1994) who highlight a more strategic approach to institutional rationality, this paper espouses that decision-making and strategic behavior of organizational actors are guided by various logics in the field and

the broader society. Flowing from this, management controls which are designed and implemented by actors too represent such logics, in their decision-making.

Keeping with this view, Meyer (1986) states that management controls are shaped by social environments and not “organizationally [...] self-evident” (p. 345). Grounding on institutional theory, researchers have elucidated how organizational practices, including accounting and controls, change with legitimacy requirements (see Greenwood *et al.*, 2002; Hussain and Hoque, 2002). More recently, this issue has been seen through the lens of institutional logics perspective, a key development within institutional theory (Ahrens and Khalifa, 2015; Busco *et al.*, 2007; Dambrin *et al.*, 2007; Fossetøl *et al.*, 2015; Hyvönen *et al.*, 2009; Jazayeri *et al.*, 2011; Leotta *et al.*, 2017 to mention a few). Such researchers espouse that management controls are socially constructed patterns embedded in broader cultural beliefs and rules serving rational decision-making at the micro-organizational level. Researchers have also shown that logics in the field and the society do not simply exist within organizations, but interface with organizational attributes, such as structures, cultures and identities of particular organizations. According to Greenwood *et al.* (2011), organizational attributes filter the influence of logics and determine how they are responded to. As these authors elaborate, organization’s own attributes; culture, identity, key actors values and interests make the organization particularly sensitive to certain logics and less to others, thus operate as filters and influence the way multiple logics are incorporated into organizational practices (Greenwood *et al.*, 2011). Past research has highlighted the interface of different logics and organizational attributes, as well as their ramifications on organizational and accounting practice (Burns, 2000; Burns and Scapens, 2000; Oriot, 2005; Wickramasinghe *et al.*, 2008).

Put succinctly, while extant literature espouses that strategy has been brought to the sphere of management controls, the rational actor and his role which is institutionally contingent is also implicitly acknowledged. Similarly, this paper subscribes to the view that rational actor is foregrounded in shaping control in an organization.

Management control researchers have also been investigating how the interface between logics and organizational attributes develops a state of “tension” within organizations (Battalina and Dorado, 2010; Besharov and Smith, 2014). According to Greenwood *et al.* (2011), within a given field, different organizations may experience more or less tensions depending on how logics are enacted within it, and organizational attributes shape the way logics are enacted resulting in practice variations. On this vein, Amans *et al.* (2015) elucidate the heterogeneous use of budgets in different organizations resulting from multiple logics that are filtered by organizational factors, while Carlsson-Wall *et al.* (2016) elaborate on the role of performance measurement systems (PMS) in managing the coexistence of different institutional logics (sports and business logics) in a football organization. In similar vein, Fossetøl *et al.* (2015) examine how a public front-line service organization responds to the contradictory demands of institutional reforms through hybridization of the organization, while Nyland and Pettersen (2015) discuss why public sector reforms are hybridized during the implementation processes, consequences of accountability relations, and policymakers’ reactions to changes. Greenwood *et al.* (2011) espouse that variations in logics enactment would mean that the same set of logics may develop a tension in some situations, but not in others. However, these studies do not conceptualize “tensions” and how tensions play a part in framing controls of an organization. This is captured through our paper and such tensions are conceptualized as “paradoxical tensions.”

### 3. Theoretical framework

To shed light on the research issue under inquiry, this paper leans on multiple theoretical underpinnings. Initially, theoretical insights were drawn from the institutional logics

perspective, specifically multiple logics and institutional complexity (Thornton *et al.*, 2015), along with organizational attributes (Greenwood *et al.*, 2011), and strategic responses to institutional processes (Oliver, 1991). As data collection progressed, further relationships in terms of “paradoxical tension” emerged, which could not be captured through the above-mentioned theoretical strands. Thus, the study also drew on “paradoxical tension” (Lewis, 2000) from management literature. See Table 1.

While each of these theoretical notions in isolation has limited explanatory capacity, when taken together provide a holistic understanding of issues emerged.

### 3.1 Multiple logics and institutional complexity

Institutions in the society are organized under seven sub-systems or institutional orders that form the cornerstones of institutional logics: family, religion, market, state, community, professions and corporations (Thornton *et al.*, 2015). As the authors further elaborate, each of them inherits an institutional logic representing a governance system that provides a frame of reference as a precondition of organizational actors’ sense-making and choices. In other words, the principles, practices and symbols of each institutional order differently shape how reasoning takes place and how rationality is perceived and experienced. See Table 2 for their root metaphors, source of legitimacy, source of identity, basis of strategy and informal control mechanism. Accordingly, logics encompass taken-for-granted social prescriptions, which represent shared understandings and decision-making in the field and in organizations (Lounsbury, 2007; Thornton *et al.*, 2012).

Amid the seven social orders (which carries their own logic), espoused by Thornton *et al.* (2015) and elaborated above, this paper draws on four selected institutional logics; market, state, professions and community, as became evident through field study data. According to Thornton *et al.* (2015), the institutional order of the “market” is governed by the transactional relationship, its legitimacy is gained through the share price, its identity is faceless with attempts to increase profit as the basis of strategy. The logic of “professions” is grounded on relational network; legitimized through expert knowledge; and the identity created through association with quality personnel. Likewise, each institutional order carries its own logic. Given their diversity, when multiple logics coexist; a state of institutional complexity is developed with in organizations (Thornton *et al.*, 2015).

Theoretical notion	Conceptualization	Justification for use
Multiple logics and institutional complexity	Taken-for-granted social prescriptions, i.e. shared understandings and decision making in the field and in organizations	To understand the taken for granted social prescriptions (logics) prevailing in the apparel industry and their influence on shaping controls
Organizational attributes	Organizational filters: position within a field, structure, ownership and governance and culture	As institutional complexity does not affect all organizations equally, to understand how different attributes filter the influence of identified logics in the field and society, and shape controls
Organizational actors and paradoxical tensions	(Institutional) rational actor at the interface of institutional logics and organizational attributes	To explain the interface between the two notions and their simultaneous influence on shaping of controls
Organizational responses	Strategic responses of actors	To explain the strategies to mitigate tensions and further shape management controls

**Table 1.**  
Theoretical notions, conceptualizations and justifications

	Family	Religion	State	Market	Profession	Corporation	Community
Root Metaphor	As a firm	As bank	Redistribution mechanism	Transaction	Relational network	Hierarchy	Common boundary
Source of legitimacy	Unconditional loyalty	Sacredness in society	Democratic participation	Share price	Personal expertise	Market position	Trust and reciprocity
Source of identity	Reputation	Association with deities	Social and economic class	Faceless	Association with quality personal reputation	Bureaucratic roles	Emotional connection
Basis of Strategy	Increase family honor	Increase religious symbolism	Increase community good	Increase profit	Increase personal reputation	Increase size	Increase status and honor
Informal control mechanism	Family capitalism	Occidental capitalism	Welfare capitalism	Market capitalism	Celebrity professional	Organization culture	Visibility of actions

**Source(s):** Thornton *et al.* (2015, p. 73)

Logics,  
complexities  
and paradoxical  
tensions

**Table 2.**  
Institutional orders  
and their core elements

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Within the logics perspective, there is a space to conceptualize an actor who exists within an organization (Greenwood *et al.*, 2011). While this actor adheres to the taken-for-granted social prescriptions in the field and the organization, he brings his interests and selects his choices in decision-making, as an institutionally contingent rational actor. Supporting this claim, Dobbin and Vican (2015) state that the logics perspective takes a middle ground in conceptualizing structure and agency: while structure is embedded in agency, agency could move away from the structure to innovate (Dobbin and Vican, 2015) representing an institutionally contingent rational actor. Seeing in this manner, the logic of the logic is the “togetherness of the structure and agency” representing a specific way of reasoning within a social practice. It is also vital to discuss the organizational attributes under which this contingent rational actor behaves. We turn to this next.

### 3.2 *Organizational attributes*

“Pressures from institutional complexity do not affect all organizations equally” (Greenwood *et al.*, 2011, p. 339), instead such pressures are *filtered* by a number of attributes of the organization itself: its position within a field, its structure, ownership and governance, as well as its culture and identity (Greenwood *et al.*, 2011). The first filter, which is the organization’s position within the field, denotes whether the selected organization is “central” or “peripheral” within an institutional field: central and peripheral organizations may experience complexity to varying degrees; while central organizations being exemplars are very much exposed to the field, face more complexity; the peripherals which are followers of exemplars and not much exposed to the field, thus face lesser complexity. The second filter is the structure: institutional logics do not merely enter an organization; instead, they are imported by actors and are interpreted by them. When there is a mismatch between the interpretation of institutional carries and communities within an organization on the same logic, the level of complexity faced increases. The third filter is ownership and governance, which means that the ownership structure (family business, corporation or religious affiliated organizations, such as schools governed by a Church) determines which logics are institutionalized within an organization. The final filter involves two identities: institutional identity and organizational identity. Institutional identity means the commonly shared standardized practices in an institutional field, while organizational identity means specific attributes which define a particular organization and differentiate it from others. An organization is a reflection of both of these identities, which are significant in deciding how it responds to multiple institutional pressures. The interface of multiple logics and organizational attributes creates a state of tension as elaborated in turn.

### 3.3 *Organizational actors and paradoxical tensions*

Prior literature suggests the link between organizational actors’ decision-making, strategy and management controls (Ahrens and Khalifa, 2015; Battilana and Dorado, 2010; Busco *et al.*, 2007; Dambrin *et al.*, 2007; Fossetøl *et al.*, 2015). Seeing from the notion of institutional rationality, actors’ decision-making is also bounded by coexisting multiple logics (Järvinen, 2016). While the interface of multiple logics with prevailing organizational attributes creates a state of tension (Battilina and Dorado, 2010; Reay and Hinings, 2009), this has not been well conceptualized in past management control literature. We capture this through this paper and term it as a “paradoxical tension.” A paradox denotes “contradictory yet interrelated elements – elements that seem logical in isolation but absurd and irrational when appearing simultaneously” (Lewis, 2000, p. 761). As the author further states, “paradoxical tensions are perceptual, that is, cognitively or socially constructed polarities that mask the simultaneity of conflicting truths” (p. 761). It elaborates organizational dilemma when forced to make a choice between competing demands having equal values. According to Putnam (1986), paradoxical

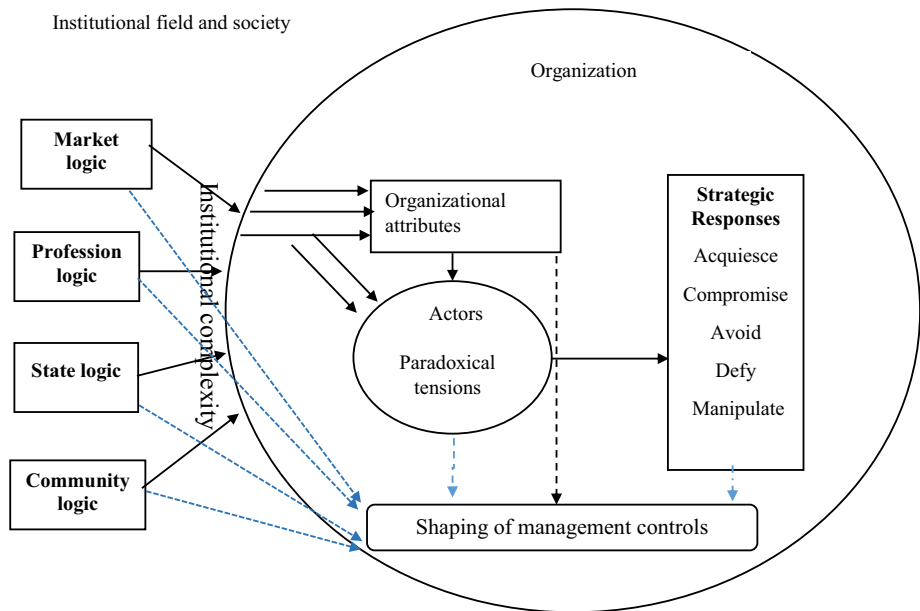


tensions appear in three forms: self-referential loops, mixed messages and system contradictions. Self-referential loops mean that paradoxical tensions are developed when contradictions are embedded within a statement, concept or process. It explains that the cognition of an actor is inherently a self-referential process. Therefore, actors would filter their experiences through their cognitive frames, which confirm their existence. Mixed messages explain inconsistencies between statements or between verbal and nonverbal responses which arise during social interactions. Such oppositions (self-referential loops and mixed messages) become the roots for system contradictions (complexities in the system, such as centralization and decentralization). This paper illuminates the development of such paradoxical tensions within the framing of management controls at cluster levels of an organization.

### *3.4 Organizational responses*

To illuminate how the organization responds to institutional complexity and paradoxical tensions at the interface of multiple logics and organizational attributes, this paper draws on “strategic responses to institutional processes” of [Oliver \(1991\)](#). As the author suggests, when an organization is faced with conflicting institutional pressures, it may attempt to compromise with external constituents or actively resist institutional pressures imposed on them through proactive manipulation, rather than passive conformity. Accordingly, [Oliver \(1991\)](#) argues that an organization could enact five types of strategic behavior: acquiesce, compromise, avoid, defy and manipulate. “Acquiesce” is unconscious adherence to taken-for-granted assumptions (socially accepted norms and values), where the consequence is the reproduction of actions and practices in the institutional environment. “Compromise” means an organization encountering conflicting institutional demands or conflicts with external institutions and internal efficiency requirements, attempting to bargain, pacify or agree to external constituents. The strategy “avoidance” means precluding the necessity for conformity; organizations achieve this by concealing their nonconformity, buffering themselves from institutional pressures, or escaping from institutional rules or expectations. “Defiance” means an organization challenges institutional pressures and deploy active departures from institutional expectations and pressures. The last strategy, “manipulation” is the most active response, which means an attempt to exert power and dominance over the external institutions that exercise pressure over the organization. Culminating all this, the theoretical framework of the paper is presented in [Figure 1](#).

While the institutional logics perspective is deployed as the main theoretical underpinning of this paper, [Cloutier and Langley \(2013\)](#) outline limitations (termed as blind spots) of this theory. This includes (1) microfoundations and recursiveness (how institutions are formed, maintained, changed and how organizational members proactively deal with conflicts among logics at the micro level); (2) legitimacy struggles (how the specific dynamics related to struggles over legitimacy resulting from conflicting logics are dealt with as organizational actors battle out what they think is legitimate); (3) morality (things being judged to be legitimate on the basis of conformity, rather than being “right” or “wrong” in a moral sense from the perspective of social actors); and (4) materiality (the way in which logics manifest themselves in material objects). Adding to this, [Klein \(2015\)](#) calls for bringing values back in, and argue that the machine-like depiction of institutional logics has downplayed the intrinsic role of values within institutions, and positions institutional logics closer to structure rather than agency ([Lounsbury, 2007](#)), with a neglect of power, politics and agency ([Friedland, 2009](#)). Amid such criticisms, practice approaches which carry a shared concern over the neglect of action in social theory, emphasize the micro-foundations of organizations. Placing the role of organizational actors in the foreground, such approaches strive to theorize practice (for instance management accounting) by understanding meaning, life-world, events and actions



**Figure 1.**  
Theoretical framework

**Source(s):** Researchers' own construction

of people in terms of how they manipulate skillfully to signal their interests and how such deliberations get cascaded into practice (Ahrens and Chapman, 2007). Latour and his collaborators, Bourdieu, Giddens, Schatzki etc., have provided important theoretical impetus in this front, which has been subsequently followed by researchers in the realm of management accounting.

Taking a different theoretical orientation yet addressing the alleged limitations of the institutional logics perspective outlined above, in this paper we bring in institutional logics and complexity perspective to illuminate the influence of multiple logics. We draw on Greenwood *et al.* (2011) to explain how organizational attributes filter multiple logics, which result in tensions, and leaning on Lewis (2000) we theorize such tensions as paradoxical tension. Actor strategies amid paradoxical tensions to resolve conflicts at the micro level is theorized using Oliver (1991). See Figure 1. These multiple theoretical strands that are linked to each other not only addresses the claimed limits of institutional logics perspective, instead enables us in grasping a holistic understanding of practice. It offers a conceptual tool to illuminate how control systems unfold, amid interlacing of agency embedded in social interactions, i.e. internal dynamics of an organization (micro), while giving focus to the conflicting logics at field and societal levels (macro), while explicating, how such interface develops tensions, possible strategies key actors use and in sequel, implications on management controls in an organization. Simultaneously drawing on these theoretical underpinnings is thus appropriate for this research.

#### 4. Research context and methodology

The context of this study is two clusters and their head office of a leading apparel group in Sri Lanka (Stitch-It), which was established in the 1980s and is positioned as one of the world's

most recognized design to delivery solution providers in the realm of apparel and textile manufacturing. The organization is headquartered in Sri Lanka with around fifty manufacturing facilities placed across different countries, and currently over 50,000 people are involved in its operations. Stitch-It is globally recognized for its ethical standards and sustainable working environment.

It has four clusters and a head office. Each cluster is headed by a Chief Executive Officer (CEO), Directors, and General Managers, followed by middle level managers and all clusters report to the head office. Out of these four clusters, the two largest clusters (1 and 2) which engage in apparel manufacturing were selected for this research, because they are comparable, in terms of their size and the similarity of operations, as revealed through a review of internal documents. The other two clusters provide supportive services to these manufacturing clusters and do innovations. See Table 3.

However, the clusters have their own identities, developed practices and their own ways of dealing with pressures, stemming from their varying attributes, and such differences have important implications for the issues explored in this paper. Accordingly, the rationale for selecting this group as the research context is for it suits the research questions under inquiry (Saunders *et al.*, 2009): how management controls of the clusters of the organization are influenced by multiple logics in the society and field, how organizational attributes interface with those logics in developing management controls. Such an illustration is possible through deploying an embedded case study approach as done in this paper. A single embedded *case study* involves a detailed inquiry more than one sub-unit of analysis within a case study (Yin, 2003). According to Saunders *et al.* (2009), even though a single case is studied, if the research phenomenon is examined in a number of logical sub-units, it could be considered as an embedded case study. The selected two clusters and the head office are the unit of analysis of the study. Within the paradigm of interpretivism, the current study therefore employs the qualitative research design and the single embedded case study approach.

Upon gaining access from the top management of the firm, multiple methods of data collection, including 45 in-depth interviews, two observations (of approximately one hour) in each factory of clusters 1 and 2, and documentary review were employed. The documents reviewed include Stitch-It owners' New Year messages, firm's annual reports, and control related documents, such as budgets, cost control reports and factory control documents, including strategic approach at Stitch-It, key performance indicator (KPI) trackers and policy objective matrix. While interviews were the main method of data collection, 50 interviews were conducted across the two selected clusters and the head office, i.e. 24 in cluster 1, 18 in cluster 2, and 5 with the key members of the head office and 5 interviews with work floor level employees. In doing so, an interview guide was developed based on our theoretical underpinning and review of prior literature. See Appendix 1 for the list of interviewees, and Appendix 2 for interview guides. All interviews were voice recorded, transcribed verbatim

	Cluster 1	Cluster 2	Cluster 3	Cluster 4
Nature of the business	Apparel manufacturing	Apparel manufacturing	Manufacturing raw materials for Cluster 1 and 2	Investment
Approximate Number of employees	23,000	23,000	3,000	100
Approximate Total revenue	US\$ 600 million	US\$ 500 million	–	–
No. of factories	13	10	5	–

Source(s): Internal documents of Stitch-It

**Table 3.**  
Clusters of Stitch-It

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and saved in the software of Nvivo 8, which was used as a supporting device for data management. Thematic analysis (Braun and Clarke, 2013) was employed as the data analysis method, with the aid of a priori codes guided by the theoretical framework as well as emerging codes which became evident through the field data. Accordingly, findings were organized into a case description for each cluster followed by a cross-cluster comparison. While the theoretical model formed the basis for data collection and analysis, we were open to capture “surprises from the field” given the presence of multiple logics, diversity in cluster attributes and differing strategic behavior of cluster managers. Accordingly, the initial theoretical framework was extended in light of our field encounters.

## 5. Evidences from the field

Our field evidence suggests that management controls in the two clusters under inquiry has been shaped amid multiple logics in the apparel field, head office directions, cluster attributes, resulting tensions and strategic responses of cluster managers. We unfold these deliberations next.

### 5.1 Multiple logics in the apparel field

Multiple logics in the apparel field flowing from customer expectations, competitor pressures, government rules and regulations, other industry best practices and working community expectations carry implications for controls in the firm.

*5.1.1 Global customers, global competitors and market logic.* As revealed through interview data and documentary sources, market logic is brought into Stitch-It and its clusters by their global customers and competitors. Such customers are mainly from the United States and Europe. Being a multinational apparel group, focusing on the high-end market, Stitch-It is compelled to follow customer specifications, which gets reflected in its MCSs. As a production director described:

Customers want compliance with the local and international laws. At least, annually they come and audit us. We need to explain our standards, how we adhere to the laws. These are captured in our Long-Range Plan (LRP) and the budget.

A technical manager stated, “the focus of customers is on protecting their brand. They expect quality as well as ethical products,” while a divisional human resource manager said, “our orders depend on our compliance level; if you score more from the customer, better orders follow.” Another manager expressed “from the customer side, we are getting more and more controls; health and safety, insurance cover for machines etc.” A technical manager added, “before we start relationships with the customers, there’s criteria to fulfill, different certifications to get from independent bodies as customers request these”. These discourses reveal how controls of Stitch-It are oriented towards achieving compliance levels, product quality, innovativeness and competitive prices aspired by customers.

Global competitors also play a significant part in shaping control practices. The firm’s competitors are global rivals in countries such as Vietnam, China, Bangladesh, Malaysia, Indonesia and Africa, who are able to produce apparels for the European market at lower cost, yet of the same quality. A financial manager remarked, “we have to compete with South East Asian countries, in terms of labor cost. They have easy access, duty benefits and, can provide goods to the market at a lower price.” A technical director added “our competitors are the garment manufacturers in the world, and our orders can be lost tomorrow because our customers are international, and their supplier base is worldwide.” To compete with global producers, Stitch-It’s MCSs, for instance KPIs have to be oriented towards assessing quality, delivery standards and (competitive) price, as a plant manager stated, “In the factory we set standards for quality, safety, delivery and cost, and identify deviations.”

In this manner, Stitch-It's customers and competitors bring in market logic into the firm and its clusters, which influences shaping/reshaping of its control practices to meet desired quality, price etc. In doing so, the company pulls-in best practices of other industries. The following section elaborates.

*5.1.2 Best practices of other industries, consultants and professions logic.* As interviewees revealed the owners of Stitch-It strive to import best practices from other industries and follow consultants' advice to elevate quality, innovativeness and price competitiveness of its products. A production manager stated:

The vision of the company is to strive to be one of the best intimate wear producers in the world. There is an alignment of the visionary perspective of the owners to the operational level activities in the factories.

The company's control mechanisms are thus framed according to the best practices of non-related industries in the world, such as Toyota Production Systems (TPS), lean manufacturing and process monitoring control systems (for example the dancing modules) [3] in the workflow, as revealed through the company's internal documents and interview data. On this, a technical director remarked, "we are 'lean'; our own 'process monitoring control system' which we adopted from the TPS, '*dancing modules*' and especially '*Hoshin Kanri*' [4]. It comes from the chairman." He elaborated:

Strategic level controls are purely the owners' thinking and is designed according to the *Hoshin Kanri* approach, describing the expected direction of the chairman, and clusters prepare their own "*Hoshin*". Under my department "*Hoshin*" I have several projects and activities where my people are responsible. That is published and I review it from time to time. This is fully aligned to the organization's main "*Hoshin Kanri*". Then we do our annual budget according to that. All the departments do that. Once all agree, it is my budget.

Furthermore, the firm's control structure is aligned from the top level to the operational level. As expressed by the group financial accountant, "basically, we do cascading. We have 'lean', '*Hoshin Kanri*', which is a description of where you want to go, how you reach there." As a production director elaborated, Stitch-It's control structure consists of LRP which is derived from the vision of company (*Hoshin Kanri*), and the target achievements are compared with the Hoshin Project Review Calendar, Policy Objective (PO) matrix and KPIs. As a marketing manager stated "he [one of the owners] always attempts to improve operations by importing best practices and by obtaining professional services from the world's best consultants." Several others shared similar insights.

In brief, to be a high quality, innovative and flexible apparel producer (as the market logic demands), Stitch-It takes non-industry best practices (from profession logic) guided by the visionary perspective of its owners. Thus, there's compatibility between market and profession logic, which together shape and reshape MCSs. Amidst global competition from low cost producers and customer expectations, Stitch-It continues to be the market leader in the apparel field. However, its controls are further subjected to the rules and regulations prevalent in Sri Lanka. This is explained next.

*5.1.3 Local and global regulations and the state logic.* Regulations of the government, and other organizations attached to the apparel industry in Sri Lanka, as well as international regulatory institutes are significant in framing operations and controls of Stitch-It. While local organizations, such as the Ceylon Chamber of Commerce, Department of Labor, Board of Investment (BOI) and Central Environmental Authority directly monitor its operations, internationally, the International Standards Organization (ISO), United State Customs Regulations and other foreign trade and tariff-related authorities exert an impact.

More importantly, operations of Stitch-It and its clusters need to comply with the Wage Board Ordinance, No. 27 of 1941, and adherence to this is monitored by the Department of

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Labor and the BOI of Sri Lanka. Control mechanisms in the workflow needs to thus achieve maximum production subject to provisions in this ordinance, on wages and overtime payments, number of working hours per week etc. As a production manager reiterated, “workers cannot work more than 60 h per week according to the Wage Board Ordinance. However, customers expect a shorter lead time in production.” In the meantime, clusters of Stitch-It are required to submit monthly Compliance Manuals (for wages, overtime payments) to the Wages Board. A financial accountant mentioned, “our head office does some unannounced internal control audits at factories to ensure that operations are conducted according to the Wage Board Ordinance because, if we do not comply, our business is at risk.” This shows that regulatory pressures in Sri Lanka play a major role in shaping its controls practices.

*5.1.4 Worker perceptions and community logic.* Although work floor level jobs in the apparel field in Sri Lanka carries negative sentiments, people still join this industry with the expectation of the “convenience.” For example, one employee mentioned “we know that this is not a *piligannarassawak* [accepted job], but I thought it is “*pahasui*” [convenient].” This expectation (of convenience) has important implications for operations and control practices. It is implicit that the company has to simplify its MCSs at the point of design, and controls must appear as “easy to understand, follow and achieve.” In this regard, a workflow level employee mentioned:

These *palanakrama* [control mechanisms] such as recording targets are difficult when we join the job. But we are allowed to do it in a way we can easily do. Therefore, instead of writing numbers I draw small balls.

A human resources director recalled how their expectation of convenience influence the implementation of work floor level controls stating, “if control practices are rigid and difficult to understand, retaining employees and getting targets achieved are difficult.” “We are a people-driven organization. When handling 50,000 people you need to have proper controls in place, but they must be simple and understandable.” Adding to this, a production manager stated, “now, people are reluctant to join the garment field due to the attractiveness of other fields, like tourism where the jobs and the control practices are simple.” The technical director recalled an instance where MCSs failed in the absence of convenience. He said:

We tried to implement a problem identification system in the work floor. Each production line was asked to write down issues they face. But it failed because they said “why do we have to write down all these things. We did not come to a campus.”

Being mindful of work floor level employee mentality, control mechanisms of Stitch-It have been implemented according to the simple approach of “*hari de ganna, hari de karanna, hari de denna*” [Take what is correct, Do what is correct, and Give what is correct]. Similarly, the Plant manager explained “we do not implement controls like controls, but as simple ways to changes behavior. There are controls in the production line, but people do not see them as controls.” In this manner, work force considerations (stemming from the community logic) are fed into the design and implementation of controls through simplifying systems at the operational floor. Moreover, cluster controls are further influenced by head office guidelines, as the following section elaborates.

### *5.2 Head office directions, guideline and controls*

Our interview en counters revealed that Stitch-It’s head office is considered as a separate unit which provides prescriptions for standardizing controls and cluster operations. It serves as an “absorbing unit” bringing together the governing principles of the apparel industry and Sri Lankan society as well as the visionary perspective of the owners. An internal audit manager of a cluster stated, “there is direct head office involvement in cluster operations

through policies and procedures.” As he further revealed two divisions of the head office are directly involved: corporate and internal control units. While the former provides broader parameter to all clusters, the latter defines the accounting policies and procedures, to standardize controls across the clusters. In this respect, a technical manager stated “now there is huge pressure from the head office. They elaborate their plan for the next year, new areas to be focused, expectations, and group level target for the next five years.”

As indicated through the above empirics, while head office led controls are introduced in to cluster operations, cluster compliance is expected to avoid anomalies in performances. Nevertheless, amid the concurrent presence of multiple pressures a state of complexity is developed with in the clusters. This is focused next.

### 5.3 Concurrent pressures and complexity

As our field study findings suggest MCSs in Stitch-It’s clusters are influenced by multiple logics linked to different parties in the apparel field. Keeping with market logic, it aims to satisfy customer specifications ensuring desired quality, delivery, flexibility, innovation and competitive price. To this end, attuned to profession logic its owners have been pulling-in best practices and expert opinions. This is amid complying with the regulations of the country, stemming from state logic. In the meantime, it has to keep up with the community logic regarding work floor level expectations of a convenient job, which calls for “simple” control mechanisms. In essence, the simultaneous existence of these multiple (conflicting) logics gives rise to complexities.

Particularly, a state of complexity arises when market and profession logics interface with state and community logic. While market and profession logic are geared towards greater efficiencies and customer orientation, originating from state logic, Stitch-It’s core operations and control practices are subjected to regulatory influences, such as the Wage Board Ordinance. Community logic also gets intertwined to this. While the local community of Sri Lanka has a negative connotation on jobs at the work floor, as [Jayawardena \(2014\)](#) states, such employees (women) are seen as *gode genu lamai* (village girls) who are “backward and submissive” (p. 290), and sometimes *jukilamai* [girls who work at sewing machines called “Juki” imported from Japan], they still join the industry due to the perceived convenience. This calls for simple controls amidst stringent standards required by market logic. The influence of multiple (and conflicting) logics that prevail in the apparel field and at societal level in formulating cluster controls, and the resulting complexities is exemplified through the words of various managers. A marketing manager noted: “we face different influences at the same time; they impact our operations and controls; their demands are different and compete with each other.” A financial accountant stated, “customers have specific expectations, government also has some expectations, and the competition also guides us to implement certain controls. The problem is that they do not tally with each other.” In similar vein, the director human resources noted, “while addressing customer requirements such as quality, flexibility and competitive price, the work floor level employees’ expectations about simple and understandable controls also need to be addressed to retain them.”

Accordingly, Stitch-It’s controls are designed accommodating these multiplicities of logics and head office prescriptions, which carry incompatibilities. Understandably giving rise to complexities. However, the level of complexity and the resulting tensions is filtered by cluster attributes, as the following section elaborates.

### 5.4 Cluster attributes

Capitalizing on field data, this section portrays how the variation in attributes of clusters 1 and 2 give rise to different degrees of tensions at the interface of such attributes with multiple pressures, amid the distinct cluster responses. See [Table 4](#).

*Cluster 1. Attributes, multiple pressures, tensions and responses*

**Cluster 1**, being the largest cluster of Stitch-It has developed its own enduring organizational culture stemming from internal attributes, such as structure and identity, exhibiting “independency and accountability,” continuing from its former CEO and reinforced by its key managers. This includes the freedom to perform one’s job without much interference of superiors, taking responsibility for one’s job and building trust between superiors and subordinates. Its financial director noted, “our cluster is unique, we are a very liberal company.” Adding to this, the financial controller said:

We have a different culture. The way we have grown is to make our decisions and take responsibility. If something goes wrong, the CEO raises his hand and says he takes the responsibility. He wants us to make decisions. That’s how he manages the team. Our previous CEO had developed it and that’s what the current CEO is also following.

Similarly, a divisional human resources manager noted, “the leadership of . . . [previous CEO] changed this organization and it is still prevailing,” while a marketing manager espoused, “our CEO is always willing to take risks, take quick decisions and perform.”

Stemming from the above, pressures arising through multiple logics and head office controls have developed a complex organizational environment in **cluster 1**. The financial accountant spelt out:

There are different conflicting demands that we have to consider in designing control practices. For example, the head office wants to see constant business growth and harmonized controls, and they design some controls. But, certain aspects which are applicable to other clusters are not applicable to us. So, if they bring the same control to all clusters, it will not work. Customers also ask for several controls and we have to be conscious of what our competitors do.

The level of complexity in **cluster 1** is intensified due to its “active resistance” to head office controls, for its culture and identity promotes “independency” as the internal audit manager noted:

The new controls [the head office introduces] to our cluster, we might accept or resist. We think about their impact on our existing controls, especially at the ground level. If we see any issue, we will not implement them.

In response to such complexities and tensions, emerging from head office directions, the cluster employs strategies such as compromise, avoid, disobey and manipulate (see **Table 4**).

Internal dynamics	Cluster 1	Cluster 2
Culture and identity	Less dependent on the head office Freedom to perform one’s own job and responsibility for one’s own job	Dependence on the head office Maintains the hierarchical structure
Interests of key actors	Reproduces its prevailing culture and independent identity	Reinforces its prevailing shared values: dependent on head office
Nature of paradoxical tensions	Complex and high paradoxical tensions	Less paradoxical tension
<i>Strategic responses to</i>		
Customer, competitor and state logics	Accept and adapt to pressures and shape/reshape prevailing management controls	Acceptance within parameters of head office guidelines
Head office controls	Compromise, reject and impetus for reinforcing the existing culture and identity	Mostly accept and reinforce the controls as guided by the head office

**Table 4.** Internal dynamics, paradoxical tensions and strategic responses of clusters



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The head office risk and internal control manager stated, “we provide guidelines to our clusters. However, [cluster 1](#) considers these as a burden and as ineffective. So, they argue, reject or sometimes manipulate them.” Adding to this, the financial accountant of the cluster added:

Most of the time, we try to get the head office to accept our practices, that is the developed culture in our cluster. When the head office is planning to implement controls over us, they think twice because we are strong and unique.

Furthermore, the internal audit manager recalled, “sometimes we do some tinkering with cluster data to prevent unnecessary involvement by the head office and to show that we are within given parameters.” These discourses reveal the ability of its key managers to use their interests and values in determining processes and systems (including controls) on cluster operations. For instance, the financial director noted, “when there is an option to select a practice, best practices and various new controlling mechanisms are subjected to the key managers’ willingness towards them.” In the eyes of the head office, standardizing controls across all clusters is vital, as the head of control and risks noted: “people are the direct product of the control environment, the tone the top sets.” Opposing this view, the financial accountant of cluster 1 espoused, “most of the time we resist head office influences.”

To sum up, faced with competing pressures, key organizational members of [cluster 1](#) acquiesce customer requirements, follow practices of global competitors, and keep up with expectations of the working community and conforms to the statutory requirements of the country, which in turn get fed into their LRP and other controlling mechanisms. Consequently, tensions are developed at the cluster level, which are further aggravated through head office prescriptions, for which the cluster responds via strategies such as compromise, avoid, defy and manipulate, stemming from its unique attributes. The next section illuminates the scenario within cluster 2.

#### *Cluster 2. Attributes, multiple pressures, tensions and responses*

[Cluster 2](#), the second largest cluster in Stitch-It, is also a separate entity with specific products and customers as its counterpart, [cluster 1](#). Its marketing director revealed, “our products and customers are different from . . . [cluster 1] and we are a separate legal entity.” It also directly reports to the head office, which is considered as an external party.

As for [cluster 1](#), the head office provides guidelines for operations and controls to [cluster 2](#). Unlike [clusters 1](#) and [2](#) adheres to head office prescriptions because its key members, including the CEO being risk averse, strives to carry out operations within the specified boundaries. For instance, its CEO revealed, “in all the activities of our cluster, we work with the head office. . . even in the budget presentation, the first slide is about head office guidelines.” While its financial controller resonated, “the head office is there to guide us.” These discourses exhibit the dependency of [cluster 2](#) on head office guidelines. Further on this aspect, relating to budget preparation the financial manager of the cluster mentioned, “what head office expect nowadays is more investment in innovation. That is in line with our budget. We always try to be with head office expectations.”

Several interviewees from [cluster 2](#) echoed similar sentiments. Its production director stated, “within the expectations of the head office, we align our operations,” while the marketing manager revealed “at the group level, common controlling mechanisms prevail; at the cluster level, the control mechanisms could vary to suit customized requirements, but it’s done as per the discretion of the head office.” Adding to this, its financial director stated, “our CEO is very concerned about head office controls,” while the financial controller said, “the senior management always accommodates systems and procedures of the head office.” As these empirics indicate given the nature of its attributes, [cluster 2](#) displays “dependency” and “passive acceptance” (acquiesce) of head office prescriptions, which in turn has important

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implications on cluster responses to multiple pressures. Similar to [cluster 1](#), [cluster 2](#) also serves customers in the European market and its survival is determined by the extent to which it accommodates the concurrent influences emerging from the market, professions, state and community logics alongside head office prescriptions. Its key actors thus encounter tensions as [cluster 1](#), although notably, their responses differ for [cluster 2](#) views head office prescriptions as a support for dealing with external constituents. The financial controller stated “when we have influences from different parties, sometimes we are in a situation that we cannot take a decision. Then, we depend on head office guidance.”

[Cluster 2](#) incorporates the influences of such logics in their operations and controls within the parameters of the head office guidelines given its structure, culture and identity. As the financial director explained:

From the head office, we receive a set of policies. Customers expect something. If the customer expectations go beyond the given policies, we go back to the head office and explain our scenario and take their advice, and accordingly handle our customer.

Furthermore, the marketing manager remarked: “in the current business model, there is a direct influence from the market space [customers]. With the guidelines of the head office, our target is to delight our customers.” These interview quotes reveal that [cluster 2](#) strives to meet customer expectations with the endorsement of the head office. It acquiesces multiple logics and head office influences when framing its controls, thus minimum tensions are developed at the cluster level.

[Greenwood et al. \(2011\)](#) espouse that variations in logics enactment would mean that the same set of logics may develop a tension in some situations, but not in other. Accordingly, faced with similar head office prescriptions, two clusters encounter different degrees of tensions, for they employ varying strategies stemming from their own attributes. The strategy of acquiescence to field level logics (market, profession and state) and social level logics (community) in shaping and reshaping of controls are witnessed in both clusters. The same strategy of acquiescence is reflected in [cluster 2](#), in relation to the head office controls. Seeing in this manner, while [cluster 2](#) controls are aligned to multiple logics in the field and head office controls, strategies of compromise, avoidance, defiance and manipulate are employed in [cluster 1](#) in response to head office controls.

Such differences have ramifications on the performance of the two clusters. As reflected in internal financial performance reports, [cluster 1](#)'s profitability has been rising, it has achieved its budgetary targets, and its key managers expect this upward trend to continue. From a non-financial stance, the cluster has been increasing its customer base, delighting existing customers and acquiring new customers. Furthermore, using the professional networks of its CEO and directors, it brings in professionals to conduct training programs and up-skill its employees on continuous product and process improvements. Stemming from the above, bonus payments and annual salary increments of its employees are far beyond that of [cluster 2](#). Nevertheless, such actions are not without disagreements with the head office.

As became evident through financial performance data, the scenario in [cluster 2](#) is rather different. Its key members' main intention is to retain the customer base and align with budget figures assigned by the head office. Being satisfied with the given bonus levels and increments, this cluster passively operates adhering to head office guidelines. Seeing in this manner, internal dynamics, in the form of individual cluster attributes and strategic responses of key actors get entangled in the shaping of cluster controls.

## 6. Discussion

This paper explores how various logics in the society and institutional field interface with organizational attributes and develop a state of (paradoxical) tension. It further probes into organizational members responses to such tensions through various strategies, amid cluster

attributes, actors' interests and values, which have ramifications on shaping of management controls as became evident in our case study firm, a clustered apparel firm in Sri Lanka (Stitch-It). While logics are taken-for-granted social prescriptions, which represent shared understandings and decision making in a field or in organizations (Battilana and Dorado, 2010; Lounsbury, 2007; Pache and Santos, 2013; Smets and Jarzabkowski, 2013; Thornton *et al.*, 2012), the apparel field in Sri Lanka, exhibits concurrent presence of multiple logics such as market, professions, state and community. Literature suggests that organizations are influenced by market and non-market logics (Lounsbury, 2008; Greenwood *et al.*, 2011), as witnesses in the case of Stitch-It. This paper thus adds to the burgeoning accounting literature premised upon institutional logics perspective (see Ahrens and Khalifa, 2015; Busco *et al.*, 2007; Dambrin *et al.*, 2007; Fossetøl *et al.*, 2015; Hyvönen *et al.*, 2009; Jazayeri *et al.*, 2011).

Logics of a field shape practices (including controls) of organizations in that field (Battilana and Dorado, 2010; Pache and Santos, 2013). Keeping with the key logic governing the apparel field, market logic, which is reflected in customer specifications, Stitch-It's controls, such as budgeting and operational controls focus on cost, quality and efficiency. Further its MCSs are continuously upgraded by pulling-in professions logic via global best practices. Strikingly, profession logic coexists with market logic, and in tandem shape and reshape controls and gets incorporated into practice (Burns, 2000; Burns and Scapens, 2000; Oriot, 2005; Wickramasinghe *et al.*, 2008). These findings are however at variance with past researchers who posit that market and professional logics *per se* are incompatible (Reay and Hinings, 2009; Ezzamel *et al.*, 2012). The former reports that market (business-like) and professions (medical professionalism) logics in the healthcare sector are of conflicting nature. Similarly, the latter illuminates how budgeting practices of a university which was introduced amidst incompatibility between business, profession and governance logic apparent in the education field, led to tensions due to the nature of the profession and what they value.

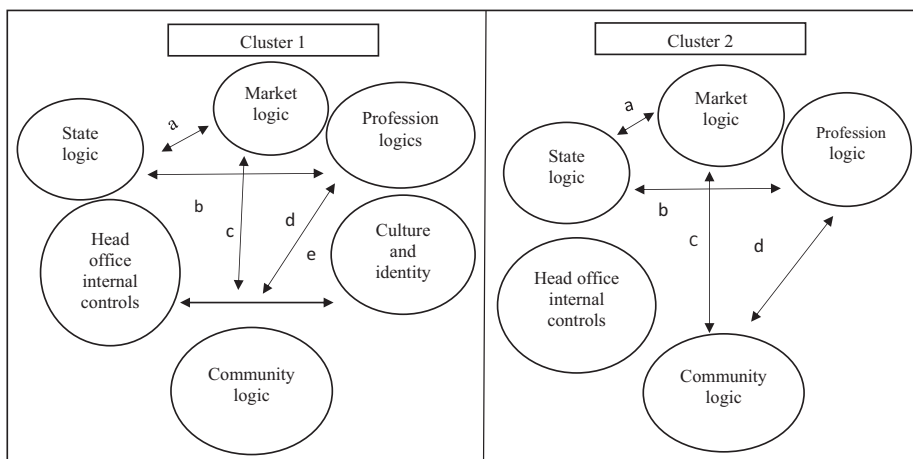
As became evident through our findings, the presence of multiple logics in the apparel field and the societal level, further intensified by head office prescriptions give rise to complexities in Stitch-It and its clusters. At the cluster level, such complexities get filtered through diverse cluster attributes, resulting in varying levels of tensions and diverse responses, revealing practice variation. Such variation can be attributed to key actors. For instance, due to the independent nature of its key actors, cluster 1 depicts active resistance to head office guidelines, while due to the dependency nature, key decision-makers in cluster 2 passively accepts head office directions. This supports the explication of Binder (2007, p. 551), that there are "pockets of discretion and autonomy and local ecologies of power and influence amongst organizational members across departments in the same organization," reflecting organizational heterogeneity (Morrill, 1995; Perrow, 1972; Pfeffer, 1978). It also highlights the influence of key actors in constructing these pockets, for they are not given, instead are socially constructed. This paper further reinforces the findings of prior studies which depict how management controls of sub-units of the same organization are influenced by their head office directions and local managers' interests and values (Cruz *et al.*, 2009; Oriot, 2005; Schäffer *et al.*, 2015).

Past research shows that at the interface of internal dynamics and multiple logics "tensions" are developed within organizations (Battilana and Dorado, 2010; Besharov and Smith, 2014; Nyland *et al.*, 2017; Reay and Hinings, 2009). In the context of Stitch-It, not only is that organizational actors concurrently encounter multiple logics in their institutional environment, causing tensions in its sphere of controls, multiple logics and organizational attributes interface resulting in further tensions, for actors' decision-making and strategic behavior are influenced by the prevailing institutional logics and organizational attributes. This suggests that the rationality that institutionalists embrace is intertwined to their logics

and the institutional context (Fligstein, 1997; Lounsbury, 2008). More importantly, this paper re-conceptualizes such emerging tensions as paradoxical tensions, for each of these tensions taken in isolation seem reasonable, although appears incongruent when viewed as a whole.

As depicted in Figure 2, the clusters face different forms of paradoxical tensions at several junctures, such as at the interface of market logic and state logic (a); and at the interface of market logic and community logic (c). While market logic orient cluster controls towards cost effectiveness, high quality, innovativeness and flexibility, state logic strives for compliance to rules and regulations, whereas community logic calls for simple controls. A paradoxical tension is also developed at the interface of profession logic and state logic (b), as profession logic is drawn in order to face market logic, i.e. to keep up with customer specifications, while state logic gets fed into controls through regulatory pressures. Furthermore, a paradoxical tension at the interface of profession logic and community logic (d) arises due to the opposing forces emerging from community expectations and professional influences. In this manner, both clusters of Stitch-It face paradoxical tensions (a, b, c and d) due to multiple conflicting logics in the field. Of further importance, cluster 1 faces another paradoxical tension (e) due to its active resistance to head office prescriptions. This is not witnessed in cluster 2, due to its passive acceptance of head office guidelines. Seeing in this manner, this paper supports the assertions of Putnam (1986) by explicating how MCSs design and implementation entail contradictions due to the roots of mix messages from simultaneous existence of multiple logics and organizational managers' different cognitions. Such polarized influences are indicative of paradoxical tensions (Lewis, 2000). Thus, it is apt to posit that the "tensions" evident in the clusters of Stitch-It are not mere "tensions" (Nyland *et al.*, 2017; Reay and Hinings, 2009) instead, "paradoxical tensions" (Smith and Lewis, 2011). This poses a greater difficulty for managers as they cannot go for "either or."

As for the different degrees of tensions are considered, Carlsson-wall *et al.* (2016) highlight how tension arises in varying degrees in organizations. As they explain, more or less tension occurs, due to the nature of the organizational field and based on how logics are enacted within an organization. The former explains that if the organizational field is more decentralized (i.e. not structured, logics are not moderated by field level actors and organizational level actors need to fully address the pressures of multiple logics), the organization faces higher tension. The latter explicates that within a given field, an organization faces more or less tension depending on how



**Figure 2.**  
Paradoxical tensions  
within the clusters

logics are enacted within the organization. Relating the nature of the organizational field to this paper, the apparel field is much volatile due to changing designs, technological changes, availability of competitive producers worldwide, community expectations for simple systems, etc. and this has led to higher tension in Stitch-It and its clusters. Concerning how logics are enacted within an organization, this paper shows that internal attributes of the clusters and their key actors' interest, their independence/dependence determine the level of tension faced, thus supporting the findings of [Carlsson-Wall \*et al.\* \(2016\)](#).

In response to such tensions, our empirics reveal that cluster managers (key actors) employ different strategies due to differences in their interests and organizational attributes. In that sense, this paper is alongside past studies which posit that an organization is not a passive recipient of institutional prescriptions in the field, instead it interprets, translates and transforms them according to organizational attributes ([Jazayeri \*et al.\*, 2011](#); [Kapiyangoda and Gooneratne, 2018](#); [Reay and Hinings, 2009](#)). While cluster 1 accommodates multiple influences emerging from the field into its control systems regardless of head office prescriptions, [cluster 2](#) accommodates such pressures within the given framework of the head office. Following from the above, while cluster 1 mostly compromises, avoid, defy and manipulate head office prescriptions, cluster 2 acquiesces them. Such differences in responses are linked to cluster attributes and actors interest in terms of being bounded to existing structures, cultures and organizational identities: [cluster 1](#), being in dependent, its key actors somewhat oppose head office prescriptions for standardization; [cluster 2](#), being dependent on the head office and risk averse, its key managers' interests are aligned to head office guidelines. This suggests the prevalence of structure and agency within the organizational context, which in turn affects the level of complexity and tensions developed within the clusters. Consequently, a higher complexity and more intense paradoxical tension is visible in [cluster 1](#), and vice versa in [cluster 2](#). Such behavior of cluster managers carries far-reaching implications on the firm's control landscape, in terms of how controls are formed and implemented in each cluster.

## 7. Conclusion

Drawing upon the theoretical underpinnings of institutional complexity within the institutional logics perspective, paradoxical tensions, as well as strategic responses to institutional processes, this paper sheds light on how management controls of two clusters of an apparel group in Sri Lanka (Stitch-It) is shaped by multiple facets, such as logics at the field and societal level, as well as head office guidelines. Our field encounters reveal that at the interface of conflicting multiple logics and differing cluster attributes, varying levels of complexities and tensions are developed. Due to the nature and the intensity of such tensions, this paper re-conceptualizes them as paradoxical tensions. In their attempt to mitigate such tensions, cluster managers respond through various strategies, from "compromise, avoid, defy and manipulate" to "acquiesce" which in turn has important ramifications for cluster management controls.

This paper contributes to literature, theory practice as well as to interdisciplinary research. As for literature, it contributes to the domain of management control research postulating that management controls is a dynamic phenomenon, which continuously evolves in light of organizational attributes, multiple logics and head office pressures, in contrast to being a passive mechanism. Furthermore, moving beyond the notion of "tension" at the shaping of management controls, this paper posits that the tensions developed at the interface of multiple logics and cluster attributes as "paradoxical tension." Although important and relevant to management control arena, "paradoxical tensions" has been scantily explored in the past literature. From theoretical stance, this paper extends the use of institutional logics perspective in management accounting research, through

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theoretical proliferation, by amalgamating institutional logics and complexity, with paradoxical tensions as well as strategic responses to institutional processes. Deploying these multiple theoretical stands within a single study to illuminate management control practice although apt has not been the focus of prior accounting researchers inspired by institutional logics perspective. By doing so, this study provides a comprehensive conceptual tool to understand how competing demands of multiple logics are resolved within organizations. This addresses a key limitation of institutional logics: its inability to explain the micro level process of institutionalization (Cloutier and Langley, 2013). In the meantime, by elucidating how institutionally contingent rational actor through their strategic decisions attempt to legitimate taken for granted assumptions in the field, we further contribute to the “legitimacy struggle,” which carry limited explanation (Cloutier and Langley, 2013). Accordingly, this paper creates a new space for theory development and empirical insights.

The study also has implications for practitioners in several ways. First, a key deliberation that emerged from this study is management controls is an evolving phenomenon resulting from interactions among logics, organizational attributes and managers own behaviors. Given this nature of management controls, an important message to managers is, the difficulty of “managing” management controls. Managers should learn to appreciate the implications of different constituents in management controls if they are to successfully implement controls. On other hand, managers’ ignorance in implementing management control is likely to result in failure. From the headquarters perspective, a possibility of implementing “unitary” management control across subunits is a myth; it is something that should not be expected even if all subunits have same logics and same organizational attributes. As the present research indicates key decision-makers greatly influence the construction of pockets of discretion and autonomy. Furthermore, their capacity to respond to headquarter directions vary. This creates a dilemma for headquarters as they look for “strong personalities” for better management of subsidiaries, as it is these strong personalities who creates pockets of discretion and move away from headquarters directions. Second, this research has implications for employee selection and training. If an organization identifies the need to maintain its prevailing culture and identity, in the selection of employees, especially key managers, their perceptions, traits, beliefs and understanding of the organization needs to be considered. Training programs should focus on culture, practices and identities based on organizational requirements (to change or reinforce the existing organizational culture). Third, managers or key actors should be mindful that their very own actions or the responses to the tension and the complexity itself take the existing conflicts and tensions to another level. In other words, the managers themselves are responsible for intensifying the complexities and tensions in the organization as is evident in the two clusters. Finally, this research provides lessons for managers in dealing with different constituents in the field and society. As the study reveals, different constituents impact on organizations, and managers must be aware of those constituents and possible strategies to deal with them. This paper further reveals how best practices in other industries could be capitalized by the company in its quest for market leadership in an (apparel) industry. Therefore, key organizational actors must be aware of their successes and failures in a given field along with possible reasons; identify processes, strategies, cultures and identities of renowned and successful organizations globally and examine the possibility of importing such practices for the benefit of their own organization.

In the true spirit of interdisciplinary research, this paper contributes to the body of accounting literature, embracing the view that accounting is a social practice with a connectivity and engagement with practitioners, the real-world actors. Such a view takes a multiple foci capturing and integrating diverse worldviews of actors, processes in the field and their functioning in the particular institutional and organizational contexts, as well as the

accounting ramifications. This outlook moves beyond viewing accounting narrowly as a technical practice detached from society (Parker and Guthrie, 2014; Guthrie and Parker, 2017). More so, this research is in par with interdisciplinary research mission, for it engages with the complexities of culture, language, values, beliefs, ideologies, perceptions (Parker and Guthrie, 2014), being cross-disciplinary (O'Dwyer and Unerman, 2014), while focusing on the intersection between accounting and society (Dumay *et al.*, 2018) in the pursuit of holistic understanding of the practice of accounting in organizations (Guthrie and Parker, 2004, 2006) by delving into the organizational, social and political aspects of the subject (Hopwood, 2009). Moving on, while the focus of this paper has been on a clustered firm in the apparel industry, future researchers could draw on a similar theoretical scope (as in this paper) to explore control practice variations in different business entities.

### Notes

1. For the purpose of this paper, management controls include organizational structure, reward systems, budgeting, standard operating rules and procedures, strategic planning systems and operational controls.
2. "An elaboration with the distinction that a major theoretical leap is achieved with the introduction of additional concepts and theoretical principles" (Berger and Zelditch, 1993, p. 3).
3. A control mechanism geared towards improving efficiency. Involves a work floor arrangement where workers in a team completes a particular process within a particular time limit standing on a special mat.
4. A method for ensuring that the strategic goals drive progress and action at every level within the company.

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Job position	Key responsibilities	No. of interviews
<i>Head office</i>		
Head of Group Risk and Control	Reports to the owners. Responsible for mitigating risks and controlling financial operations	1
Group Financial Director	Reports to the owners. Streamlines the finance function of all clusters	1
General Manager Finance	Reports to the group finance director. A review cluster management accounting reports and advises the senior management of clusters	1
<i>Cluster 1</i>		
CEO	Reports to the owners. Responsible for the entire operations of the cluster, and engaged in designing controls	1
Financial Director	Reports to the CEO of the cluster. Responsible for implementing controls as the head of the accounting and finance function of the cluster	3
Financial Controller	Reports to the finance director of the cluster and is a cluster control designer	2
Financial Manager	Responsible for the finance operations of the cluster and reports to the finance director and finance controller of the cluster. A cluster control implementer	1
Group Financial Accountant	Reports to the financial manager of the cluster. A middle level manager, who implements decisions taken by the top layer of the organization	3
Plant Manager	Reports to the production general manager of the cluster. Responsible for the operations of a plant in the cluster. A control implementer	1
Divisional HR Manager	Responsible for managing HR functions. Directly involved in designing cluster controls	1
Production General Manager	Reports to the production director of the cluster. Engaged in control design	1
Internal Audit Manager	Reports to the group risk controller. Responsible for internal audit operations of the cluster, and for implementing controls designed by the head office	1
Director Technical	Reports to the CEO of the Cluster. Responsible for developing styles and improvements to the production process	1
Director HR and Administration	Reports to the CEO of the Cluster. Manages HR and administration function of the cluster	1
General Manager Business Development	Reports to the director (marketing). Manages customer relations and develops business	1
Business Manager	Reports to the general manager (business). Manages day-to-day activities relating to customers and plants	1
Business Director	Reports to the CMO (Chief Marketing Officer) of the business. Involved in new business development and customer negotiations	1
Deputy General Manager Finance	Reports to the Financial Director and engages in finance and accounting functions of manufacturing plants	1
Plant Accountant	Reports to the Financial Manager and General Manager (Production). Manages the cost of the plant and drives the plant towards expected performance	1
Deputy General Manager Tax and Internal Audit	Reports to the Financial Director. Ensures the effectiveness of the internal audit and tax function	1
Deputy General Manager-Operational Finance	Reports to the Financial Director. Manages the materials of the cluster	1
Deputy General Manager Business Finance	Reports to the Financial director. Engaged in finance activities in the trading house	1

**Table A1.**  
List of interviewees

(continued)

Job position	Key responsibilities	No. of interviews
<i>Cluster 2</i>		
Financial Director	Heads the Finance Division of the cluster and reports to the cluster CEO.	1
Financial Controller	Reports to the cluster Financial Director. A representative of the top managerial layer of the cluster	2
Financial Manager	Reports to the Finance Director and Finance Controller of the cluster. Responsible for finance operations. A control implementer of the cluster	3
Financial Accountant	A middle level manager reporting to the cluster Financial Manager. An implementer of decisions taken by the top layer of the organization	2
Production General Manager	Reports to the Production Director of the cluster and is engaged in control design of the business	1
Production Director	Reports to the CEO of the cluster and is engaged in control design of the business	1
Management Accountant	Reports to the Financial Controller. Involved in the day-to-day management accounting functions of the manufacturing plants	1
Business Manager	Reports to the General Manager (business). Manages the day-to-day customer and plant related activities	1
Manager Planning	Reports to the Production Director. Involved in production planning in the manufacturing plants	1
Manager Human Resources	Responsible for managing HR functions and is involved in cluster control design	1
Assistant HR Manager	Responsible for implementing HR policies and procedures in line with Sri Lankan rules and regulations	1
Executive Finance	Involved in implementing policies and procedures adapted by the division in line with the corporate policies	1
Technical Manager	Responsible for implementing the developed styles and improvements to the production process	1
Executive planning	Involved in day-to-day production planning of the cluster	1
<i>Work floor level interviewees</i>		
Team Leader	Responsible for training team members, managing absenteeism and maintaining targets	1
Four Team Members	Responsible for achieving hourly, daily targets, responding to abnormalities and improving standards	1 each

**Table A1.**

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 Finance related interviewees
 

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Time

Date

Place

Interviewee

Position of the Interviewee

Questions

1. What do you think about the apparel industry in Sri Lanka? Who are the customers, competitors, suppliers and other influential parties?
  2. What are the key success factors of the industry and in this business?
  3. Could you elaborate on the structure of the control mechanisms of the business? What are the prevailing control practices of the company?
  4. From where do you get directions or pressures to manage and control business operations of this cluster?
  5. Could you elaborate on the influence or guidance of the head office for the design and implementation of controls?
  6. Do you think that cluster's own efficiency requirements and head office requirements in relation to controlling the business are conflicting?
  7. What is your response to that conflict, and how do you design and implement controls in the cluster?
  8. How does the headquarter justify new control mechanisms which impact your cluster?
  9. How do your subordinates respond to new controls? Do they accept changes? If not, how do you manage those rejections?
  10. Other than the head office, who are the influential parties in designing and implementing controls in the business?
  11. What is the involvement of the owners in managing operations, especially controlling the business?
  12. What is the role of consultants in designing and implementing best practices and controls of the business? Who bring consultants to the company? From which countries are they? Are there any local consultants. Have consultants being engaged in bringing controls to the business
  13. How does the market of the business influence operations, and thus control mechanisms?
  14. How do you take into account, the changes of control systems in apparel competitors?
  15. What is the influence of the state on the apparel industry in Sri Lanka, and how does it impact on your business?
  16. How are the relationships with professional bodies, networks, your own expertise taken into account when managing the business?
  17. With all of these influences, how are control mechanisms designed and implemented in this cluster?
  18. Do you prepare any control related reports to satisfy external or head office requirements?
  19. Do you think that control systems in your cluster is different from other clusters? If yes, what are the factors behind those different practices? In what aspects are your control practices similar to those in other clusters?
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 Non-finance related interviewees
 

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Time

Date

Place

Interviewee

Position of the Interviewee

Questions

1. How is the vision and mission of the organization brought to the attention of managers and employees?
  2. How are controls such as budgeting, standard operating rules, strategic planning influence your role?
  3. Could you explain the management control practices of the company, especially about reporting systems, budgeting devices, performance measures and dashboards?
  4. How have those controlling mechanisms, or best practices emerged in the organization? Who take initiatives?
  5. How are the CEOs and directors involved in the design and implementation of controls or best practices?
  6. How are customers, head office and especially owners get connected in design and implementation of controls or best practices?
  7. What type of information flows have been developed to monitor performance and adapt the required behavior?
  8. What is your involvement in designing or implementing controls in the organization or in your division?
  9. How do your employees respond to new control mechanisms? Do they accept changes? If not, how do your manage those rejections?
  10. How do you take into account, the changes of control systems in apparel competitors?
- 

**Table A2.**  
Interview guides

*(continued)*

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Non-finance related interviewees

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11. What is the involvement of consultants in designing and implementing best practices? Who bring consultants to the company?
  12. How do you inculcate your own experience, self-interest, beliefs and power into organizational performance?
  13. Do you think that MCSs in your cluster is different from other clusters? If yes, what are the factors behind those differences?
  14. As a manager, how do you keep contacts with your competitors and how do you contribute to the development of the apparel field?
  15. Do you have sufficient resources and power to control the business operations?
  16. Do you have the autonomy to change management controls in the organization or division and what is the response of owners to those changes?
- 

Work floor level employees

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1. What is your job role?
2. Why did you select to work in the apparel industry instead of another industry?
3. How do you know that you are performing your job correctly?
4. If you make any mistakes in production, how do you correct it?
5. What are those guidelines, production samples shown in front of your production line?
6. Are those simple to understand? If you cannot understand them, what do you do?
7. How do your supervisors support you to do your job correctly?
8. What are the facilities given to you by this organization?

**Table A2.**

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