

# **Management Controls in an Apparel Group: Logics, Complexities and Strategic Responses: A Case Study**

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## **Introduction**

Management controls is a generic term for a wide range of formal and informal approaches and mechanisms that aim to regulate the behavior of members of an organization (Anthony & Govindarajan, 1998). Formal management control mechanisms include organizational structure, reward systems, budgeting, standard operating rules and procedures, strategic planning systems, and operational controls. Informal controls comprise of leadership, culture, values, and norms (Macintosh, 1994).

A stream of past research posits that management controls are influenced by environmental (external) forces (Anthony & Govindarajan, 1998; Brignall and Modell, 2000; Collier, 2001; Uddin and Tsamenyi, 2005), while a further body of literature shows that internal dynamics (structure, key actors interests, extant practices etc.) in organizations' influence such controls (Chenhall, 2003; Lukka, 2007). Despite the above, how management controls are designed and implemented through the interactions between these external and internal deliberations has been subjected to only limited scholarly inquiry. Addressing this omission in the extant literature and bringing together these two stands of research, this study address the research issue of how the design and implementation of management controls in an organization and its clusters take different forms amidst interactions between external institutional forces and internal dynamics.

## **Theoretical Lenses**

This study is informed by institutional logics perspective, more specifically, institutional complexity integrated with Oliver's strategic responses (1991).

Alford and Friedland (1985) introduced institutional logics to describe different practices and beliefs of different institutional orders in western societies and how those orders shape individual behavior. Friedland and Alford (1991) further developed this perspective to explicate the interrelationship between individuals, organizations and society through these different institutional orders and their practices. Moreover, Thornton et al.(2015) explicated that there are seven institutional orders (family, religion, market, state, profession, community and corporation)<sup>1</sup> in the society with a central logic that guide its

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<sup>1</sup>Out of these seven institutional orders, state, community, profession, market and corporation are considered for the purpose of this study given their relevance to the issue explored.