

How to Dress for Success

A case study on the role of management control systems in managing the trinity of challenges inherent in the fashion industry

Amelie Lindquist^{\$}

Christina Rödö[€]

Abstract

This paper aims to investigate how MCS can manage inherent challenges in the fashion industry. This was examined by conducting an in-depth qualitative case study of a Swedish fashion chain, in which the role of MCS in managing tensions between the challenges of creativity, low cost and speed, was investigated. Selected parts of Tessier and Otley's (2012) theoretical management control framework were used as theoretical lenses. The findings indicate social controls to have a significant role in managing tensions since these controls proved to be able to address dual opposing control objectives. Moreover, the speed, at which fashion trends changes seems to have resulted in a dominant short-term focus, which strategic control systems proved insufficient to counterbalance. However, the empirical data indicates that a certain social control, with the features of having dual objectives and addressing both operational and strategic level, helped create long-term thinking within the organisation to some extent. Furthermore, an additional tension was identified in the Tessier and Otley (2012) framework: the tension between operational short-term focus and strategic long-term focus.

Keywords: Management control systems, Tessier and Otley (2012), tensions, popular culture, fashion

Tutor: Kalle Kraus

^{\$} 22678@student.hhs.se

[€] 22622@student.hhs.se

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Amelie Lindquist

Christina Rödöö

Table of Contents

1 Introduction	1
2 Previous literature	2
2.1 Previous literature covering the popular culture and the fashion industry	3
2.1.1 Overview of the challenges of creativity, low cost and speed	6
2.2 Previous literature covering management control systems	11
2.2.1 Ambiguities within Simons' (1995) LOC addressed by Tessier and Otley (2012)	13
2.2.2 Selected parts of Tessier and Otley's management control system	14
2.2.3 Tessier and Otley's MCS as an appropriate analytical tool when investigating a fashion chain	17
2.3 Review of previous literature and contributions to existing research	18
3 Methodology	19
3.1 Empirical method	19
3.2 Research design	20
3.2.1 Research approach	20
3.2.1 Selection of case company and company functions	21
3.3 Data collection	21
3.3.1 Primary data	22
3.3.2 Secondary data	22
3.4 Data analysis	23
4 Case Analysis	23
4.1 The case company	24
4.1.1 Investigated key functions and processes in Trendy AB	25
4.1.2 The Strategy at Trendy AB	26
4.1.3 Mapping of the challenges of creativity and low cost	27
4.1.4 Mapping of the challenge of speed and its effect on creativity and low cost respectively	29
4.1.5 The three challenges and their coexistence and interrelation	32
4.2 MCS at Trendy AB	33
4.2.1 Types of controls	33
4.2.2 Control systems	43
5 Discussion	48
5.1 How MCS help manage the challenges of creativity, low cost and speed	48
5.1.1 The tension between creativity and low cost	48
5.1.2 The three challenges of creativity, low cost and speed	50
5.2 The tension between short and long-term perspective	52
6 Concluding remarks	54
6.1 Conclusion	55
6.2 Limitations and suggestions for suggestions for further research	57
7 References	59
8 Appendix	64

1 Introduction

In 1994, Hopwood made a call for research on the relationship between accounting and everyday life. Since then, accounting literature focusing on the interlinkages of accounting and popular culture, which is a key part of everyday life, has emerged. The popular culture constitutes a range of activities such as media and social media, movies, music, sports, drinking, leisure and fashion (Jeacle and Carter, 2014; Jeacle, 2009). Jeacle (2009) argues fashion chains to have a dominant presence in everyday life, why they are suggested as worthy sites for future accounting research. Despite its commercial significance, the fashion industry has not received much attention by accounting scholars. Looking beyond the high-end designer market at the more price competitive fashion chains, H&M and Gap are well-recognised players and have a key role in determining how the masses dress (Jeacle, 2009). These chains moreover constitute a significant part of the retail trade and operate in enormous scale. Therefore, both from a social and commercial perspective, they are relevant sites of social and accounting-related research (Jeacle, 2009). However, accounting researchers have tended to remain their focus on a more traditional domain, namely the manufacturing stage of the supply chain, rather than embracing the fashion chain in itself and the role of the consumer (Jeacle, 2012). Social scholars however, have realised the power of consumerism as a legitimate field of scholarly inquiry and no longer ignore it as “obscure background of social activity” (de Carteau, 1984 p. 6 as mentioned by Jeacle, 2012). Jeacle (2012) argues that it is time for accounting scholars to follow suit and broaden its research scope. In recent years, however, contributions have been made by accounting scholars within the contemporary fashion domain (Jeacle and Carter, 2012; Jeacle, 2015). Jeacle and Carter (2012) investigated the role of accounting as a mediator in the constant struggle for fashion chains to produce fashionable garments and at the same time keep low costs to be able to offer low prices. Thus, ensuring both *creativity* and *low costs* are critical challenges for these chains. Moreover, a distinct characteristic of the industry is the *speed* at which fashion trends change (Jeacle, 2015; Hines and Bruce, 2007; Leung and Yeung, 1995). The high speed makes trend forecasting hard (Hines and Bruce, 2007; Leung and Yeung, 1995; Perna, 1987, as mentioned in Allenby et al., 1996), why fashion chains must be flexible and able to quickly respond to the latest trends to capture sales opportunities (Jeacle, 2015; Leung and Yeung, 1995). Jeacle (2015) investigated the role of accounting in enabling such quick responses. The marketing scholars Hines and Bruce (2007) described how all actors within the fashion industry must work towards delivering the best product to the market, at the most competitive price and in the fastest time. Thus, the challenges of *creativity*, *low cost* and *speed* are inherent in the industry, putting pressure on fashion chains to deliver in all three areas to succeed. However, previous accounting literature has tended to focus on either one or two of these challenges. Moreover, such studies have investigated the role of accounting tools, such as budgets and sales and inventory reports, in managing the challenges, while broader management control perspectives have not received much attention. According to Mintzberg (1983a), contemporary businesses seem to use a battery

of control forms why it might be counterproductive to focus on one dominating form of control (as mentioned in Alvesson and Kärreman, 2004). Thus, this paper aims to explore the role of management control systems (MCS) in managing the challenges of *creativity*, *low cost* and *speed* within a fashion chain. The following research question has been formulated to fulfil the purpose of the study:

How are management control systems used to manage the challenges of creativity, low cost and speed in a fashion chain?

In order to answer the research question, an in-depth qualitative case study of operations carried out at the headquarters of a Swedish fashion chain has been conducted. To gain deep insight into how MCS are used to manage the challenges, employees at all hierarchical levels have been interviewed. Moreover, as current complex market conditions have given rise to the development of more inclusive MCS than traditional command-and-control systems (Merchant and Otley, 2006), a broad MCS perspective was used when analysing the case company. Simons' (1995) Levers of Controls is a well-known and frequently used MCS that incorporate different types of control systems instead of only focusing on one type of control (Alvesson and Kärreman, 2004). Simons' (1995) framework has been appreciated within the MCS literature but has also received critique for having vague and ambiguous concepts and definitions (Tessier and Otley, 2012). Tessier and Otley (2012) take on the challenge to improve Simons' (1995) MCS and present a revised version in their paper. In this study, selected parts of Tessier and Otley's (2012) revised framework are used to present and analyse empirical findings.

This study contributes to the fragmented previous literature within the fashion domain in two aspects. First, no previous study has investigated how fashion chains manage the challenges of *creativity*, *low cost* and *speed* simultaneously. Second, literature within this domain has focused on the role of accounting tools in managing inherent challenges within the industry. Hence, the role of a broader MCS within a fashion chain remains unexplored and will be investigated in this study. The remainder of this paper is structured as follows. In section 2, a review of previous literature within the popular culture and fashion domain is outlined as well as previous literature within the management control area relevant for this study. In addition, the framework used in this study is presented as well as identified research gaps are explored. In section 3, the research method is presented. Thereafter, the case analysis is presented in section 4, followed by a discussion in section 5. Lastly, section 6 summarises and concludes the study, as well as reflections on limitations of the paper and suggestions for future research are presented.

2 Previous literature

In this section, previous literature covering management control in areas related to our study are presented. Section 2.1 presents existing literature within the domain of popular culture and fashion. The section also includes a review of relevant research covering certain challenges

inherent in the fashion industry. Section 2.2 outlines previous literature within management control relevant for this study, and a review of the management control framework used to analyse the case company. Last, in section 2.3 previous literature is summarised and contributions to existing research discussed.

2.1 Previous literature covering the popular culture and the fashion industry

More than 20 years ago, Hopwood (1994) called for studies on the relationship between accounting and everyday life. Shortly after, Miller (1998) argued accounting to be most interesting at its margins as this is where accounting intersects with other bodies of expertise and can be reformed by various kinds of ideas. Further on, Jeacle (2009) stressed the importance of accounting and the everyday life as little research had been done in the subject since Hopwood's (1994) initial call. In a subsequent paper, Jeacle (2012) emphasised the richness in broadening the scope of accounting research to explore interlinkages of accounting and popular culture since the latter is an important aspect of everyday life. In later years, an arising field of accounting literature has concentrated on popular culture (Carlsson-Wall et al., 2015). Such recent literature covers among others, areas such as drinking (Jackson et al., 2012), music (Jacobs and Evans, 2012), cinema and film (Jeacle, 2009; Jeacle 2014), sports (Andon and Free, 2012, 2014; Cooper and Johnston, 2012), travelling (Jeacle and Carter, 2011) and fashion (Jeacle, 2015; Jeacle and Carter, 2012).

As demonstrated, consumerism is a relevant research area within the field of accounting and popular culture (Jeacle, 2009). Researchers within the field of accounting and consumerism have tended to limit their focus to the traditional manufacturing unit, while the retail companies and the role of the consumers have been rather neglected (Jeacle, 2012). Social scholars however, have realised the power of consumerism as a legitimate field of scholarly inquiry (Jeacle, 2012) and as described above, an increasing number of accounting scholars have followed suit (Jackson et al., 2012; Jacobs and Evans, 2012; Andon and Free, 2012, 2014; Cooper and Johnston, 2012; Jeacle and Carter, 2011, 2012; Jeacle, 2015). Part of the field of consumerism is the fashion industry (Jeacle, 2009). Jeacle (2009) provided insight into the area of fashion by presenting an empirical study of department stores and by discussing contemporary fashion chains as potential organisational forms to be investigated by accounting researchers. These chains are argued to play a significant role in determining how the masses dress (Jeacle, 2009), and constitute a significant component of the retail trade and operate in enormous scale. Hence, from both a social and business perspective these chains are worthy sites of accounting and management-related research (Jeacle, 2009). Furthermore, the inclusion of fashion and the role of consumerism in accounting research could potentially shed light on the current margins of accounting (Miller, 1998). This, since Miller (1998) argued studies of accounting to be most interesting at the margin as practices currently regarded as being at the core of accounting have previously been at the margin, and practices that are at the margin today may become the core of accounting in the future.

Moving into the research area of the fashion industry, a number of early contributions to the field analysed the interlinkages of accounting and fashion in the nineteenth and early twentieth century (Walsh and Jeacle, 2003; Jeacle, 2003; Walker and Carnegie, 2007). According to Jeacle (2003) and Walsh and Jeacle (2003), accounting proved to play an important role within the department stores. Jeacle (2003) showed how accounting innovations introduced by store management in the early twentieth century's US and UK department stores gave rise to the construction of the standard body size system. Furthermore, Walsh and Jeacle (2003) studied how the implementation of a new accounting technique called *the Retail Inventory Method*¹, between 1920 to 1930 recasted internal power relations within US departmental stores. The technical properties of the new method made individual buyer's operating performance transparent. This enabled controllers to retrieve data and to provide managers with regular and accurate knowledge of store operations. Hence controllers and managers gained significant power, while the buyer lost some. Finally, in Walker and Carnegie's (2007) study the relevance of the fashion industry and its impact on society was emphasised. The authors investigated how excessive expenditure on women's fashion clothing in the Australian market was considered as a threat to personal solvency between the 1820's and the 1960's. It was revealed that household accounting, in form of budgetary earmarking, became a social process reflecting gender asymmetries of power in the home. This was the case since evidence showed that men retained control over larger transactions in the home, while women were more likely to prepare accounts for minor housekeeping expenditures. Hence, Walker and Carnegie (2007) proved accounting practices to be present in our personal life, which further supported previous calls by e.g. Miller (1998) and Jeacle (2009) for recognising a broader research area for accounting, outside the walls of the manufacturing unit.

Proceeding to the more contemporary fashion industry and the price competitive fashion chains, previous literature has investigated the chain in itself (Jeacle and Carter, 2012; Jeacle, 2015), and the production end of the supply chain (Neu et al., 2014). Jeacle and Carter (2012) investigated the role of accounting as a mediator between creativity and control in a fashion chain. On the one hand, fashion chains must be creative when e.g. designing products to ensure that these reflect fashion trends and generate a customer demand (Hines and Bruce, 2007; Jeacle and Carter, 2012). On the other hand, these chains must also control their business and keep costs low to enable low selling prices that can appeal to a broad customer base (Jackson and Shaw, 2001; Jeacle, 2009). Thus, both creativity and low cost appear to be important challenges inherent in the industry. Jeacle and Carter (2012) found that accounting practices, such as the budget and sales and inventory level reports, worked as a mediator between creativity and control in the interaction between key actors in the firm. The authors frequently use the wording "cost control" when referring to control as it is a key task for a fashion chain to keep costs low to create cost

¹ The Retail Inventory Method involves valuing inventory at retail price rather than the traditional cost price.

competitive garments (Jeacle and Carter, 2012). Hence, hereafter when referring to Jeacle and Carter's (2012) identified tension it will be mentioned as a tension between creativity and low cost. Moreover, the fashion industry is characterised by high competition, quick changes in sales trends and rapid turnover of fashion products (Jeacle, 2012; Leung and Yeung, 1995). If a new trend appears on the catwalk or is worn by a fashion icon, the chains must replicate those looks as quickly as possible and ahead of competition (Rosenau and Wilson, 2001 as mentioned in Jeacle, 2009). Thus, the *speed* at which fashion trends and customer demand changes is another important challenge within the industry. The ability to quickly respond to these changes is therefore another key advantage, which is referred to as "quick response" (QR) (Abernathy et al., 1999). Accounting practices such as sales, inventory levels and transportation costs were found to play an important role in enabling QR initiatives in the study of a UK fashion chain by Jeacle (2015). As a final relevant study covering the fashion industry, Neu et al. (2014) explored the role of accounting at the production end of the supply chain. The authors demonstrate how the hierarchy of social positions and capitals in a fashion chain's supply chain influence accounting practices used in the work stream. It was shown that influential actors such as the fashion chain itself had the power to put specific accounting practices into motion at the production end of the supply chain. Due to the fashion chain's high hierarchical position it could also put pressure on lower levels and demand low prices and tight delivery deadlines. Hence, the study addressed the importance of low cost and speed i.e. two of the three key advantages in the fashion industry.

To conclude, several calls have been made for accounting researchers to explore the relationship between accounting and everyday life (Hopwood, 1994; Jeacle, 2009). Scholars have also urged the importance of broadening the scope of accounting research by investigating its margins and interdisciplinary accounting perspectives (Miller, 1998; Jeacle, 2012). In line with this, an emerging accounting literature has tended to focus on popular culture activities that constitute a key component of everyday life (Jeacle, 2009; Carlsson-Wall et al., 2015). Within popular culture, the aspect of consumerism is present, which in turn includes the fashion domain (Jeacle, 2009). On the topic of fashion, several researchers have investigated the role of accounting in the industry (Jeacle and Carter, 2012; Jeacle, 2015; Neu et al., 2014; Jeacle, 2003; Walsh and Jeacle, 2003; Walker and Carnegie, 2007). The previous literature covering the contemporary low price fashion chains highlights the challenges of *creativity*, *low cost* and *speed* that are inherent in the industry. These challenges are confirmed by marketing scholars arguing that all actors within the industry are involved in delivering the best product to the marketplace at the most competitive price and at the fastest time (Hines and Bruce, 2007). Hence, these three challenges are deemed as essential for success (Hines and Bruce, 2007; Leung and Yeung, 1995), why fashion chains must be able to manage them at the same time. However, previous literature is rather fragmented and focuses on either one or two of the challenges. Since one challenge cannot be neglected in order to succeed, it is of value to understand how fashion chains manage the three challenges of creativity, low cost and speed simultaneously. Moreover, previous literature has focused on the role of accounting tools, such as budgets and sales and inventory reports, in managing the

challenges. Thus, it remains unexplored to investigate how a broader set of management control systems can manage these three challenges in a fashion chain.

2.1.1 Overview of the challenges of creativity, low cost and speed

In the subsequent sections, previous literature within each challenge: creativity, low cost and speed will be presented more in depth. Last, delimitations of the study will be outlined.

2.1.1.1 The importance of creativity within the fashion chain

Creative processes in the workplace were for a long period of time ignored by early accounting and management scholars as a valid research topic (Jeacle and Carter, 2012). However, over time, studies in organisational theory started to give the subject an increasing amount of attention (Jeacle and Carter, 2012). The recognition of the importance of creativity was mainly driven by an intensified business environment where the need to balance different demands like innovation and discipline became apparent (Simons, 1995). Hines and Bruce (2007) describe creativity by stating that “*The apparel design process involves gathering and analysing information on fashion trends, markets and past line sales and editing ideas for successful combination of fabric, style and price. These ideas are the result of creativity*” (2007, p. 188). In line with Hines and Bruce (2007), Amabile (1998) states that being creative refers to a person’s capacity to put existing ideas together in new combinations. Creativity can be argued to be an important skill for employees working in a fashion chain since their main challenge is to transform key fashion trends from catwalks or celebrity appearances into garments that can appeal to a broad customer base in an inspiring way (Jackson and Shaw, 2001; Jeacle, 2009). However, observed trends cannot be copied and pasted directly from the advanced fashion on the runway since the final garment must be commercially viable. In other words, the garment should be suitable and wearable for the customer’s everyday life while maintaining a high level of fashion (Jeacle, 2009). Hence, to be able to make high fashion commercially viable requires generous creative thinking among employees. As previously mentioned, brands like H&M and Gap have managed to do this in a successful way, resulting in them having a dominant physical presence on shopping streets and in malls (Jeacle, 2009).

To conclude, creativity is a key factor in a fashion chain (Hines and Bruce, 2007; Jeacle, 2009; Jeacle, 2015). The firm must ensure to make room for creative processes and encourage employees to use creative thinking in daily work, all in order to produce a final output of garments that can appeal to the customer (Simons, 1995; Hines and Bruce, 2007; Jackson and Shaw, 2001).

2.1.1.2 The tension between creativity and low cost

As previously mentioned, fashion chains are not designer brands offering expensive and exclusive products, rather they are companies offering low price fashion to the broader mass in a highly price competitive market (Jeacle, 2009; Jackson and Shaw, 2001). However, despite not

being expensive or exclusive, it is crucial for these chains to deliver a high level of fashion to attract customers. In doing so, costs such as manufacturing costs must be controlled. For example, designers' choices regarding e.g. material use or design complexity of a garment directly influence manufacturing costs (Jeacle and Carter, 2012). This is further supported by Davila (2000) who describes how today's effective product development is characterised not only by creativity and freedom but also by discipline and control. Fashion chains are thus continuously exposed to the challenge of juggling creative aspirations of their employees with commercial reality of a highly price competitive market place (Jeacle and Carter, 2012). Ultimately, a high degree of fashion and low prices are two key advantages of a fashion chain that might give rise to a tension between creativity and low cost. Given that this tension is inherent in the price competitive fashion industry, management control systems (MCS) could potentially play an important role in managing this tension (Jeacle and Carter, 2012; Simons, 1995). As argued by Simons (1995), traditional command-and-control techniques are considered insufficient in contemporary business environment characterised by competing demands, why he urged the need for MCS with potential to balance competing demands, e.g. creativity and low cost.

Within the field of MCS, Jeacle and Carter (2012) studied what role accounting plays in managing the tension between creativity and low cost in a UK fashion chain. The study revealed how the tension between creativity and cost control was found at the heart of daily interaction between key actors (designers, buyers and merchandisers) in the firm. Accounting tools such as budgets, weekly sales and inventory reports together formed a significant component in the interaction between the actors and served as a mediator between creativity and control. First, in the interaction between the buyer and the merchandiser, the allocation of budgeted means was an important topic. Buyers tended to want more money than what was available as they were described as creative and passionate people. The merchandiser on the other hand, was the "holder of the purse strings" and determined the extent of the buyer's spending power. Second, weekly sales and inventory stock reports were also found to be useful tools for the merchandiser to manage the buyer's spending. These reports included both budgeted and actual data and were therefore powerful tools when forecasting quantities of a product that the buyer needed to purchase to obtain budgeted sales level. Between the buyer and the designer, a tension emerged between the commercial potential of a garment and its degree of fashion. The designer tended to want a high degree of fashion whereas the buyer tried to be more commercial and lower the fashion degree to ensure attractive prices in the value-conscious fashion market. Ultimately, the buyers are responsible for the quantities bought and if products fail to sell, markdown costs can be significant and are therefore typical performance indicator for buyers (Jeacle and Carter, 2012; Walsh and Jeacle, 2003). Therefore, cost information was an important tool in the interaction between the buyer and the designer with the aim to design the most cost effective products without intruding on overall quality and fashion. In summary, Jeacle and Carter (2012) conclude that the designers, buyers and merchandisers were all highly commercially aware,

although commitment to commercial concerns differed. Hence, accounting played an important mediating role between creativity and low cost in the daily interaction between the actors.

To conclude, the two challenges of ensuring both creativity and low costs are evident in a fashion chain as the value-conscious fashion market, consisting of a broad customer base, demands high fashion at a low price (Jeacle and Carter, 2012; Jeacle, 2009; Jackson and Shaw, 2001). Moreover, to ensure both creativity and low cost in a fashion chain can be perceived as a difficult task (Jeacle and Carter, 2012) that potentially can be managed by formal MCS (Jeacle and Carter, 2012; Simons, 1995).

2.1.1.3 Investigating the speed inherent in the fashion industry and how it creates tension with creativity and low cost respectively

In addition to the challenges of creativity and low cost, a third challenge can be identified in the fashion industry, namely to keep high *speed* in operations as fashion trends and consumer demand change quickly (Popp, 2000). Leung and Yeung (1995 p. 44) discussed the speed and time dimension and frame it as crucial for fashion chains to “supply consumers with the right garment product in the right quantity, and at the right time...” Similarly, Danneels (2002) argued that firms must renew themselves to survive and prosper in current dynamic business environments characterised by fast changes in demand, technologies and competition. Hence, fashion chains should not only balance creativity and low cost in their business activities, but they should also ensure to respond quickly to sales trends and to have the garment in store exactly at the time when the customer is willing to buy it.

Moreover, not only is the timing aspect important, but the fashion cycle is also speeding up and further complicating the business. As argued by Popp (2000) and Jeacle (2015), certain garments tend to not even be viable throughout a whole season. Similarly, Leung and Yeung (1995) urged the difficulty in forecasting seasonal sales due to consumers’ fast-changing tastes and increasing market fragmentation. This was in turn argued to result in immense stock-holding costs, high markdowns and eroding profits (Leung and Yeung, 1995). Furthermore, Jeacle (2015) stated that if a chain misses out on a certain trend, potential sales are lost to competitors. However, an even worse scenario occurs if a chain responds to a trend but not fast enough, as it then not only loses sales to its competitors, but is also left with unwanted products in stock (Jeacle, 2015). The ability to quickly react on fast shifts in the market was elaborated upon already in the mid-1980s by Kurt Salmon Associates who studied the apparel industry in Europe and USA (Perry and Rumpf, 1999; Leung and Yeung, 1995). The investigators recognised the importance of the issue and developed quick response (QR) initiatives for manufacturers and retailers to improve response time throughout the textile supply chain (Perry and Rumpf, 1999; Leung and Yeung, 1995). Jeacle (2015) did a similar study, in which she referred to QR initiatives as on the one hand responding quickly to emerging sales trends transferred from the end customer to the fashion chain’s headquarters (HQ), and on the other hand accelerating the movement of products

from the manufacturer to the shop floor and thereby shortening lead times. This was investigated in a UK fashion chain and accounting was shown to play a crucial role in enacting such QR initiatives. To be able to respond to sales trends, the gathering of accurate sales data was crucial. Each store's sales and inventory holdings were accumulated and transferred to the fashion chain's HQ in order to analyse and take actions upon on Monday mornings. At these meetings a joint effort of the buyer's fashion instinct and the merchandiser's analytical view on inventory management was key to make quick decisions. Another important factor affecting quick responses was the proximity to the manufacturer: the nearer the manufacturer the faster movement of products forward through the supply chain. However, the advantage of proximity had to be weighed against higher margins offered from cheaper but more distant manufacturers. Moreover, should also transportation costs be considered when choosing production site, why the case organisation had developed a standard transport cost system. The system turned out to be decisive when choosing location of production site, which in turn affected the speed at which the products could move from the production site to the store.

As illustrated above, QR initiatives can create a tension between speed and low cost. Proximity to suppliers means quicker response, but higher costs, while more distant suppliers mean slower response, but lower costs (Jeacle, 2015). Although transportation costs showed to play an important role in Jeacle's (2015) study, speed might sometimes be the crucial factor. If the product is not in store at the right time, it does not matter how cheap it was to buy, as subsequent markdowns will erode any high margins initially anticipated (Leung and Yeung, 1995). Thus, speed creates a tension with low costs that employees in fashion chains must balance. Moreover, QR initiatives can also create a tension between speed and creativity. As mentioned above, the creative process is a critical cornerstone of fashion chains and should be encouraged but also limited (Simons, 1995). As argued by Amabile (2002) the creative process might be hampered when limiting the time available for it. This since the more time pressure people feel, the less likely they are to think creatively (Amabile, 2002). Hence, the speed inherent in the industry can be argued to give rise to the necessity to balance the need of time pressure to enable quick responses, with the need of less time pressure to make room for creativity. In other words, the speed at which trends and customer demands change creates a tension between speed and creativity that employees in fashion chains must manage.

As a final note, Hines and Bruce (2007) confirm the challenge of speed and state that a certain fashion trend can be short-lived and pass quickly. They also argue that frequent in-season changes make forecasting, planning and marketing risky and complex (Hines and Bruce, 2007). Similarly, Allenby et al. (1996) investigate factors that drive sales and stated, "*the fact that styles often change dramatically from season to season creates difficulty in modelling the sales of fashion goods*" (Perna, 1987 as mentioned in Allenby et al. (1996), p. 103). Thus, due to the difficulty of forecasting long-term performance, as mentioned by Allenby et al. (1996) and Hines and Bruce (2007), the speed at which the fashion market changes might create a dominant short-term perspective in a fashion chain. Several management control theories emphasise the

importance of formulating long-term strategies and breaking them down into short-term goals (Simons, 1995; Tessier and Otley, 2012). However, how such time perspectives should be taken into account when designing control systems is seldom highlighted in management control theories. Furthermore, Simons (1995) urges the importance of allocating managers' attention effectively on the most critical issues and opportunities to maximize return on management. This is done by only paying attention to significant issues (Simons, 1995). In doing so, managers must be aware of the focus put on short vs. long-term goals respectively, since that in turn will affect what employees perceive as critical (Mundy, 2010). If not communicating the importance of short-term goals to achieve long-term strategies and the linkage between them, employees risk becoming disconnected from long-term strategic objectives (Mundy, 2010).

To conclude, tensions between creativity, low cost and speed can arise within a fashion chain. These chains must respond quickly to sales trends, but must not let time pressure inhibit creativity in their responses. They must also assure fast movement of products from the supplier to the shop floor, without costs skyrocketing (Jeacle, 2015; Simons, 1995; Perry and Rumpf, 1999; Leung and Yeung, 1995). As seen, previous literature within the field of fashion has investigated the role of accounting tools in enabling QR initiatives to manage the challenge of speed (Jeacle, 2015; Neu et al., 2014). Furthermore, it could potentially be the case that the speed at which fashion trends change not only creates tension with creativity and low cost, but also results in a tendency towards a short-term perspective. Hence, it is of interest to further explore how fashion chains manage the challenge of the speed inherent in the industry, and to expand previous analyses by investigating the impact that speed might have on a firm's time perspective.

2.1.1.5 The need to investigate all three challenges simultaneously

As outlined above, the challenges of creativity, low cost and speed are all inherent within the fashion industry. After reviewing previous literature covering these challenges, it can be argued that the challenges are interrelated opposing forces. Hence, none of them can be ignored when investigating the industry. Moreover, as the challenges of creativity, low cost and speed are key advantages for a fashion chain (Hines and Bruce, 2007), the organisation must ensure that employees are aware of all three in order to make appropriate decisions. It therefore becomes crucial to empower, equip and guide employees on all three matters. However, no previous study has investigated all three challenges simultaneously, why a gap in the literature covering the fashion industry can be identified. Moreover, as argued by Simons (1995), traditional command-and-control techniques are no longer sufficient in current dynamic business environments. Rather, more inclusive MCS should be used as they acknowledge the importance of both empowerment and discipline in aligning employee actions with the company's overall vision, strategy and goals (Simons, 1995). Similar are the findings by Jorgensen and Messner (2010) who explored the relationship between accounting and strategy in a new product development setting, which is characterised by high outcome uncertainty and pluralistic demands. These characteristics can be argued to be typical for the fashion industry. Outcome uncertainty is

created by fast-changing fashion trends and consumer demand, i.e. the challenge of speed which results in buyers never being sure on what the next trend will be or if the already bought products will be sold (Jeacle, 2015; Leung and Yeung 1995). Moreover, pluralistic demand is formed by consumers requesting products with both a high fashion degree and low price (Jackson and Shaw, 2001; Jeacle, 2009; Leung and Yeung 1995; Hines and Bruce, 2007). Interestingly, Jorgensen and Messner (2010) found that accounting is only one of many valuable tools that can be used in uncertain situations with pluralistic demands. In their case, strategic objectives such as quality and customer satisfaction also played an important role. However, such goals were described as difficult to translate into the language of accounting. Thereby, Jorgensen and Messner (2010) argue that while accounting is a powerful practice, its influence can only be understood when considering the interaction with other tools, e.g. strategic objectives. However, previous studies within the fashion domain have tended to focus on the role of accounting tools within the fashion industry (Jeacle and Carter, 2012; Jeacle, 2012; Walsh and Jeacle, 2003; Jeacle, 2014; Neu et al., 2014; Jeacle, 2003), while broader management control perspectives have not received much attention. Hence, there is a gap in the literature that this paper aims to contribute to by investigating what role broader MCS can play in managing the tensions between creativity, low cost and speed in a fashion chain.

2.1.1.1 Delimitations

This study investigates, not the high-end designer fashion houses, but rather the price competitive fashion chains directed to the broader public of commonalty. The study is limited to focus on the fashion chain in itself and does not include the manufacturing stage of the vertical business flow. In addition, only the activities and governance carried out at the HQ will be observed, hence the shop floor level of the organisation is excluded from the scope of this study. The choice to focus on a fashion chain's HQ activities and governance was taken since the challenges inherent in the fashion industry are likely to be managed to a large extent at HQ level in e.g. designing, buying, marketing and communication processes. These limitations were made in order to specify a relevant and manageable research scope.

2.2 Previous literature covering management control systems

As stated by Merchant and Otley (2006), Anthony (1965) introduced the first discussion about management control as a separate topic of academic study. His work then guided the research in management control for decades and tended to encourage a strong emphasis on financial, accounting-based controls. Following Anthony (1965), many authors have tended to focus on a specific type of control system and emphasise an either-or orientation where only one control system is investigated (Alvesson and Kärreman, 2004). However, as mentioned in Alvesson and Kärreman (2004), Mintzberg (1983a) argues that many contemporary businesses seem to use a battery of control forms and in such a setting it might be counterproductive to focus on one dominating form of control. Similarly, Milgrom and Roberts (1995), as described by Widener

(2007), argue that control systems are interdependent, why analysing them simultaneously might result in further understanding of how an organisation is controlled.

A changing business environment demanding both innovation and discipline contributed to the rise of more inclusive frameworks, compared to traditional command-and-control systems, in late 1900's (Simons, 1995). Simons (1995) argued that a new theory of control recognising the need to balance competing demands was required. Hence, he developed a comprehensive framework presenting how managers can control strategy by using four levers of control (LOC): beliefs systems, boundary systems, diagnostic control systems and interactive control systems. These four levers are described as working simultaneously but for different purposes (Simons, 1995). Simons' (1995) framework has been used frequently in the literature over the years with almost 2700 citations (Google Scholar, 2015).

As mentioned by Tessier and Otley (2012), the MCS literature has been criticised for having problems with the definitions of its concepts (Chenhall, 2003; Otley, 1980). In particular, Simons' (1995) framework has received critique for its definitions being too vague and sometimes ambiguous (Ahrens and Chapman, 2004; Ferreira and Otley, 2009). Despite the fact that many authors have criticised Simons' (1995) LOC and identified several ambiguities, few attempts have been made to improve the framework as a whole (Tessier and Otley, 2012). However, Tessier and Otley (2012) took on the challenge to bring clarity to some of the ambiguities and proposed each with a solution. The outcome came to be a revised version of Simons' (1995) LOC and includes all elements of Simons' (1995) original construction, albeit sometimes in a different form (Tessier and Otley, 2012). Since Simons' (1995) LOC only includes formal controls, the revised model is interpreted to also only include formal controls. In Figure 1, selected parts of Tessier and Otley's (2012) framework are illustrated.

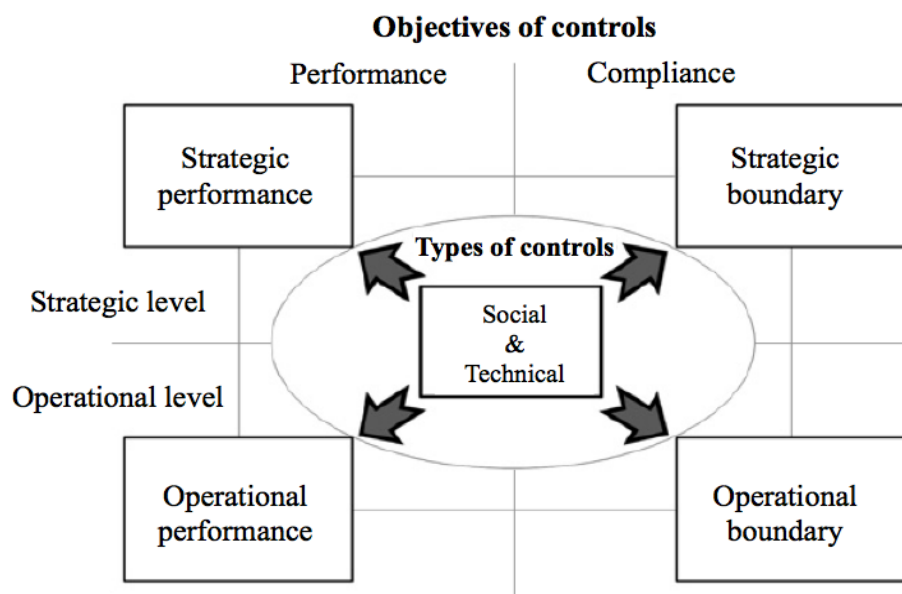


Figure 1. Selected parts of Tessier and Otley's (2012) revised management control framework

2.2.1 Ambiguities within Simons' (1995) LOC addressed by Tessier and Otley (2012)

Below follows a brief outline on some of the ambiguities in Simons' (1995) LOC identified by Tessier and Otley (2012). Only ambiguities relevant for the purpose of this study and perceived as decisive for choosing the revised framework will be highlighted as it is outside of the scope of this study to address all ambiguities. After having presented the ambiguities the revised framework by Tessier and Otley (2012) is described.

Beliefs system at the core of the framework

An important ambiguity concerns two of Simons' (1995) four levers, namely the beliefs and boundary control systems as they are argued to be too generally described (Ahrens and Chapman, 2004). Simons (1995) defines beliefs systems as "the explicit set of organizational definitions that senior managers communicate formally and reinforce systematically to provide basic values, purpose, and direction for the organisation" (1995, p. 34). Boundary systems communicate risks to be avoided, "delineate the acceptable domain of activity for organizational participants" (1995, p. 39) and consist of business conduct boundaries and strategic boundaries. For example, it is not clear what types of controls that constitute beliefs and boundary systems. In the literature, controls are often classified into two types: social (values and norms) or technical (rules and procedures) (Tessier and Otley, 2012). Moreover, according to Tessier and Otley (2012), some authors define boundary controls as social controls (Nixon and Burns, 2005; Widener, 2006), others as technical (Mundy, 2010) and some authors have mentioned that they can be both (Adler and Chen, 2011; Marginson, 2002; Simons, 1995). The same ambiguity is not found regarding beliefs systems as these are based on social controls such as values (Ferreira and Otley, 2009; Marginson, 2002; Mundy, 2010; Simons 1995; Widener, 2006). However, no clear distinction has been made regarding what types of controls can be included in a beliefs and boundary systems respectively (Tessier and Otley, 2012).

In the revised framework, Tessier and Otley (2012) do not recognise beliefs system as a control system per se but instead as a ground for social controls, which together with technical controls, lie at the core of the framework. Thereby, the authors go in line with the literature arguing the importance of beliefs systems affecting other systems. Widener (2006) found that beliefs systems positively influence all other systems in Simons' (1995) LOC. Similarly, authors have stated that beliefs systems provide foundation for the firm's identity and value system (Pearce and David, 1987), and that e.g. values and beliefs form the starting point of the design of an organisational control systems since they influence other components (Flamholtz, 1983).

To conclude, by explicitly putting social controls at the core of the framework these controls have the potential to influence all control systems instead of being a control system per se as in Simons' (1995) LOC. Moreover, social controls, such as vision and values have shown to promote creativity (Amabile, 1998; Simons, 1995). Thus, this feature of social controls being at

the core of Tessier and Otley's (2012) framework can be argued to be of relevance when analysing fashion chains since the presence of creativity is crucial in such companies.

Recognition of the operational level

Moreover, there are ambiguities regarding controls at different organisational levels. Ferreira and Otley (2009) argue that Simons (1995) focuses too much on top management. On another note, it has been highlighted that Simons' (1995) two types of boundaries: business conduct boundaries and strategic boundaries, operate at different organisational levels. Business conduct boundaries concern the operational level while strategic boundaries focus on the strategic level (Tessier and Otley, 2012). On the same path, Tessier and Otley (2012) also argue that performance can be separated into two organisational levels, which is argued to be unclear in Simons' (1995) LOC. Langfield-Smith (1997) argues that a continued focus on top management's use of MCS might be misplaced as the success of a strategy may be directly influenced by activities not only at top management level, but also at other lower levels of the organisation. Ferreira and Otley (2012) argue that Simons' (1995) LOC do not capture controls at lower hierarchical levels, why it is unlikely that the LOC framework explains the whole control system. This issue is addressed by Tessier and Otley (2012) as they acknowledge the need for control systems at both operational and strategic level. This is valuable when investigating the fashion industry since key activities and challenges of creativity, low cost and speed need to be managed already at the operational level, i.e. at lower levels at HQ than top management.

2.2.2 Selected parts of Tessier and Otley's management control system

The complete framework consists of three different levels of choices that managers can make: types of controls, objectives of controls and other choices regarding the use, role and consequences of controls. This paper will only make use of the first two levels, i.e. types of controls and objectives of controls when analysing the case company². This limitation is made since the third level did not contribute to explain and illustrate the empirical findings and was not within the scope of this paper. In addition, the selected parts of the framework include key components such as the two control objectives, performance and compliance, that are relevant when investigating opposing forces in a company, as well as the operational and strategic level of the organisation. More specifically, these two dimensions i.e. different control objectives and different levels of an organisation, can be argued to be important to acknowledge when analysing the opposing challenges of creativity, low cost and speed since they might be managed differently depending on level of the organisation and the objective that a control system might have. The selected parts of the framework will be presented in the following section using a micro to macro perspective, starting with the core of the model.

² The excluded level includes other choices regarding: use of controls (interactive/diagnostic), role of controls (enabling/constraining) and consequences linked to controls (rewards/punishments).

Types of control: social and technical

At the core of the framework two types of controls are found: social and technical controls. These two types of controls are available to managers when controlling business strategy and its implementation. Social controls are defined as to appeal “to the emotional, non-rational, affective elements within employees” (Ray, 1986, p. 288) and constitute of core values, beliefs, norms (Alvesson and Kärreman, 2004; Simons, 1995) and symbols (Malmi and Brown, 2008; Schein, 1992). Thus, social controls represent managers’ attempts to control employees’ mind-sets (Alvesson and Kärreman, 2004). Technical controls define how tasks should be performed (Perrow, 1968) and how individuals and groups are organised (Malmi and Brown, 2008). Technical controls therefore constitute of e.g. rules, procedures and standards as well as goal settings, output controls and cybernetic controls i.e. budgets and financial and non-financial measures (Malmi and Brown, 2008).

Types of controls forming four different control systems with different objectives

The second level of the framework is made up of four different control systems. Tessier and Otley (2012) describe control systems as packages of different types of controls i.e. packages of the abovementioned social and technical controls. More specifically, the authors draw on Malmi and Brown (2008) who define these control systems as “systems, rules, practices, values and other activities management put in place in order to direct employee behaviour” (Malmi and Brown, 2008, p.290).

As seen in Figure 1, the four control systems are named operational performance, strategic performance, operational boundaries and strategic boundaries, and are classified according to two dimensions: objectives of controls and organisational level. In the framework there are two opposing objectives of controls: performance and compliance objectives. Performance refers to the “*achievement of organisational goals and the creation of value*”, while compliance refers to the “*following of rules and the preservation of value*”. These control objectives can then be directed towards two different organisational levels: operational and strategic level. If directed towards operational level, the purpose is to control day-to-day activities, while if directed towards strategic level, the purpose is to address strategic issues that need to be controlled. Hence, each control system is a combination of an objective and organisational level. More specifically, two of the four control systems are concerned with the performance objective: operational performance and strategic performance, while the other two concern the compliance objective: operational boundaries and strategic boundaries. Similarly, two control systems cover the operational level: operational performance and operational boundaries, while the other two cover the strategic level: strategic performance and strategic boundaries.

The operational performance control system focuses on critical performance variables at an operational level. It consists not only of technical controls such as budgets and financial and non-financial measures, but also social controls such as values and symbols that promote organisational performance. The operational performance control system further oversees what

the firm must do well at an operational level to achieve its strategy. At the strategic level on the other hand, the strategic performance control system concentrates on strategic uncertainties and controls whether the firm's strategy is in line with its vision and if there is a need to review the strategy. Just as the operational performance control system, the strategic performance control system also consists of both social and technical controls. Social controls such as mission statements provide information regarding what the strategy should accomplish. Technical controls like market share can help monitor environmental changes that could invalidate the strategy.

The operational boundary control system limits employees' actions in order to avoid certain risks at an operational level. These limits can be communicated through social controls such as codes of conduct and values or through technical controls such as procedures and rules. The strategic boundary control system, on the other hand, sets limits on the strategic level. Strategic boundaries are sets of controls that inform employees of the acceptable domain of opportunity-seeking i.e. what search activities are not acceptable and should not be pursued. Social controls such as the firm's vision can implicitly indicate where the firm should not go, while technical controls such as strategic planning can be used to indicate "green and red spaces" corresponding to the acceptable domain for opportunity-seeking and to spaces where employees are not allowed to search for new opportunities respectively.

As demonstrated, each of the four control systems can constitute of both social and technical controls, which is an important feature of the framework. Moreover, one control can exist within all four systems described above. Tessier and Otley (2012) exemplify how a firm's core values can empower and guide employees in both the strategic and operational performance system, as well as they can limit employees' actions within the strategic and operational boundary system. Therefore, the four control systems with opposing objectives and with focus on different organisational levels, do not operate separately, rather they coexist to create synergies. This is shown by the lines connecting all four control systems. (Tessier and Otley, 2012, pp. 180-181). By placing the social controls at the core of the framework, the authors argue that beliefs and boundary systems in Simons' (1995) LOC operate at different levels. Beliefs systems can control both performance and compliance whereas boundary control systems mainly concern compliance. In other words, beliefs are a type of control whereas boundaries are an objective of control. Thereby, the authors address the ambiguity arising from vaguely defined beliefs and boundary systems in Simons' (1995) LOC. Moreover, the abovementioned ambiguity regarding controls at different organisational levels is taken into account as the revised framework explicitly incorporates the two organisational levels: operational and strategic.

Lastly, Tessier and Otley (2012) argue that the two opposing objectives (performance and compliance) can create tension. Since one control can exist within all four control systems, each control has the potential to manage the tension between performance and compliance to different degrees.

To conclude, each of the four control systems is characterised by an objective of control (performance or compliance) and addresses a certain organisational level (operational or strategic). Each control system can then consist of both social and technical controls. In addition, one control (social or technical) can exist within all four control systems. Moreover, the opposing objectives of the control systems generate tension, but since one control can exist in several control systems with different objectives, one control is also capable of managing the tensions between these opposing objectives.

2.2.3 Tessier and Otley's MCS as an appropriate analytical tool when investigating a fashion chain

Tessier and Otley's (2012) framework presented above, is mainly conceptual and based on prior literature, why the authors have called for studies testing the framework in empirical studies. Moreover, this framework has addressed some ambiguities within Simons' (1995) LOC which, by reviewing previous literature within the domain of fashion and the domain of MCS, appear as beneficial when trying to answer this study's research question. Below follows a more detailed description of how the selected parts of Tessier and Otley's (2012) revised framework helps answering this study's research question: *How are management control systems used to manage the challenges of creativity, low cost and speed within a fashion chain?*

2.2.4.1 Social controls at the centre of the framework

As argued in the review of previous research within the domain of fashion, there is a possibility that other controls than traditional accounting techniques play an important role in creating direction and managing challenges inherent in the industry (Jeacle, 2012; Jorgensen and Messner, 2010; Simons, 1995). Such other controls can potentially be both social controls directing the mind of the employee and technical controls, other than accounting, controlling employee behaviour (Alvesson and Kärreman, 2004). As stated above, creativity is a key advantage in fashion chains why social controls, such as vision and values that have shown to promote creativity (Amabile, 1998; Simons, 1995) might be important controls within such organisations. Further, as previously described, one single social control can be used to control both performance and compliance, why it can be argued that such controls can both promote creativity and limit cost. Hence, applying this reasoning on a fashion chain, social controls can be interpreted to play an important role in managing the tension between *creativity* and *low cost*. Moreover, Mundy (2010) argues that the beliefs system, i.e. social control, is the main protection against a purely short-term attitude, which the *speed* at which fashion trends change might give rise to. Hence, social controls can be hypothesised to also play an important role in protecting a fashion chain from adopting a short-term focus.

To conclude, social controls seem to play an important role in both promoting creativity, limiting costs and controlling for short-term attitudes that speed might give rise to. Since Tessier and

Otley (2012) set the social controls at the core of the framework, this type of controls has the potential to influence all control systems within the framework (Widener, 2006). This positioning also equips the social controls with the potential ability to manage tensions inherent in the fashion industry. Hence, this feature of the framework can be argued to be valuable when investigating a fashion chain.

2.2.4.2 Including organisational levels to cope with the high speed of the fashion industry

An important feature of Tessier and Otley's (2012) revised framework is that it explicitly recognises control systems at different organisational levels. The framework still emphasises the importance of top management, but also acknowledges the relevance of operational activities in achieving the strategy (Langfield-Smith, 1997; Ferreira and Otley, 2012). The speed at which fashion trends change has resulted in the implementation of a range of quick response initiatives within the industry (Abernathy et al., 1999; Jeacle, 2015). In a fashion chain, such quick responses must to a large extent be carried out at an operational level. Thus, MCS should on the one hand empower employees to create confidence in making quick decisions, but on the other hand also control that these responses are in line with the organisation's overall aim (Simons, 1995). Moreover, operational performance is often evaluated within shorter time perspective than strategic performance (Merchant, 1990). Thereby, short-term performance must be controlled to be in line with long-term performance goals (Mundy, 2010). Hence, it would be of value to understand how managers create such a link between operational and strategic control systems, and since Tessier and Otley's (2012) framework acknowledges both these organisational levels it can be argued as suitable when investigating this link.

2.3 Review of previous literature and contributions to existing research

The review of previous literature has provided an insight into the fashion domain as well as an overview of the development of MCS has been outlined. In more detail, within the fashion domain, three challenges that fashion chains face have been identified: creativity, low cost and speed. These challenges have been touched upon and analysed separately by different previous studies. Moreover, some of the ambiguities identified in Simons' (1995) LOC as well as the revised framework proposed by Tessier and Otley (2012) and how it is argued to address the ambiguities have been presented. Since the revised framework has mainly been developed based on theoretical concepts, accounting and management researchers have made calls for testing Tessier and Otley's (2012) revised framework in an empirical context, which this study will respond to by applying selected parts of the framework.

This paper contributes to existing literature within the fashion domain by taking a more inclusive approach compared to fragmented previous studies within the fashion domain. No previous literature has explored the abovementioned challenges of creativity, low cost and speed simultaneously. However, as discovered above, it seems as none of the challenges can be neglected since all three of them are crucial to survive in the current fast-moving fashion

industry (Hines and Bruce, 2007). In addition, previous studies indicate that there is a tension between creativity and low cost (Jeacle and Carter, 2012), between high speed and creativity (Amabile, 2002) and between high speed and low cost (Jeacle, 2015; Leung and Yeung, 1995). Therefore, it is of value to gain insight into how fashion chains manage all three challenges simultaneously. Moreover, no previous study has investigated the role of a broader MCS than accounting tools within a fashion chain. Therefore, has the role of MCS in managing any of the inherent challenges within the fashion industry not been investigated. Thus, this study contributes to existing research within the fashion domain by investigating all three challenges simultaneously as well as by investigating the role of MCS within a fashion chain. Within the MCS domain, this study contributes to existing literature by testing selected parts of Tessier and Otley's (2012) revised framework in an empirical setting. Furthermore, by using this framework that explicitly acknowledges control systems at operational level, the study contributes to previous MCS research stressing the need to investigate the role of operational activities in achieving the strategy (Langfield-Smith, 1997; Ferreira and Otley, 2012; Otley, 1999).

3 Methodology

This section motivates and presents the method used in this study. Motivation for the empirical method used in the study is outlined in section 3.1. In section 3.2, the research design and choice of case company is described. Section 3.3, presents the procedure of data collection, while the process of data analysis is described in section 3.4.

3.1 Empirical method

To answer our research question we have conducted a qualitative in-depth exploratory case study. To begin with, previous research covering management control systems (MCS) in the fashion industry is scarce. In such a setting, Merriam (1988) argues that it is suitable to use an explorative case study approach. Similarly, Yin (1988) as mentioned by Davila (2000), states that it is of value to apply a case study approach in an unexplored field as it allows the authors to build knowledge about the phenomenon. Lastly, Scapens (1990) argued, "*Case studies offer us the possibility of understanding the nature of management accounting in practice.*" (Scapens, 1990 p. 264). Thus a case study can be argued as suitable when investigating the role of MCS in a fashion chain. Hence, using a qualitative case study approach allows for deeper understanding within the unexplored fashion field and therefore helps answering the research question of this study.

Moreover, a qualitative case study approach is appropriate for this study since the research question aims at exploring how MCS are used in a fashion chain rather than only describing the MCS (Otley and Berry, 1994). Ahrens and Chapman (2006) mean that since management control practices can be characterised by highly context specific interpretations, a central task for the qualitative field researcher is therefore to reveal the local meanings and uses of these practices.

Since the aim of this study is to contribute to the understanding of how MCS are used to manage the three challenges of creativity, low cost and speed within a fashion chain company i.e. how MCS is used in a specific context, a qualitative case study research method can be argued as appropriate.

Finally, instead of investigating multiple cases, a single case study method has been applied. As stated in Dubois and Gadde (2014) a single case study can provide the opportunity to take rich context surrounding into account (Dyer and Wilkins, 1991) as well as it can be a powerful example (Siggelkow, 2007). In a precedent paper, Dubois and Gadde (2002) also argued that a single case study is appropriate when analysing several interdependent factors within a complex structure as it allows the researcher to go deep into one case and investigate possible interrelations. Hence, the single case study approach can be argued as suitable when investigating a fashion chain operating in the fast-moving fashion industry.

To conclude, a qualitative research method with focus on a single case study has been used for mainly three reasons. Firstly, because previous research is limited within the research area. Secondly, the research approach takes on a broad analytical perspective allowing for several dimensions to be included. Lastly, a single case study enables a deep understanding of the organisation and more in-depth findings.

3.2 Research design

3.2.1 Research approach

An abductive research approach has been used in this study since such a procedure allows empirical findings and theory to develop simultaneously throughout the research process as data is collected and analysed (Dubois and Gadde, 2002). Moreover, the abductive approach is appropriate when little is known about the research in the beginning of the study (Levin-Rozalis, 2004) and fruitful when the aim is to discover new things, i.e. new variables and relationships (Dubois and Gadde, 2002). By going back and forth between theory and empirical observations, initial analytical framework might need to be modified throughout the research process (Dubois and Gadde, 2002).

When forming this study, previous literature covering the fashion domain and MCS were first reviewed and initial data, such as internal control documents from the case company were collected. Thereafter, a preliminary analytical framework was chosen and interview questions developed. As the data analysis was ongoing throughout the data collection, insights from each interview were considered when modifying the set of questions to subsequent interviews. Moreover, when discussing the data and coding themes, a choice was made to replace the initial preliminary framework by a revised version that allowed for better presentation and synthesising of the empirics.

3.2.1 Selection of case company and company functions

To answer the research question of how MCS are used to manage the challenges of creativity, low cost and speed within a fashion chain, finding a suitable case organisation was crucial. Necessary characteristics for the case company was that it should operate within the fashion industry, have several hierarchical levels and a distinct top management. A large international fashion chain was chosen as its size result in a clear organisational structure with hierarchical levels and top management. Moreover, a low price fashion chain was selected as its offering includes a promise of both fashion and low prices, indicating that the challenges of creativity and low cost must be managed within the organisation. Lastly, a firm with a strategy of delivering fashion quickly to the market was chosen as it indicates that also the challenge of speed needs to be managed.

Given the above qualifications, the Swedish international fashion chain Trendy AB³ was selected as case company. Trendy AB's headquarters (HQ) is situated in Gothenburg, Sweden, and the company operates in over 18 markets and employs over 5000 employees. Moreover, this paper focuses on operations carried out at the HQ since key activities such as designing, buying and marketing take place at this level. Within these activities, the challenges of creativity, low cost and speed can be hypothesised to exist to a large extent. Thus, other levels of the organisation, such as distribution and shop floor level are excluded from the scope. Furthermore, two functions at HQ level are investigated: Purchasing & Design and Concept & Marketing. These two functions were chosen for two reasons. First, since key activities of a fashion chain, such as designing, buying, marketing and communication of the products are included in these two functions. Second, the two functions are the two largest ones at the HQ. Hence, due to their key operational activities as well as significant size, the study is limited to incorporate only these two functions. Moreover, throughout the study, no major differences regarding the challenges and the role of MCS were discovered between the functions. Thereby, a comparison between the functions has not been made. Rather, findings from both functions could help explain the inherent challenges within the organisation and the role of MCS.

3.3 Data collection

This section presents the data collection process and the sources used to gather the data. Previous researchers stress that multiple data sources increase the quality of a study (Scapens, 2000; Yin, 2014). Moreover, Jönsson (1998) argues that interviews, observations and analysis of company documentation are relevant tools to be used to make relevant observations. Sections 3.3.1 presents primary data sources while secondary data sources are presented in section 3.3.2.

³ The case company is anonymous throughout the paper and is referred to as Trendy AB

3.3.1 Primary data

The primary data source used in this study was semi-structured in-depth interviews. In total, 19 interviews were conducted, lasting between 40-60 minutes. The interviews took place between September and October 2015 and interviews were conducted until little new information was received and hence, saturation was achieved (Eisenhardt, 1989). 17 interviews were conducted over telephone whereas 2 took place at the HQ Office in Gothenburg during a one-day visit. During the day we got a tour around the HQ, met several employees from different departments and observed the environment in order to comprehend the work environment. Interviewees were assured to be employees with different roles from different hierarchical levels within the two functions (see Appendix A for detailed list of interviews). To allow for open discussions, all interviewees were informed about their anonymity. Moreover, interviews were recorded with the permission of the interviewees, which allowed for the interviews to be transcribed afterwards.

Using interviews as the primary data source can have implications on the validity of the study, which can be interpreted as how well the findings capture reality (Merriam, 1988). This, since the interview format might result in subjective findings regarding both the interviewee responses and the interviewer's data interpretation (Merriam, 1998; Yin, 2014). Moreover, the majority of the interviews were held by one of the researchers, which might further impact subjectivity. In order to mitigate this, the author who was not present during the interview transcribed it shortly after completion. This allowed both authors to discuss findings, interpretations and to identify emerging and interesting themes along the data collection.

Moreover, the interviews were conducted in a semi-structured manner. As mentioned by Merriam (1988), a semi-structured manner includes pre-determined questions forming a structure, but also openness to new questions arising during the interviews. Hence, the set of questions were updated along the data collection process as new relevant and interesting empirical data emerged. Also, interviewees were encouraged to exemplify and elaborate on their answers in order to optimise generation of valuable information.

Finally, all interviews were held in Swedish, which enabled a more relaxed and detailed conversation than what would have been possible if interviews would have been conducted in English. However, since the paper is written in English, having Swedish as the interview language might harm the quality of certain quotes and lead to translation issues. Despite this drawback we considered it as more valuable to make the interviewees feel comfortable using his/her mother tongue in a relaxed setting, which is key to generate appropriate data (Yin, 2014).

3.3.2 Secondary data

In addition to the primary data, internal material was collected mainly prior to conducting the interviews. This is supported by Eisenhardt (1989) who stated that multiple data collection methods allow for triangulation providing stronger substantiation of constructs and hypotheses.

Internal material consists of documents such as financial data, strategy documents, organisational maps of departments and positions and presentations regarding the brand platform, vision and values. The information was useful for preparation of interview questions but also during and after the interviews. Our prior knowledge of the documents enabled interviews to be more elaborating rather than descriptive and afterwards such documents were compared to interviewee responses to deepen our understanding of the case findings.

3.4 Data analysis

As mentioned above, the data analysis was an ongoing process throughout the data collection. After each interview key take-aways were noted as well as discussed. This enabled us to identify emerging themes and alter interview questions with the aim to address worthy aspects in other interviews in more detail or from another perspective.

To ensure that data was analysed systematically, all interviews were transcribed and comprises of a total of approximately 120 pages that were printed and read through by both authors. The idea was to further deepen our understanding of each interview on a stand-alone basis and let unique patterns emerge before generalising across interviews (Eisenhardt, 1989). Next, the data was coded into different themes that were identified as relevant for answering the research question. Thereby, data interpreted as less relevant was excluded to ensure that only valuable information was focused on (Miles and Huberman, 1994). As a last step in the data analysis process, data was categorised and analysed by applying the theoretical framework used in the study, namely Tessier and Otley's (2012) revised framework. In line with Tessier and Otley (2012), collected data allowed us to observe two types of controls (social and technical controls) and four different control systems consisting of the identified controls. We then summarised the findings by visualising the entirety of used controls with help of a table. To finally ensure that case findings contribute to existing research covering the fashion industry and MCS, findings were contrasted in a broader context and with the previous literature in the final discussion. Lastly, data collected from the visit at the HQ was analysed. At the end of the visit we took notes of our observations, which we then used in parallel with the analysis of interview data. This helped us to better understand and visualise information from the interviewees. To conclude, these structured processes for data collection and analysis were applied with the aim to strengthen the reliability of the study.

4 Case Analysis

This section describes the case organisation and its design and use of MCS. Section 4.1 introduces the case organisation, its structure and its strategy. The challenges of creativity, low cost and speed are also outlined. Section 4.2 presents how the case organisation's MCS is designed and used based on Tessier and Otley's (2012) framework.

4.1 The case company

Trendy AB is a fashion chain founded in Sweden and is owned by a company engaged in retail trade but operates independently. The company's top management consists of the CEO and one manager from each department: Purchasing & Design, Concept & Marketing, Finance & Expansion, Production, Business Development & Support, IT and Logistics. On country level, a country manager is responsible for country sales, profit and to ensure that operations are in line with Trendy AB's vision. As mentioned in section 3.2.1, two functions will be investigated in this study: the Purchasing & Design and Concept & Marketing functions. Below follows illustrations of Trendy AB's overall organisational structure as well as the structures within the investigated two functions.

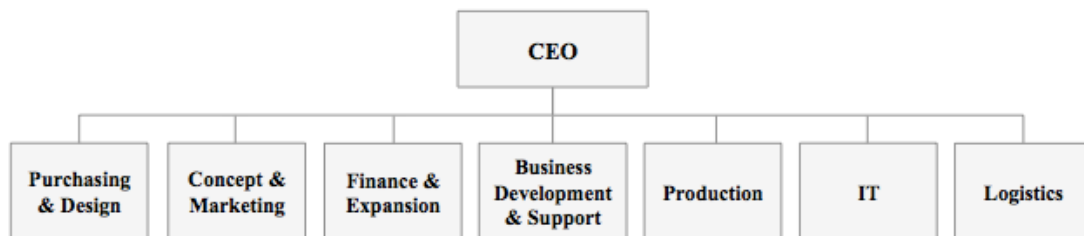


Figure 2. Trendy AB's organisational structure

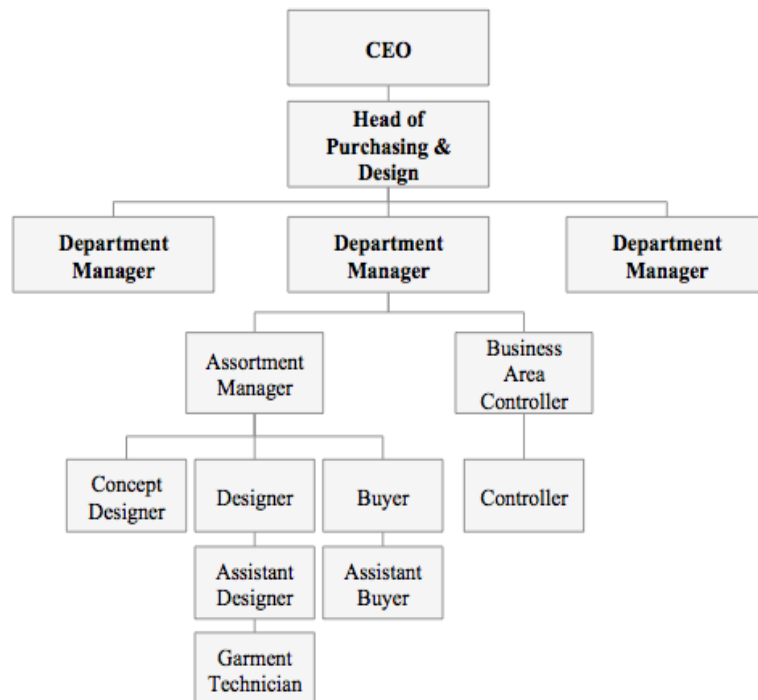


Figure 3. Structure of the Purchasing and Design function. In the P&D function, each of the three departments has the same structure, why only one department is illustrated.

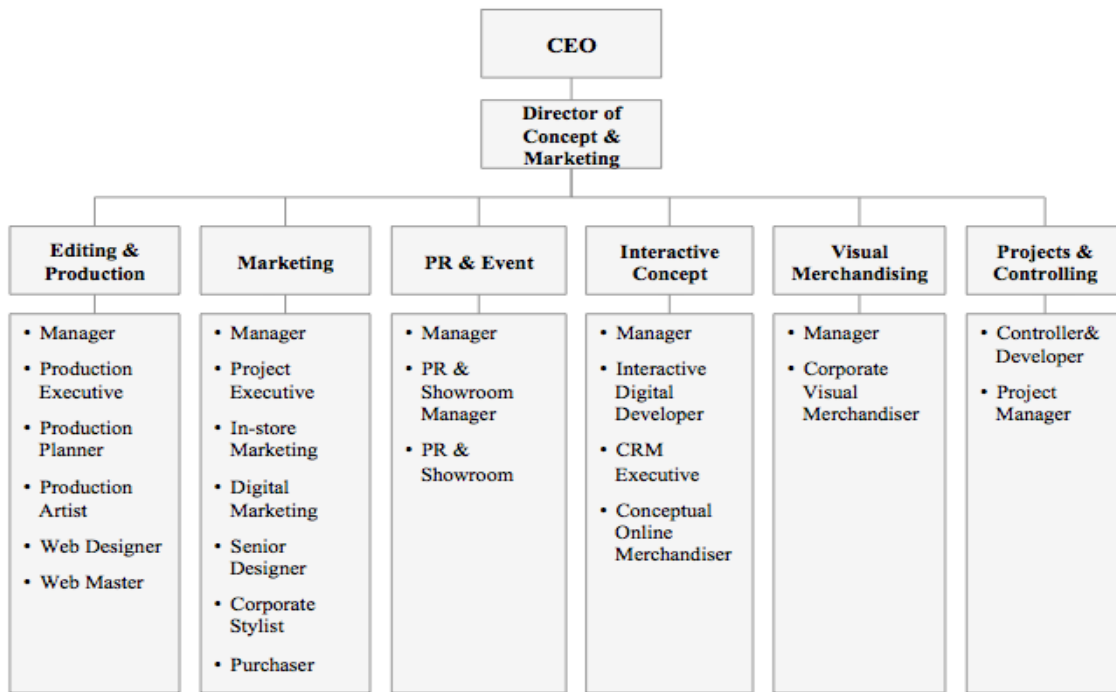


Figure 4. Structure of the Concept and Marketing Department

4.1.1 Investigated key functions and processes in Trendy AB

Purchasing & Design

The core business of the fashion chain is described to be where the products are created and bought i.e. in the Purchasing & Design (P&D) function. Generally in the P&D function, designers gather inspiration and design the garments and thereafter, the designer and the buyer determine what products to produce and throughout the season the buyer decides what volumes to buy and when products should be delivered to the stores. In addition, the controllers control the volumes bought and sold in order to optimise sales by e.g. controlling purchasing budgets and inventory levels. In more depth, the process from idea to finished product in store can be described as following: first, concept designers gather inspiration from fashion shows, magazines, blogs, fashion icons etc. and try to identify trends and “the right feeling” for the coming season. These ideas are put together into a style guide where trends, colours, patterns, words and moods characterising the season are presented. Second, this style guide is handed over to the designers and buyers who use it, together with the budget, as guidance when building collections and deciding on e.g. what designs, materials, patterns to use and what products to include. As a third step, the drafts made by the designers are sent to the Hong Kong office that delegates production to different manufacturers, who in turn send samples to the HQ in Sweden. After having seen the samples, final decisions are made regarding what products to include in the collection and what volumes to buy initially. Finally, the products are ordered and later transported to distribution centres from which products are delivered to the stores.

Concept & Marketing

The Concept & Marketing (C&M) function has the ultimate responsibility for communicating Trendy AB's offering and brand with the aim to attract customers to visit the stores and make a purchase. The C&M function becomes involved in a new season when P&D presents the style guide and complete collections for C&M. At this point, key assortments and products are articulated in order for C&M to know what items to emphasise in marketing and communication. Several different channels and tools are used when communicating to the market; in physical stores attractive window displays and campaign signs are set up, on the website and in the online store key items can e.g. be presented in banners, and in newsletter emails, customers can be informed about new releases and special offerings. Moreover, it is crucial that C&M manages to attract customers to enter the stores as it otherwise would not matter how fashionable and right in time the garment is, as no customer will be in store ready to buy it. Therefore, the P&D department is highly dependent on the continuous work of C&M. A designer commented upon this dependency:

"The synchronization between P&D and C&M is very important because we [P&D] have a thought with every collection we do, and it is important that C&M understands it to ensure that collections are communicated in the right way to the customer." (Designer, P&D)

From another perspective, C&M also expressed its dependency on P&D creating collections that the customer actually finds appealing and is willing to buy. Hence, if C&M manages to boost traffic into the store, where the customers find appealing products, sales will boost. In other words, if the product is not appealing to the customer it will not matter how good the communication is, as explained by a C&M employee:

"We [C&M] work hard to achieve high traffic and if a campaign can achieve that it's great but in the end, it's all about the product. If the customer doesn't like the product she won't buy it. In that case it doesn't matter if you've put lipstick on a pig, it's still a pig." (In-Store Marketing Executive, C&M)

To conclude, Trendy AB must not only succeed in creating appealing products, customers must also be attracted to visit the store. Therefore, the success of Trendy AB is highly dependent on the synchronisation between the P&D and C&M function.

4.1.2 The Strategy at Trendy AB

In Trendy AB's strategic document, the strategy is visualised as a "*fashion house*". The ground floors of the house constitute of foundations such as values, heritage, target group and brand platform, while the roof is made up of the firm's vision. In between the roof and the foundations, the vision is broken down into an overall long-term goal, which in turn is broken down into a more tangible long-term objective. Strategic areas are then derived from the vision, goal and objective and stand on the foundations. The purpose of the strategic areas is to achieve the

vision. Each strategic area is described in more depth and is decomposed into critical success factors, main activities and key performance indicators (KPI). Head of P&D described a problem of the strategic framework she faced when starting at the company:

“Trendy AB is an old company that is very vision and values-driven /.../ But what I discovered when I first started was that very few employees knew what our long-term goal was /.../ My experience with goals is that you have to say the same thing several times for people to become truly aware of them and to understand how they [the employees] can contribute to achieve company goals.” (Head of P&D)

This unawareness of a common long-term goal was confirmed when employees were asked about Trendy AB’s strategy and long-term goals. When asking employees about Trendy AB’s strategy, consistent answers were identified. Employees at all hierarchical levels referred to the vision, values and brand platform and how the organisation aims at providing women with fashionable clothing at affordable prices. However, when asking employees at operational level about Trendy AB’s long-term goals and what concrete objectives the company should achieve to reach its vision, no consensus could be identified. Even though some employees could describe the long-term goals, far from everyone was able to do so. Similarly, some employees could explain how their daily activities contribute to achieve the vision and long-term goals, while others were not as aware of this link. Hence, the understanding of long-term goals and the link between operational activities to achieve long-term goals varied among employees. The quote below is an example of unawareness in both aspects:

“I can’t see any [long-term goals] in my department, or for the company as a whole /.../ There have been some before but now I don’t really remember /.../. And when there are long-term goals, it is very hard to know what I can do to achieve them. Of course the company as a whole can achieve it but I am not so sure what I can do to achieve it.” (Production Artist, C&M)

As a conclusion, the strategic framework seems successful in communicating a strategic direction toward the vision. However, the awareness of long-term goals and understanding of how operational activities can contribute to achievement of long-term goals proved to vary among employees.

4.1.3 Mapping of the challenges of creativity and low cost

To begin with, creativity permeates both the P&D and C&M function. P&D employees need creativity to flourish when e.g. searching for inspiration for a coming season, when setting colours, patterns and words together to a fashionable garment or when deciding what products and volumes that should be bought to create a balanced offering of products and styles in store. A designer demonstrated this in the quote below.

“Everything starts with a fashion trend analysis for each season. From there, designers make drawings of products and in collaboration with the buyer the real products and collections take form.” (Designer, P&D).

In C&M, creative thinking was also proved to be present when e.g. deciding on how to communicate a certain collection or campaign in different communication channels such as displays in the stores or banners on the website. A web designer described examples of how he used creative thinking in his work as illustrated below.

“Now I’m tracing the look of our Christmas offering on our web site. This includes how our start page should look like, what modules to have, what to push on, what picture to use and what the first impression should be and the feeling when entering the online store. I also make drafts on how the emails should be designed.” (Web Designer, C&M)

As seen, it is crucial to make room for creative thinking in Trendy AB. However, it is at the same time also important for the organisation to be able to balance creativity with the firm’s idea of having low costs to keep low prices. Creative aspirations and low cost targets were described to *“not always go hand in hand”*. To aim at such opposing demands i.e. high fashion and low costs to enable low prices, was indicated to be a careful strategic choice made by Trendy AB. During the interviews it became clear that, in order to successfully achieve this strategy, activities at operational level must balance these opposing challenges of creativity and low cost on a daily basis. A designer exemplified how this balancing act could take form:

“The greatest challenge is to create products that we are proud of and still keep low prices, which is tricky... You must always design with price in mind, think about how we can optimise material use and save money.” (Designer, P&D)

This shows that even the designer, who was described to have the most creative role in a fashion chain, puts careful attention on costs when creating products. This is supported by a concept designer who stated that a person will not be able to work at Trendy AB without the knowledge of how to create fashion to the many people i.e. designing cost consciously to enable affordable prices to the customers. Similarly, an assortment manager stated, *“we are dependent on that everyone is commercially aware”*. In other words, to succeed at Trendy AB, you must be aware of and embrace the tension between creativity and low cost in everyday activities. As further explained by a concept designer, unawareness of the tension might otherwise lead to e.g. a too high degree of fashion, which can result in either elevated prices or eroding profit margins, as well as confused customers not understanding the fashionable products. The tension is also proved to be managed by employees at operational level in the C&M function as they indicate that they have learned to be creative within budgeted limits. An in-store marketing executive described managerial “cost checks” as unnecessary and said that they were not made since the managers knew that their employees only incorporate reasonable costs in line with the Trendy

AB brand and offering. Hence, a cost consciousness seems to be ingrained among Trendy AB's employees when creating fashionable products and planning marketing activities.

To summarise, the tension between creativity and low cost lie at the heart of daily operations of employees within the P&D and C&M function. In addition, all employees seem to be highly aware of the tension and work proactively in managing it.

4.1.4 Mapping of the challenge of speed and its effect on creativity and low cost respectively

The importance of speed in operations

In addition to the two challenges of ensuring creative thinking and low costs in business operations, a third challenge can be identified in Trendy AB: the challenge of keeping up with the high speed at which fashion trends and customer demands change. The Head of C&M commented on the high speed as follows:

"We're not like a company that sells one car in several periods and then comes with a new model after a year, instead we're "boom, boom, boom", everything is up and running and things happen all the time." (Head of C&M)

Furthermore, interviewees mentioned that the timing of the product is crucial, but difficult to succeed in due to the complexity of forecasting when a certain trend will peak. In addition, the high speed of the industry was explained to result in the products being perishable and thus have a clear best before date taking place when a certain trend has passed. In such a business environment fashion chains must be flexible and able to quickly capture emerging business opportunities and respond to changes. This was commented upon by one of the controllers:

"The biggest risk is that we're too slow. We're in an industry where everything is extremely fast moving /.../ I believe we must always be flexible to quickly take advantage of a business opportunity that comes up." (Controller, P&D)

The tension between creativity and speed

The fast-changing trends and the quickly adapting customers put constant pressure on the firm to deliver products accordingly. Hence, several employees urged the importance of having the right product in terms of e.g. colour, shape and fabric in store before the trend has passed. Therefore, not only should the products be designed to capture the latest trend and be offered at a low price, but they must also be in store the exact day, week or month when the customers demand it. Being both creative and fast was sometimes shown to be a difficult task. Employees expressed the importance of both having enough time for creative thinking as well as to speed things up in order to complete tasks quicker. Employees elaborated on this matter by describing how creative processes often take a lot of time to result in a successful outcome, while the speed of the industry pushes employees to reduce the time spent on creative thinking to assure that the garment is in store when the trend is at its peak. A designer at P&D explicitly mentioned that,

“It’s a very stressed and pressed work environment and you need time to be creative and for afterthought, which you don’t always have since everything moves so fast.”

Some designers also explained the difficulty in finding time to look at fashion shows in peace and quiet and how they ended up just dashing them through to be able to quickly start the drawing process and produce. A project executive in C&M described how she does not have enough time to search for inspiration on e.g. blogs or in magazines, but since her work is her passion she does this in her spare time. As illustrated, the speed inherent in the industry put pressure on the case organisation to operate quickly in the market, which sometimes seems to affect the ability to be creative.

The tension between speed and low cost

Another tension identified in Trendy AB is the one between the speed inherent in the industry and the challenge of maintaining low costs. This became apparent in discussions about lead times that were described as the time between placement of an order and the delivery of the products to the stores. The lead time was explained to mainly depend on the location of the manufacturer and type of transportation. The lead time is shorter for products that are manufactured close to the stores or distribution centres, compared to those that are manufactured far away. The lead time can also be shortened through transportation by air compared to by boat or rail. Many employees mentioned how they continuously work on improving the lead times to act closer to the sales occasion. However, they also stated that improving the lead time i.e. delivering products faster to the market, often means higher costs. As described by a concept designer, Trendy AB carefully decides where to produce different products depending on how quickly the product needs to be in store, which in turn often depends on how trend sensitive it is.

“Turkey is close but expensive to produce in, meaning shorter lead times but lower margins. Therefore we often chose to produce so called ‘speed-to-market products’ in Turkey. Perhaps we have a blouse that is selling out or there is a trend popping up that we’ve missed and have to have in store quickly - then we put production in Turkey so that we can have it in store within 6 weeks. Then we can justify lower margins since we know that the products will sell quickly and well so that we will earn on them anyway.” (Concept Designer, P&D)

Another aspect that affects lead times and costs was explained to be transportation. An assortment manager illustrated the issue as follows. *“...for some reason we might decide to transport an order by air to ensure that the products will be in store at the right time even if it means higher costs. If not taking such decisions we might lose sales to our competitors.”* She also stated that the decision to transport by air must be approved by her manager due to cost and environmental concerns and might not always be accepted. Hence, both kinds of situations are solved on a case by case basis since there is no generic best solution to rely on to know how the challenges of speed and low cost should be balanced. Hence, keeping up with the speed of the fashion industry by delivering products quickly to the market sometimes impedes on the ability

to keep low costs. This further gives rise to a tension between speed and low cost that the buyers try to manage on a daily basis.

A dominant short-term focus in Trendy AB

A dominant short-term perspective became evident when talking about the speed of the fashion industry and how important it is to respond quickly to changes in the market. Interviewees therefore urged the importance of employees at operational level being empowered to make fast and crucial decisions on a daily basis in order to capture sales opportunities. However, top management appeared to spend much time on operational issues. This was described by a Visual Merchandiser in C&M who argued that “...top management tends to operate too much in the cookie jar.” She described top management as being too much involved in operational issues where they do not possess the correct competence. Moreover, this was not described as resulting in quicker decision-making as needed in the industry, but rather in longer response time because of too many persons being involved in each decision.

The tendency of management being part of operational activities was confirmed by the Head of C&M who argued that “*Since we [top management] are out on the floor very often, it is easy for us to absorb and gather operational information and discuss current issues with employees.*” The Head of P&D further explained that the managerial presence on operational level has resulted in top management focusing less on strategic and long-term issues as shown below:

“We [top management] have been working with too many details on operational level. This has sometimes resulted in decisions being halted since employees have been waiting on decisions from top management that they just as well could have taken on their own. Due to this we have not focused enough on strategic and more long-term issues.” (Head of P&D)

Furthermore, the general mind-set among employees and top management was explained to be focused on achieving good monthly and seasonal results. However, such shortsighted focus has led to actions that were not always optimal from a more long-term perspective as illustrated by the following quote:

“... quite often we execute short-term solutions like launching a sales offering in last minute, and sometimes I believe it would be better to play it cool and just realise that a few times a month performance will be worse, and in the long run it might be better to let it be that way instead of making these short-term solutions that can cost quite much and might even be disadvantageous from a long-term perspective.” (Web Designer, C&M)

As mentioned by the Head of P&D above, long-term strategic issues do not seem to have gained much attention in the firm. This is explained to be an effect of top management putting too much emphasis on quick decision-making at operational level, causing them to focus more on operational details and less on strategic long-term goals and issues. Head of P&D also stated that

employees work continuously on achieving short-term goals on a seasonal basis and how that is completely normal in the retail industry. However, she meant that these short-term goals have not been set from, or linked to the company's strategic long-term perspective, causing unawareness of the long-term perspective. It was argued to be the responsibility of top and middle managers to communicate this link between short and long-term goals, why it is crucial for top management to not lose focus on long-term issues as it might cause the whole organisation to lose its long-term perspective.

Summary of section 4.1.4

To summarise, the speed at which trends and customer demands change in the fashion industry is apparent in Trendy AB's daily activities. The time pressure to deliver creative and trendy garments to the stores before a sales opportunity has passed gives rise to a tension between speed and creativity. Creative thinking demands time and reflection, while the high speed in the market puts pressure on reducing time to delivery to ensure that the product is in store when a trend is at its peak. Hence, the two challenges have opposing demands on time management and result in a tension between creativity and speed that must be managed by employees. Moreover, there is a tension between the challenge of keeping high speed in operations as well as low costs, which became apparent in connection to lead times. In some situations, the lead time might need to be shortened despite often resulting in higher costs since sales otherwise might be lost to competitors. Depending on the situation, the employee must find the appropriate balance between the two challenges. Hence, there is no generic best solution of how to prioritise, why employees need to manage this tension from case to case. Finally, the speed inherent in the fashion industry can also be argued to give rise to a short-term focus dominating among employees and managers, while long-term issues are less emphasised. This has resulted in execution of short-term solutions that might not benefit the firm in the long run, as well as employees not being aware of the link between operational activities and the firm's long-term goals.

4.1.5 The three challenges and their coexistence and interrelation

The three challenges of creativity, low cost and speed inherent in the fashion industry proved to be present as well as interrelated in Trendy AB. This became apparent when discussing how the designing process must take cost management and lead times into consideration simultaneously. Complex products were described as resulting from a high degree of creative thinking in the designing process. This kind of products was also explained to be more expensive to produce and take longer time to manufacture compared to more simple products. A designer gave an example of such a situation when all three challenges of creativity, low cost and speed are considered in the designing process:

"Maybe we want to have a seam on the front side of the blouse, but if it's a patterned blouse the pattern must be matched over the seam. This additional manufacturing task will extend the

production time and also cost more. So, in the end we might decide to skip the seam on the front side to make the production more efficient" (Designer, P&D)

In the situation above, to keep high speed and low cost appeared to have been prioritised over a certain designing feature. However, a buyer described how such prioritisation must be done with careful consideration. Stripping the garment of different features to improve costs and lead time, must not compromise key features that create the “*must have*” feeling of a garment. Once the key features are identified, other less necessary features might be removed to increase efficiency, as illustrated by a buyer:

“You must always think of what the value driver of the garment is. If a certain detail is the value driver we can’t take it away just to reduce costs since it would make the whole garment worthless. Sometimes quality is the value driver which is expensive, then you might chose to do a very simple model that is cheap and quick to produce in the high quality material. You must always know what it is in the garment that creates the ‘must have’ feeling.” (Buyer, P&D)

Finally, in the fast-moving fashion industry, timing is described to be key why it might not matter how fashionable a garment is if it is not in store when the customer demands it. An assistant designer described a situation where they had spent too much time on getting the “white feeling” right for the spring season, which resulted in the products not being in store when the customer demanded it. Customers therefore went to competitors and Trendy AB lost sales. Shortly after, the demand shifted and Trendy AB was left with unwanted products that had to be marked down. In this case, speed appears to have been compromised by creativity, resulting in high costs in terms of subsequent markdowns.

As demonstrated above, the three challenges of creativity, low cost and speed all affect each other and can therefore be argued to be interrelated. Hence, employees must continuously keep all three challenges of creativity, low cost and speed in mind when taking decisions regarding one of them.

4.2 MCS at Trendy AB

In this section the design and use of the MCS is presented. In section 4.2.1 the different controls used within the organisation are outlined, while section 4.2.2 describes within which control system the different controls are used.

4.2.1 Types of controls

In this section, the different controls used within the organisation will be presented. As mentioned above, Tessier and Otley (2012) state that there are two types of controls: technical and social controls. In section 4.2.1.1, the technical controls are presented, followed by the social

controls in section 4.2.1.2. Below in Figure 5 is a summary of the identified controls that are outlined in the two subsequent sections.

<u>Technical controls</u>	<u>Social controls</u>
Style Guide	Values
Seasonal Budget	Brand
KPIs	Vision
Guidelines for work processes	
Strategic Areas	
Employee Evaluation	

Figure 5. Summary of the technical and social controls identified in the case organisation.

4.2.1.1 Technical controls

Technical controls are according to Tessier and Otley (2012) controls that define how tasks should be performed and constitutes of rules, procedures and standards as well as goal settings, output controls and cybernetic controls. In Trendy AB, six technical controls could be identified: the *Style guide*, the *Seasonal budget*, *KPIs*, *Guidelines for work processes*, *Strategic areas* and *Employee evaluation*.

Style guide

As previously mentioned, concept designers are responsible for creating the *style guide*. An employee in P&D described the style guide as the “*the bible for each season*” as it is the main source of inspiration when creating a collection and an important tool that illustrates what the trends for the coming season are.

“*The whole collection is based on the style guide and everyone should have access to it in order to read and see in what direction we’re going with a collection.*” (Concept Designer, P&D).

A concept designer explained that the designers use the looks, colours, patterns etc. in the style guide as ground for creating the real products. No employee expressed concern about the style guide limiting creativity but rather mentioned it as a useful tool to guide and enhance creative thinking. Moreover, the style guide is circulated among all employees in both the P&D and C&M function to ensure that everyone is aware of where the company is heading with each season. At the C&M function, the style guide lies as an inspirational ground for how marketing and communication can be formulated and as a guide for what looks to emphasise. Thereby, the style guide controls performance by being a source of inspiration, guiding what styles to include in a collection in order to achieve performance goals.

Seasonal budget

Each seasonal budget is built from a bottom-up process from the lowest level where e.g. quantities to buy within each product group are estimated. Thereafter, data is consolidated per department and subsequently for the company as a whole. Two budgets are made each year, one

for the spring/summer season and one for the autumn/winter season. The seasonal budgets are standardised, which facilitates communication between departments and between people with different positions. Controllers have the main responsibility for this process but work in close connection with the buyers as they estimate the quantities to purchase. Both the controllers and the buyers state that they work intensively with the budgets throughout the year as there are always *“two budgets rolling in parallel”*. They constantly work with the current season’s budget to assure that performance is in line with budgeted targets, as well as they in parallel build the budget for the coming season.

Moreover, since a seasonal budget includes e.g. sales, costs as well as margin targets, it indicates the cost amount that a certain product group can carry and still meet pre-set margins. A buyer explained that the budget is part of her everyday work as she places orders every single day. When placing orders, the budgeted margin targets help her decide where to put an order as the production cost varies between manufacturers and countries.

In addition, the budget can be argued to be of almost equal importance to the designers as it is to the buyers and controllers. The Head of P&D explained that employees in general are familiar with the budget. A concept designer explained that she looks at the budget in order to get a picture of what kind of collection she can create given budgeted means. She further described the creative part of her work as always having to be realistic and in line with Trendy AB’s offering. Similarly, an in-store marketing executive in C&M explained that the budget sets limits for how creative they can be but that they *“...are left with a lot of room to be creative within these limits.”* Finally, a designer in P&D mentioned it as necessary for all employees to know the budgeted numbers since anything else would be some kind of fake world. Hence, as employees in general seem to be well aware of the seasonal budget and allocated means, they know to what extent they can be creative.

KPIs

In Trendy AB, short and long-term KPIs, as well as financial and non-financial KPIs were identified. On operational level, a mix of short-term financial and non-financial KPIs was described to be frequently used. Among these, sales figures, inventory turnover and conversion rate (sales transactions divided by number of customers entering the store) were mentioned as the most important performance measures. Everyone within the two functions checks these KPIs weekly on Monday mornings as actions need to be taken depending on what the KPIs indicate. If a product is selling good, the buyer at P&D might for example need to buy more. If a product is selling bad, the visual merchandiser at C&M can for example use signs to boost sales. These are only two examples of an endless number of actions that can be taken to optimise sales. By taking weekly actions based on KPIs, Trendy AB is able to respond quickly to fast-changing demands. Top management also controls these KPIs regularly as mentioned by Head of C&M who looks at sales and traffic-in-store almost daily. Moreover, controllers in specific, focus on additional seasonal targets such as mark-ups, markdowns, full price sales, inventory at full price and gross

profit. Monthly target reports of KPIs are delivered to top management who uses them to identify deviations from seasonal targets and decide on managerial actions.

Interesting to observe is that designers to a large extent use KPIs, which might not be obvious in a fashion chain as the designer's main task is to design products. However, a concept designer described how she looks at sales figures and how fast a certain product "spins" i.e. how fast it goes from inventory to being sold, every week or even daily to discover trends and what products that are selling. Another designer agreed and also stated that this focus on numbers and KPIs is not asked by anyone, rather it is oneself finding it useful as demonstrated by the quote below:

"I look at sales every day because it's important for my job but there's no one telling me to do that, it's my own initiative. I always have the sales figures in the back of my head to learn what type of products and designs that sell." (Designer, P&D)

On strategic level, the Head of C&M argued five year sales growth and market share to be important long-term financial KPIs, and sustainability goals and where Trendy AB is positioned in the minds of customers (the latter measured through data from marketing surveys) to be relevant long-term non-financial KPIs. These KPIs were explained to be of strategic and long-term character, and therefore controlled less often compared to the KPIs used on operational level. Among employees on operational level most focus proved to be on seasonal short-term KPIs, which was argued to be in order within retailing. However, the more long-term KPIs proved to be rather unclear and mentioned less frequently. Interviewees gave the impression of being unsure of how seasonal short-term KPIs are setup to achieve long-term goals. Thereby, employees had trouble in describing how their contribution to a KPI impacts the firm's overall performance. A potential reason for this disconnect between short-term KPIs on operational level and long-term KPIs on strategic level was explained by the Head of P&D.

"KPIs [at operational level] have not been broken down from a long-term plan, which is key in order to for employees to know where the company is heading. It has tended to be too much seasonal thinking." (Head of P&D)

Guidelines for work processes

In both the P&D and C&M function there are guidelines for how work processes should be executed. These guidelines have been developed by a group of employees in each function. The initiative to let employees themselves shape the work processes was framed as positive and empowering as it enabled the employees to structure their work by mapping up what needs to be done in what order and within what time frame. The guidelines were argued to be necessary due to the stressed and pressed work environment in Trendy AB where many tasks need be done within a short period of time. In brief, the guidelines map different steps that need to be taken over the process of creating a collection in P&D, or when planning a campaign in C&M, and

within what time frame the steps should be taken. Top management described the guidelines as well structured and detailed, and had the impression that employees in general follow them to a large extent in daily operations, but are still left with room for own time management. A designer in the P&D function confirmed this:

“We have an overarching timeline stating what should be decided, discussed and started at each meeting. It is a very clear agenda and work process. Overall the processes work fine but you always need some kind of adaptation to each team.” (Designer, P&D)

However, an employee within C&M described how some of the work process guidelines developed in C&M were made too complex, why they are hard to grasp and inhibiting creativity. Thus, the employee turned out to not follow these guidelines too strictly.

“Co-workers participated in the development of the process charts /.../ Some [process charts] became way too advanced why it didn’t feel creative to work in the suggested ways. On the other hand there must be some kind of structure to achieve efficiency why they still give some direction” (Project Executive, C&M)

The argumentation of too advanced structures inhibiting creativity was also highlighted at the P&D function. Some employees at P&D expressed concern over the work processes being too advanced, not allowing for spontaneity and in some cases reducing time to be creative. However, it was also emphasised how structured work processes help employees to allocate time to creative thinking. This was possible since the guidelines provide an overview of the work process and a timeline indicating when a certain task needs to be done. Hence, by knowing beforehand when a certain stage of completion should be accomplished, employees can plan their time to e.g. go on trips to find inspiration, have time to process gathered information and still be ready on time, as explained by a Concept Designer in P&D.

“The risk is that you don’t get enough time to be creative but by knowing when everything needs to be ready, you can plan your time and go on trips to get inspiration and still be ready on time.” (Concept Designer, P&D)

Moreover, the introduction of structured work processes with clear deadlines thus seems to help prioritise creative thinking. However, if being too advanced, these guidelines have also shown to hamper creativity. Some designers explained the difficulty in finding time to look at fashion shows in peace and quiet and how they end up just dashing them through. It was argued that the more practical, urgent and administrative tasks included in these guidelines are normally prioritised over tasks that need afterthought and creative thinking. On another note, the work processes were explained by employees as also having a positive effect on their focus since the processes set up frames within which employees should work. A designer expressed it as if anyone tries to improvise and work outside of these frames the company will not end up

delivering the correct numbers or the appropriate degree of fashion to the customer. Thus, there is a consensus between employees in the two functions that some kind of structure is needed to assure efficient workflows. However, as outlined above, what is considered as an appropriate level of structure differed among individuals, which resulted in them taking own initiatives within the work process guidelines to manage their time in a way suitable for each individual.

Strategic Areas

The Head of C&M stated, *“The strategic areas outline what activities to focus on during a specific year. These are broken down into sub goals for each business function”*. By explicitly stating what employees should focus on, the strategic areas were argued to implicitly also state what employees should not focus on. The Head of C&M also mentioned that top management uses a so called traffic light system by putting green, yellow and red on the different areas to highlight the ones where further improvement is needed. Several employees mentioned that these strategic areas have been put on coffee machines with the purpose of reminding employees about the current year’s main issues to focus on. They are also mentioned during kick-off events and workshops. However, that was about everything employees could tell about the strategic areas. No one proved to know what they are or how their daily operations contribute to a certain strategic area. This is supported by the Head of P&D who meant that goals have not been articulated on a strategic level but only on department level, which in turn has hampered the firm’s ability to create a joint effort across departments and steer the whole company in the same direction. Hence, there seems to be a lack of communication of how the goals and activities on department level are linked to the overarching strategic areas.

Employee evaluation

Another technical control identified in Trendy AB is employee evaluation. These individual evaluations are done once a year where the employee sits down with a manager and go through a number of performance criteria and how well the employee lives up to the firm’s values. Also, the employee and the manager set up individual goals for the employee to understand how he/she can develop his/her skills and contribute to the company goals, as well as they go through tasks included in the employee’s role description in order for the employee to be certain on what tasks he/she is responsible for and not. However, many employees indicated that this evaluation process does not work properly within Trendy AB. Some stated that the individual goals are often too general and not broken down clearly to understand one’s contribution to the company’s overall performance. It was also mentioned that the evaluations primarily focus on short-term issues and lack a more long-term perspective on how employees can develop, as illustrated below by a Designer.

“It depends very much on the manager, sometimes the meeting has felt as wasted time. In general I think people wants more focus on a career plan and how each individual can improve and escalate. It should be more focus on where I want to be in the longer run, now it’s only focus on the current role, the bigger picture is never discussed.” (Designer, P&D)

Similarly, some of the managers express concern about employee evaluations not functioning properly. The Head of C&M confessed that on managerial level they do not focus on or reflect over how to build employees' careers within Trendy AB. However, he urged the need for Trendy AB to become better at this and at recognising employees' competencies and build from that. On the same path, the Head of P&D stated that there is too little talent management in the firm in general and that it must be incorporated in the evaluation of employees, otherwise Trendy AB risks losing valuable people to competitors. Lastly, she mentioned that having an individual evaluation once a year is far too seldom when the industry changes quickly and continuously.

4.2.1.2 Social controls

Social controls are defined by Tessier and Otley (2012) as to appeal "to the emotional, non-rational, affective elements within employees" (Ray, 1986, p. 288) and constitute of core values, beliefs, norms (Alvesson and Kärreman, 2004; Simons, 1995) and symbols (Malmi and Brown, 2008; Schein, 1992). Thus, social controls represent managers' attempts to control employee's mind-set (Alvesson and Kärreman, 2004). Within Trendy AB, three social controls namely the *Values*, the *Vision* and the *Brand platform*, were identified.

Values

The values at Trendy AB are *Empower Yourself And Each Other*, *Seek Constant Improvement*, *Make Business Oriented Decisions*, *Act Sustainable* and *Make It Simple*, ...*always with passion and commitment*. The interviewees provide clear, consistent and fruitful answers on the use of values in daily operations in fast decision-making and creative processes. Almost all employees indicated that the values function as a useful source of both creativity and empowerment. An employee in C&M explicitly mentioned this:

"Our values truly help me to be creative - for example "empower yourself" - well, believe in yourself and your idea and the creativity will come. It is important to know why you do certain things and that comes from the values." (Project Executive, C&M).

The values were also described to help employees to know how to approach an issue and how to prioritise in their daily work. This was supported by the Head of P&D who stated that the values are frequently mentioned in daily discussions when e.g. something is made too complex and it is common that someone interrupts and says, *"let's make it simple"*. *"Make it simple"* was also explained to give guidance and set limits when trying to keep costs down as a simpler design of a garment mean lower production costs. Moreover, quick decision-making is part of everyday work in the organisation, and in order to find guidance for and motivate such fast decisions, employees often turned to the values.

“When making fast decisions it is good to rely on the values. I sometimes think of “make business oriented decisions” and motivate my decisions with that phrase if someone questions them.” (Production Artist, C&M).

As demonstrated, the values are a critical control tool used to direct operational activities in line with Trendy AB’s vision and strategy. In addition, throughout the interviews it became clear that the values permeate the whole organisation. This, since a coherent understanding among employees and top management regarding what the values should stand for and their importance in enabling Trendy AB to achieve its vision and strategy, was indicated. Due to the perceived relevance of the values, top management explained that it has put much emphasis on implementation of the values and has made sure to be receptive to when a “*re-energising*” of the values has been needed. When such re-energising has been necessary, employees have been interviewed or asked to participate in workshops where they have been asked to explain what the values mean to them and how they believe the values can be improved to better help achieve the organisation’s vision and strategy. Since employees prove to adhere to the values and use them in their daily work, the implementation of them seem to have been successful.

“Even if we haven’t worked with the values for a couple of months, people know them very well, and if you don’t ‘have the values’ when you join the organisation you will adhere to them with time. Trendy AB is such a values-driven organisation so you don’t have to be here very long before you adhere to the values and if you don’t, I don’t think you enjoy working here since they [the values] constitute such a large part of our work. If anything has worked well, it’s the values.” (Assortment Manager, P&D)

The Brand platform

The brand platform is a document that defines what the brand stands for, what Trendy AB’s target group is and what their customer promise is. The Trendy AB brand is described by expressions such as kind, neither menacing nor wimpish, feminine, inspiring but not trendsetting, good quality and affordable. The brand is further explained by employees as having a meaningful presence on several levels within the firm as well as having multiple functions. To begin with, the brand platform seems to have an important role in daily activities. In designing, buying and marketing activities employees repeatedly mentioned that they remind themselves of what the brand stands for and how the customer views it in order to do executions that support the brand and vice versa. Employees further meant that this mind-set ensures alignment of actions with the brand and creates a belongingness to the firm as a whole. This is in line with top management’s perception of the role of the brand as described below.

“We all have a confidence in knowing who we are and what we stand for. In order to dare to try new things and make quick decisions this confidence must permeate the whole company.” (Head of C&M)

Similarly, middle managers such as assortment managers described the importance of the brand platform in their work, as the assortment managers need to apply a “*helicopter perspective*” over the work carried out operationally in their department. They meant that the Trendy AB brand platform is a helpful and meaningful tool in creating this kind of perspective as it reminds the managers of what the Trendy AB brand has promised to deliver and who the target customer is and what she likes. This is crucial to bear in mind as an assortment manager when consolidating many different products into a complete collection. This, since employees at lower levels focus on only one or just a few products, making it hard for them to always see the bigger picture. Therefore, coordination from middle managers is crucial to steer the different departments in a coherent direction in line with the brand.

“Everyone needs to know the brand platform. But it’s of course very important that I, as assortment manager, know it. I work with all products in a collection which requires me to constantly think about aspects such as - ‘now we’re pulling too much in this direction, that is not really our target group’ /.../ Of course everyone knows this but at the lower levels there is a more narrow focus, why I must guide them and keep the broader perspective.” (Assortment Manager, C&M)

Thus, both top management, middle managers and employees at the lowest levels are highly aware of the critical role of the brand platform to steer activities in line with Trendy AB’s overall strategy. A designer within P&D explained how the brand platform helps her to be both creative and to know within what limits she can be creative, “*...when you come up with new ideas, you have the brand in mind that tells you which of the ideas that fit within the collection and which don’t. Within these boundaries you have room to be very creative.*” (Designer, P&D)

Hence, not only does the brand platform create guidance and enhance value creation at all levels of the organisation, but it also indicates what Trendy AB does not stand for and thus, what activities should be avoided. This was illustrated in the above quote and was further described in terms of appropriate fashion degree. A Project Executive in C&M explicitly stated that Trendy AB should create fashionable clothing but not set trends, “*When it comes to the fashion degree we’re not supposed to be at the forefront but rather right behind. The top of our assortment pyramid could be a top trend but we should not be a trendsetter.*”

In addition, a Web Designer stated the importance to not always adopt a trend just because something is fashionable, as it does not mean that Trendy AB’s target customer will appreciate it. Similarly, a designer exemplified how the platform sets ethical boundaries and states what trends not to adopt as seen below:

“Employees know the limitations of the Trendy AB brand and would for example not use camouflage textile on children clothes or put certain prints or texts on a sweater that is not in line with the brand even if it might be a trend.” (Designer, P&D)

The above quotes indicate that Trendy AB should not adopt all emerging trends if they do not coincide with the brand positioning and what the target customer appreciate. Thus, by knowing the brand platform well, employees at all levels appear to include a strategic thinking in form of being aware of how e.g. a mistake to include inappropriate trends in collections or in their marketing might hurt the brand in the long run. The brand platform also showed to create awareness of the promise to deliver fashionable products at a low price. This was illustrated by employees being aware of the need to create fashionable products that are also commercially viable but not “too boring”. This need to balance fashion and low price naturally exists within the work within P&D, as well as in the marketing and communication processes in the C&M function. This, since the offerings must be communicated in a fashionable and inspirational manner without being too expensive. In addition, before launching e.g. a marketing campaign, a manager always ensures that the communication plan is in line with the brand.

In summary, the brand platform was explained by employees at all levels to provide guidance in everyday activities. Middle managers and top managers described it as an important control tool to ensure that the organisation is steered in the right direction given its vision and strategy. At operational levels employees rely on the brand platform when trying to make optimal decisions also from a long-term perspective. Moreover, the brand platform was shown to promote creative thinking as well as to set boundaries within which employees can be creative. Thereby, the brand platform appeared to play a crucial role in steering the company in the right direction at all levels in the organisation.

Vision

Trendy AB’s vision is to deliver a “*World-class fashion experience*” and is explained to be highly ingrained in the firm and among employees. More than ten years ago, Trendy AB changed its vision to aim towards offering world-class *fashion* instead of more standard and simple clothing, which had previously been the case. Employees describe the transformation as successful and how “*the vision has really helped Trendy AB to take several steps forward on the international fashion scene*”. Thereby, the vision not only states where Trendy AB is heading for the future, but also implicitly states where Trendy AB is not heading. In comparison to the values, the vision does not seem to be used as frequently in daily activities. Instead, the vision is mentioned in a more strategic setting and tend to help employees to adopt a more long-term view of the business when making “*bigger decisions*”. Many interviewees stated that the Human Resources (HR) function has made a strong effort in trying to establish the vision among employees with the aim to ensure a common knowledge of where Trendy AB is heading for the future. This effort was appreciated and well received by employees since it clarified that everyone need to be aware of the vision and able to adjust their work in line with it to ensure that the organisation work in the same direction.

“...The more you talk about it [the vision], the better. You must be reminded all the time otherwise it just becomes fancy words without meaning. The day my own vision or strategy is no longer in line with Trendy AB’s I won’t work here anymore. I would have had to adjust too much to something I don’t believe in.” (Concept Designer, P&D)

To conclude, the Head of C&M stated that the vision has not changed since it was introduced in the company ten years ago and that the company is continuously moving in the right direction when expanding to new markets by bearing the vision in mind.

4.2.2 Control systems

Below, the four different control systems will be outlined and what controls that are part of each control system. Many controls were found to have dual objectives, i.e. performance and compliance. Performance refers to the *“achievement of organisational goals and the creation of value”*, while compliance refers to the *“following of rules and the preservation of value”* (Tessier and Otley, 2012, pp. 176). In other words, many controls were used to both enhance performance as well as to ensure compliance i.e. they were shown to be part of both performance control systems as well as boundary control systems. However, it was less common to find one control to be part of control systems at both operational and strategic level. Distinction between operational and strategic controls was made depending on if a control is aimed to direct day-to-day activities or strategic issues. Thus, one control often appeared to be part of both performance and compliance control systems but on one organisational level i.e. operational or strategic.

The following analysis presents controls in the different control systems. In section 4.2.2.1, the controls constituting the operational performance and operational boundary control systems are analysed, and in section 4.2.2.2, the controls included in the strategic performance control system and the strategic boundary control system are analysed.

4.2.2.1 Operational Performance and Operational Boundary Control System:

At operational level, an array of technical controls in combination with a few strong social controls were found to be used in daily activities. The most prominent technical controls used at operational level are the *Style guide*, *Short-term KPIs*, *Seasonal budget* and *Guidelines for work processes*. The most prominent social controls at operational level are *the Values* and *the Brand platform*. The operational performance control system oversees what the organisation must do well to achieve its strategy, while the operational boundary control system informs employees of the limits imposed on their actions (Tessier and Otley, 2012). The style guide and short-term KPIs were found to be part of the operational performance control system. The seasonal budget was mainly described to work as operational boundary, whereas guidelines for work processes were indicated to function as both operational performance and operational boundary control. Thus, these guidelines are part of both the operational performance and operational boundary control system. Both of the social controls, i.e. the values and the brand platform, proved to have

dual objectives as they both enhance performance and ensure compliance. Thus, these social controls are part of both operational performance and operational boundary control system.

Technical Controls on Operational Level

The *style guide* was perceived as “*the Bible for each season*” and proved to be a relevant technical control in daily activities in both the P&D and C&M function. It was described as an important tool illustrating the trends of a coming season and functioning as a main source of inspiration and guidance when e.g. creating a collection or formulating marketing and communication campaigns. Thereby, the style guide controls performance in order to achieve performance goals. Another important technical control at operational level is the *short-term KPIs* that are used to enhance and motivate performance to reach pre-set targets. KPIs such as sales, inventory levels and customer turnover rates are measured and analysed weekly to take action upon in order to optimise seasonal performance. Therefore, the style guide and short-term KPIs are part of the operational performance control system.

The seasonal budget is mainly explained by employees as setting monetary limits on what types of collections that can be created and marketing activities than can be executed. By communicating direct spending limits the seasonal budget frame the area of opportunities that the company should focus on. However, as argued by a controller, a business opportunity with strong sales potential should never be neglected due to lack of budgeted means. Hence, the limiting feature of the budget should not be too strict since it might result in valuable business opportunities being discarded. This was described to be avoided by leaving some room for flexibility within the budget and by encouraging communication between actors. However, the budget was mainly indicated to be part of the operational boundary control system as its main objective is to allocate limited resources and ensure compliance by setting spending limits, rather than to promote performance.

The last technical control that was found to be used on operational level was the *Guidelines for work processes*, which proved to have dual objectives. On the one hand, the structured work processes ensure performance within certain time periods and allow employees to plan their time and e.g. identify in what periods creative thinking need to be prioritised. On the other hand, the guidelines assure compliance by focusing employees’ attention on certain tasks within certain time frames. The guidelines thereby limit operational activities and thus, do not allow for much free time for creative thinking outside these frames. Thereby, the guidelines for work processes have dual objectives by both enhancing a certain type of performance within a certain time period and limiting operational activities. Thus, this technical control proved to be part of both operational performance and operational boundary control system.

Social Controls on Operational Level

The two social controls, *Values* and *Brand platform*, showed to permeate operational activities on a daily basis. All employees speak warmly about the values and how they both inspire them to

think creatively through e.g. the value “*empower yourself and each other*”, as well as they limit their time spent on certain issues by using the value “*make it simple*”. Thus, the values are part of both the operational performance and boundary control system. The brand platform also proved to be influential in guiding daily operations. All employees stated that they are highly aware of what the brand stands for, what their target group is and what their customer promise is. Moreover, inherent in the brand is the balancing of performance and compliance, as its customer promise is to offer fashionable women's wear within an affordable price range. This need for balance is highly present within the P&D function, but also in the C&M function. In the C&M function, employees framed the brand platform as setting limits within which they are allowed to be creative as described by the quote “*I am not selling any dreams, I only present concepts we can afford*” (In-store Marketing Executive). Hence, the brand platform proves to be present in both operational performance and operational boundary control system.

4.2.2.2 Strategic Performance and Strategic Boundary Control Systems

On the strategic level of the organisation, three technical controls and two social controls are identified. The technical controls are *Long-term KPIs*, *Strategic areas* and *Employee evaluation*, while the social controls constitute of the *Vision* and the *Brand platform*. The strategic level of the organisation constitute of two control systems: the strategic performance control system and the strategic boundary control system. The strategic performance control system monitors whether the organisation has the proper strategy to ensure the attainment of its vision, while the strategic boundary control system informs employees of the acceptable domain of opportunity-seeking (Tessier and Otley, 2012). The long-term KPIs showed to mainly be used to ensure performance in line with the firm's overall aim. Hence they are present in the strategic performance control system. The other two technical controls, the strategic areas and employee evaluation, proved to both enhance performance and to set a domain for employees' opportunity-seeking. Similarly, did the social controls prove to have dual strategic objectives; both the vision and the brand platform were indicated to guide performance to achieve organisational long-term goals and the strategy, as well as they functioned as boundaries for opportunity-seeking to preserve the value of the brand and to focus work towards the vision.

Technical Controls on Strategic Level

The *long-term KPIs* used on strategic level are the five year sales growth, market share, a sustainability goal and where Trendy AB is positioned in the minds of customers. The long-term trend of these KPIs was explained to be relevant, why they are checked on annual or semi-annual basis. In addition, they are measured on a company aggregated level and analysed with a long-term perspective to identify tendencies over time to take actions upon. Interestingly, many employees indicated to be unsure on how their daily individual work contributes to the firm's long-term goals. Hence, the long-term KPIs seem to be used mainly at higher levels in the organisation and not ingrained on operational level. Similar to the short-term KPIs on operational level, the objective of long-term KPIs on strategic level is to enhance value creation to achieve

long-term goals rather than to ensure compliance. Hence, the long-term KPIs are only present in the strategic performance control system.

Moreover, the *strategic areas* indicated to serve a rather meritless function. Many employees were not aware of what the strategic areas are or how they can contribute to the improvement of a certain strategic area through their daily work. Disregarding the current poor use of this technical control, the intended aim of it is to stake out where employees should focus their attention and not. Hence, the strategic areas are supposed to address dual objectives with the aim of creating value within defined territories and implicitly also stating what territories employees should not prioritise or focus on. Therefore, this technical control is present in both the strategic performance and strategic boundary control system.

A third technical control identified on strategic level is the *employee evaluation*. This evaluation process was introduced to empower the employee by setting up individual goals to achieve. It also has the intention to communicate areas where the employee needs further skill improvement and not, as well as it should clarify what tasks that are included in the job description and not. Hence, the employee evaluation addresses dual objectives by both empowering goal achievement and limiting the employee's activities. However, as indicated above, the employee evaluation does not seem to play an influential role in Trendy AB. This since employees expressed concern regarding the lack of a long-term focus in the discussion and stated that the quality of the evaluation could vary depending on the manager responsible for the meeting. As previously described, a potential reason for the latter inconsistency is that employee evaluations are not a prioritised topic within top management, resulting in unclear communication from top management. To conclude, the employee evaluation control is present in both the strategic performance and strategic boundary control system.

Social Controls on Strategic Level

Moving over to the social controls, the *Vision* articulated as a “*World-class fashion experience*” proved to have an important strategic presence within the firm and among employees. Employees indicated to clearly understand what the vision means both in terms of where the company is heading in the future and in terms of what kind of fashion should be included in their offering and not. Thus, the objective of the vision is dual: it enhances value creation in the direction towards the firm's overall aim, and implicitly indicates limits what Trendy AB should focus on. The vision is therefore present in both the strategic performance and strategic boundary control system.

Similar to the role of the vision is the role of the Trendy AB *Brand platform* within the firm. The brand platform was described to influence employees' mind-sets and to have created a meaningful and common self-confidence among employees. The strong belief in the brand guides employees in making difficult and quick decisions that might seem wrong from a short-term view, but value creating from a long-term strategic perspective. Thus, it is an important tool

in assuring long-term value creation. The brand platform was also explained to set ethical boundaries and indicate what trends not to include with respect to the target group and customer promise. Thus, the brand platform has an important role in ensuring value preservation, i.e. compliance why it appears to serve dual objectives also at strategic level. Moreover, as mentioned regarding the use of the brand platform on operational level, it is inherent in the brand to balance fashionable women's wear and affordable prices. Thus, the brand platform is present in both the strategic performance and strategic boundary control system.

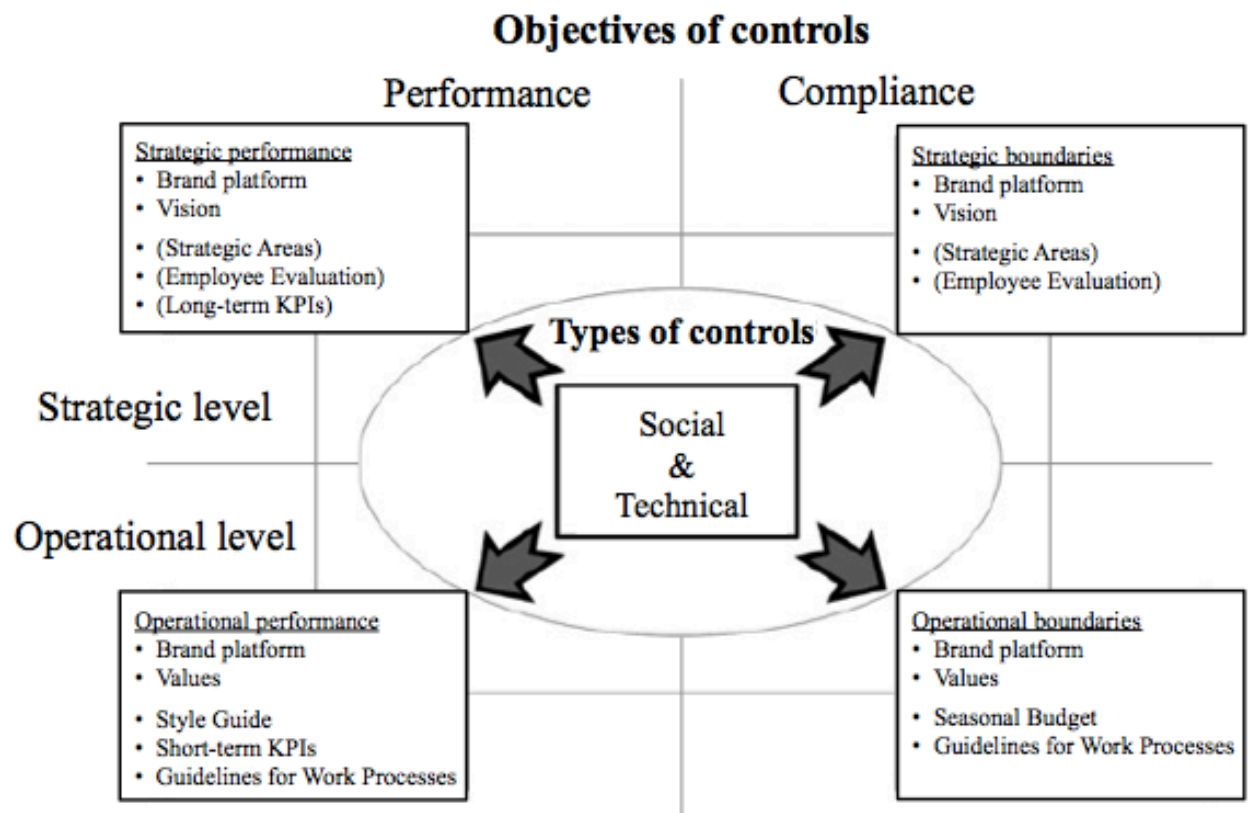


Figure 6. Overview of the MCS at Trendy AB. Controls that are present within the company but not frequently used are shown in parenthesis.

4.2.2.3 Summary of social and technical controls

As outlined above, empirics indicate that several different controls, social and technical, are used to steer Trendy AB's operations. In specific, the brand platform, defined as a social control, plays a key role in Trendy AB as the case analysis revealed its presence in all four control systems in Tessier and Otley's (2012) framework (see Figure 6). The brand platform is used to both guide performance and to set boundaries at both operational and strategic level. Important to note is that no other control proved to be present in all four control systems. Moreover, the two other social controls, the vision and values, were also illustrated to serve dual objectives, as they are part of both performance and boundary control systems. However, the values are mainly

used on operational level and the vision on strategic level. All three social controls were illustrated as well-implemented controls that were frequently used within the organisation.

Regarding the technical controls, the style guide, seasonal budget and short-term KPIs are used on operational level and have a single objective, i.e. to either guide performance or set boundaries. Long-term KPIs are present at strategic level and serve mainly one purpose, namely to promote long-term performance. However, the long-term KPIs do not seem to be well-implemented among employees at lower hierarchical levels. The guidelines for work processes is the only technical control to serve dual objectives, which it does on operational level. At strategic level, the strategic areas and employee evaluation serve dual objectives. However, despite being part of two control systems, the strategic areas and employee evaluations appeared to have a rather weak function in the organisation.

To conclude, a key feature of Tessier and Otley's (2012) framework is that it acknowledges the fact that one control can be present within several control systems. Tessier and Otley (2012) therefore argue that one control can manage dual objectives (performance and/or compliance) to different degrees. Hence, these controls might have the ability to manage the opposing challenges of creativity, low cost and speed present in Trendy AB.

5 Discussion

In this section, case findings are further analysed and contrasted against previous research in order to answer our research question: *"How are management control systems used to manage the challenges of creativity, low cost and speed within a fashion chain?"* First, section 5.1 analyses the tensions between the three challenges of creativity, low cost and speed and what role MCS play in managing them. Second, section 5.2 discusses the tension between short and long-term focus and investigates how Tessier and Otley's (2012) revised framework takes this tension into account.

5.1 How MCS help manage the challenges of creativity, low cost and speed

This section discusses how the MCS manages the three challenges of creativity, low cost and speed. Section 5.1.1 analyses the challenges of creativity and low cost, the tensions they give rise to and how they are managed. Section 5.1.2 discusses the presence of all three challenges, their interrelatedness, tensions generated between them and how these tensions are managed in the case organisation.

5.1.1 The tension between creativity and low cost

First, the empirics clarified that the challenges of creativity and low cost are highly present in Trendy AB. Creative thinking is showed to permeate the whole organisation in activities such as designing, buying, marketing and communication. In addition, employees proved to be highly

aware of what Trendy AB intends to offer to its customer in terms of fashion degree and price level. Hence, employees can be argued to be able to balance their creative thinking with a cost consciousness and thus, seem aware of how to create products that can appeal to a broad customer base (Jackson and Shaw, 2001). Jeacle and Carter (2012) found accounting to play a mediating role between creativity and low cost in the interaction between key actors in the organisation as described in section 2.1.1.2. The findings in this study contradict the finding by Jeacle and Carter (2012) in two ways. First, accounting tools similar to those investigated in their study such as KPIs and budget, appeared to mainly serve a single objective i.e. performance or compliance. Hence, these controls proved to be rather insufficient in managing the tension between creativity and low cost. This, since the empirical data indicate that creativity tends to be controlled by performance control systems, while low cost to a large extent is controlled by compliance control systems. Thus, controls with single objectives can be argued to be unable to manage the tension between creativity and low cost, and thus, unable to work as mediator between creativity and low cost. Second, the study does not confirm the finding of accounting as a mediator in the interaction between actors as argued by Jeacle and Carter (2012). Instead, the findings indicate that this mediating process between creativity and low cost to take place within each individual. This was illustrated by e.g. designers keeping price in mind when designing products, resulting in the controller or the buyer not having to interfere at this stage. Naturally, weekly meetings where certain short-term KPIs such as sales, turnover etc. are checked might contribute to employees being able to manage both creative thinking and numbers, but that is not what the employees mentioned as the reason. Rather, employees, and more specifically the designers, who can be argued to have the most creative role in the company and thus maybe the least focus on numbers (Jeacle and Carter 2012), state that keeping track of the numbers (short-term KPIs) is inherent in their job. It was further mentioned that keeping track of these KPIs help them to understand what sells good as well as they use the budget to know what collections they can create. Interestingly, they state that this focus is not required from them or explicitly mentioned in their job description, but rather it is the designers' own initiatives to incorporate the numbers in their everyday work. When asking why this is the case, it is argued that a person will not be able to work at Trendy AB if not learning how to create fashion to the many people by e.g. "designing with price in mind". It therefore becomes crucial for all employees to adopt this kind of thinking to succeed in their work. When analysing the operational control system, an understanding of what gives rise to this kind of thinking at operational level is provided. However, to be able to reach this understanding one must look beyond the technical controls at operational level with only one control objective, namely the short-term KPIs and seasonal budget (i.e. accounting tools similar to those analysed by Jeacle and Carter, 2012), and the style guide. This, since the ability to create fashionable clothing at affordable prices depends on the employee's awareness of the need to balance the opposing demands of creativity and low cost. Moreover, if shifting focus to the social controls at operational level (values and brand platform), it is revealed that these controls play an important role in guiding employees in balancing creativity and low cost, which potentially can be explained by two reasons. Firstly, they are part

of both operational performance and boundary control systems, thus having the potential of being able to manage tension between opposing objectives. Secondly, they constitute of the brand platform and the values, i.e. two controls that either directly or indirectly incorporate the challenges of creativity and low cost. The brand platform does so by defining what Trendy AB stands for, whom the target customer is and what their brand promise is i.e. to offer fashion at affordable prices. Within the values it is incorporated in formulations such as “empower yourself”, “make business oriented decisions” and “make it simple”. Hence, just at a glance these controls can be argued to embrace the two challenges of creativity and low cost, and as elaborately explained in the case analysis, the two controls prove to do so as well as they permeate the whole organisation. Naturally, when trying to find the right balance between creativity and low cost, employees turn to these two social controls and absorb their meaning. This results in each employee using social controls as a mediating instrument when managing the tensions between creativity and low cost on an individual basis.

In summary, the tension between creativity and low cost is highly present in Trendy AB. However, this study contradicts Jeacle and Carter’s (2012) findings of accounting functioning as a mediator between creativity and low cost in the interaction between actors in two ways. First, this study revealed accounting tools, such as the budget and KPIs (e.g. sales and inventory levels as investigated in Jeacle and Carter, 2012), to mainly serve a single objective i.e. compliance or performance. Hence, these controls can be argued to be unable to work as mediators. Second, the tension appeared to be managed by the employees themselves on an individual level rather than in interaction with different actors. This appears to have been enabled through well-implemented social controls at operational level i.e. by employees being well aware of and frequently using the values and the brand platform. Thereby, this study suggests social controls to function as a mediator between creativity and low cost when managing the tension on individual level. The finding of the importance of social controls in managing the tension between creativity and low cost within Trendy AB, was revealed by the application of a more inclusive management control framework consisting of several dimensions than traditional command-and-control tools (Simons, 1995).

5.1.2 The three challenges of creativity, low cost and speed

In the above discussion regarding the tension between creativity and low cost, the use of a broad MCS revealed the importance of both technical and social controls as well as the relevance of controls with dual objectives in the managing of tensions. Hence, in line with Mintzberg (1983a, as mentioned in Alvesson and Kärreman, 2004), it can be argued to be counterproductive to only look at one type of control, such as accounting tools in the studies by Jeacle, 2015 and Jeacle and Carter, 2012, and controls with mainly one objective. This, since such an analysis would likely not have revealed the important role of social controls with dual objectives. In a similar way, it is argued in this study to be counterproductive to look at only one or two of the challenges of creativity, low cost and speed at a time when investigating how they are managed. This, since all

three challenges appear to be inherent and interrelated in the fashion industry, and should therefore be managed at the same time. However, previous studies of accounting in fashion chains have only analysed either the challenge of speed (Jeacle, 2015) or the tension between creativity and low cost (Jeacle and Carter, 2012), while this study is unique in incorporating all three challenges when analysing the role of MCS in a fashion chain. As illustrated by the empirical data and supported by previous studies (Hines and Bruce, 2007; Leung and Yeung, 1995; Jeacle, 2015; Jeacle and Carter 2012), a key to success of a fashion chain is to “*deliver the best product to the marketplace in the fastest time and at the most competitive price*” (Hines and Bruce, 2007, pp. xxi). This recipe for success proves to incorporate all three challenges. Moreover, the three challenges of creativity, low cost and speed proved to be present in Trendy AB. The empirics also revealed how all three challenges give rise to tensions between each of the challenges, due to their competing demands. When designing a product, the designer and buyer must be creative, keep low costs and ensure quick delivery to the market. For example, to ensure fast delivery, the designer must not only design the product quickly, but might also need to compromise different fashion features that decrease the complexity of the product, in order to save both time and money in production. Hence, high speed affects both the level of creativity that can be used when designing a garment, and the possibility to achieve low production costs. Therefore, managing these tensions was shown to be difficult due to the interrelatedness of all three challenges. This finding is in line with Busco et al. (2008) who argue that managing of tensions i.e. to balance competing demands, is not about choosing one polarity over the other but about recognising their simultaneity. Thus, one challenge should not be chosen over the others but a balance between the three should be established.

In line with Jorgensen and Messner’s (2010) findings, this paper reveals that accounting tools are only one type of many valuable tools that can be used in uncertain situations with pluralistic demands, i.e. characteristics typical for the fashion industry. When analysing the designing process, where both designers and buyers are involved and all three challenges need to be considered, a broad range of controls were used and not only accounting tools: the style guide, the seasonal budget, short-term KPIs, the guidelines for work processes, the values, the brand platform and the vision. All social controls indicated to serve dual objectives. This could help explain why mainly social controls were used in managing tensions. In other words, in this case the social controls proved to be more useful than the technical controls in managing tension arising from opposing objectives as they to a larger extent serve dual objectives. A further reason could be that beliefs, i.e. social controls form the starting point of the design of an organisational MCS as they influence other components (Flamholtz, 1983; Pearce and David, 1987; Widener, 2006), which reinforce the tendency of employees adhering to these social controls and further support the necessity of including them when managing tensions.

5.2 The tension between short and long-term perspective

As previously illustrated, the empirical data showed that the speed at which demand changes within the fashion industry appears to have resulted in a dominant short-term focus at the expense of long-term focus. Thus, the case findings revealed a tension between short and long-term focus that the organisation must manage. Employees indicated to focus on weekly and seasonal performance and to have difficulties in stating the long-term goals and how they can contribute to them. Also, top management prove to put too much focus on operational short-term issues and too little on strategic long-term issues. This managerial behaviour is not in line with Simons (1995) who argues that managers should only pay attention to significant issues. In addition, this managerial behaviour is likely to have contributed to a dominant short-term focus within the organisation. This phenomenon can be explained by Mundy (2010) who means that managers must be aware of the focus put on short vs. long-term goals respectively, since that affects what employees perceive as critical. Furthermore, empirics indicated that employees have difficulties in understanding the link between short and long-term goals. The Head of P&D explained that the short-term goals had not been broken down from the long-term goals, which she argued is key for employees to know where the company is heading. These findings are in line with Mundy (2010) who means that managers must communicate the importance of short-term goals to achieve long-term strategies and the linkage between them, as employees otherwise risk becoming disconnected from long-term strategic objectives. This indicates that strategic control systems seem to be insufficient in counterbalancing the dominant short-term focus. Moreover, the fact that top management focuses too much on operational level has not generated quicker decision-making as needed in the industry. Instead, top management's operational focus has resulted in longer response time due to too many people being involved in decisions. Thus, controls that empower employees to make quick decisions on their own appear to not have been developed or sufficiently implemented in the organisation.

Even though too little emphasis was indicated to be put on long-term goals and issues within Trendy AB, employees showed some tendencies of taking the long-term perspective and strategic thinking into account in decision-making. This was done mostly through the use of one social control that is present in all four control systems, namely the brand platform. The vision, another social control present in two control systems at strategic level, was sometimes also used to guide strategic issues but was not referred to as frequently by employees as the brand platform. Technical controls at strategic level such as long-term KPIs, strategic areas and employee evaluation were seldom mentioned to guide strategic issues. In other words, the case findings prove the importance of social controls, in specific the brand platform but also the vision, in guiding strategic long-term thinking. Despite this, the dominant short-term focus can still be identified in the empirics, indicating strategic controls to not fully accomplishing their purpose of ensuring a strategic and more long-term perspective in the organisation.

Moreover, the evidence of social controls guiding long-term thinking is in line with Mundy (2010) who found belief systems, i.e. social controls to be the main protection against a purely short-term attitude. A potential explanation to the frequent use of the brand platform to guide strategic thinking could be the fact that the brand platform showed to be present in both the strategic and operational control systems. Thereby, it might be a convenient control to rely on as guidance in strategic matters since it is already frequently used to guide operational activities. Furthermore, important to note is that the brand platform not only operates at both operational and strategic levels, but also have dual objectives (performance and compliance) why it was shown to not only guide both short-term operational and long-term strategic performance, but also to set short-term operational boundaries and long-term strategic boundaries by being part or all four control systems. Thus, the brand platform proved to play an important role in managing the tensions arising between the challenges of creativity, low cost and speed as well as the tension between short and long-term focus within the firm.

As argued by Ferreira and Otley (2009), Simons' (1995) LOC framework focuses too much on top management and strategic issues. This critique is addressed by Tessier and Otley's (2012) revised framework as it incorporates a distinction between control systems at operational and strategic level. In line with this, Langfield-Smith (1997) argues that the success of a strategy can be directly influenced by activities at the operational areas of the organisation. This reasoning by Langfield-Smith (1997) could further help explain why top management has tended to focus too much on operational issues. Moreover, although Tessier and Otley (2012) address the critique on Simons' (1995) LOC framework, they do not acknowledge the tension that arises between the operational and strategic focus i.e. the tension between short and long-term focus. The authors explicitly acknowledge the tension between dual opposing objectives, i.e. performance and compliance, but do not acknowledge the tension between strategic and operational focus. This study provides evidence of how being unaware of the tension between strategic and operational focus can result in an organisation ending up focusing too much on one over the other. According to Busco et al. (2008), managing tensions is not about choosing one polarity over the other. Rather, it is about acknowledging the opposing demands' simultaneity. Thus, when a MCS explicitly incorporates control systems at operational and strategic level, the tension between operational and strategic focus must be acknowledged. By also recognising this tension, the need for simultaneous existence of the short and long term focus will be revealed. Lastly, when allowing these two focuses to coexist, an appropriate balance can be achieved to ensure a successful strategy implementation (Busco et al., 2008; Mundy, 2010).

Revised version of Tessier and Otley's (2012) framework

Below is a revised version of the selected parts of Tessier and Otley's (2012) framework used in this study. In the original framework (see Figure 1 in section 2.2), the lines connecting all four control systems illustrate how the control systems do not operate separately, but rather coexist to create synergies (Tessier and Otley, 2012). As illustrated in Figure 7, arrows have been added to these lines to emphasise two additional findings: first, that the four control systems are

interrelated and second, that tension arises between control systems with dual objectives and between control systems on dual organisational levels. Thus, the revised framework explicitly incorporates not only the tension between dual objectives (as Tessier and Otley, 2012), but also the tension between focus on operational and strategic levels. This, to emphasise the tension between short-term operational focus and long-term strategic focus discovered in this study and not recognised by Tessier and Otley (2012).

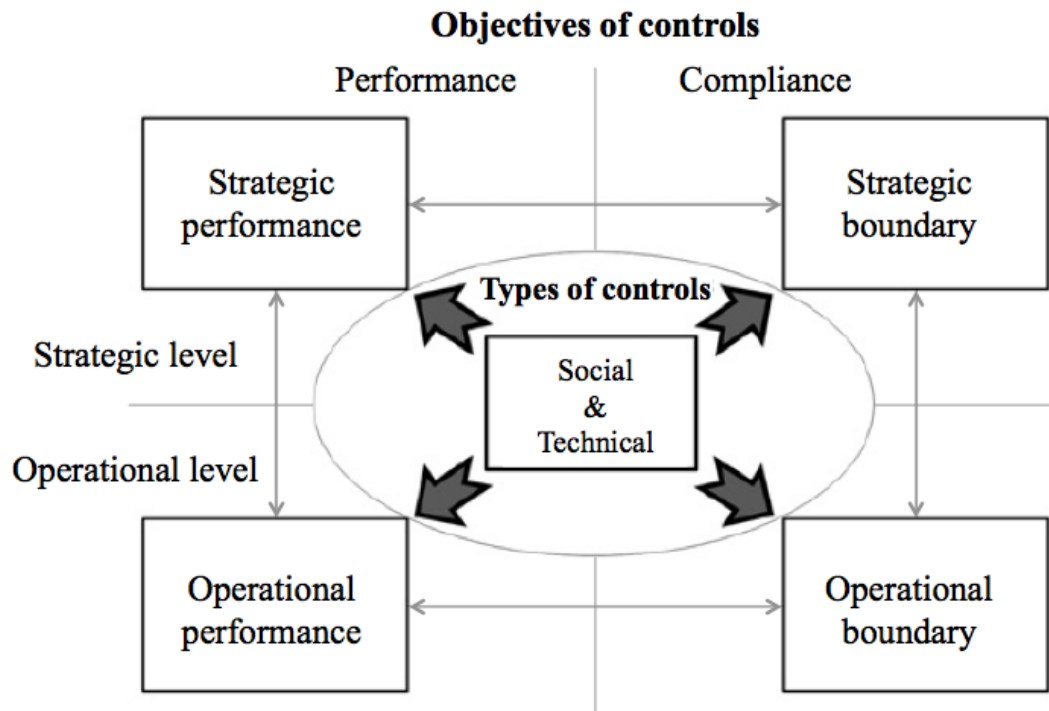


Figure 7. Revised framework of the Tessier and Otley (2012) framework

6 Concluding remarks

This study responds to the calls by Hopwood (1994) and Jeacle (2009) for further research in the field of accounting and everyday life. It also responds to the call by Jeacle (2009) for further investigation in the field of accounting within contemporary fashion chains, an area part of the popular culture domain (Jeacle, 2009). In addition, this study contributed to the fashion field in two ways. First, by investigating how three key challenges present in the industry are managed simultaneously, and second, by exploring the role of MCS in managing these tensions, rather than the role of accounting tools.

Furthermore, this study answered to the call by Tessier and Otley (2012) for more work to unite different studies that make up the MCS literature and to build a coherent body of knowledge. This was done by the identification of tension between short and long-term perspective that potentially can be incorporated in the design of MCS. This study also responded to Tessier and

Otley's (2012) call for using their framework in empirical study. The abovementioned contributions were made through a case study on a fashion chain.

This concluding section will summarise main findings and highlight the contributions made to existing research, limitations and suggestions for future research.

6.1 Conclusion

The aim of this study was to explore how managers and employees in a fashion chain company use management control systems to manage tensions between three interrelated challenges inherent in the fashion industry. This was conceptualised through a research question: *How are management control systems used to manage the challenges of creativity, low cost and speed within a fashion chain company?* Therefore, this study contributes to the understanding of how the three challenges within the fashion industry potentially can be managed through the use of management control systems (MCS).

In order to answer the research question, a revised version of Simons' (1995) Levers of Control made by Tessier and Otley's (2012) was used. Selected parts of Tessier and Otley's management control framework were applied, since certain components of the framework proved to be inessential to answer the research question.

Firstly, the empirics showed the tension between creativity and low cost to be present as well as managed on a daily basis in the case organisation. In contrast to the findings by Jeacle and Carter (2012), this study proved social controls rather than accounting tools, to function as a mediating instrument between creativity and low cost, at individual level. In addition, this paper does not confirm that this mediating process takes place between actors in the organisation, as argued by Jeacle and Carter (2012). Instead, this mediating process, and thus the managing of tension, is found to take place within the employees themselves, on an individual level. The findings suggest this to be possible since employees are aware of the tension arising between the challenges of creativity and low cost, by using well-implemented social controls at operational level. These social controls, namely the values and the brand platform, were indicated as useful tools for each individual to apply when managing the tension on individual basis. Thus, interaction between actors to balance the tension between creativity and low cost was proved unnecessary.

Secondly, the case analysis revealed that all three challenges of creativity, low cost and speed are present in a fashion chain. The findings also revealed how all three challenges gave rise to tensions between each of them, due to their interrelatedness and rather competing demands. Hence, managing these tensions was indicated to be a difficult task since the interrelatedness of the three challenges results in the need to in some cases consider them all simultaneously in daily decision-making. This finding is in line with Busco et al. (2008) who argue that managing of

tensions i.e. to balance competing demands, is not about choosing one polarity over the other but about recognising their simultaneity. Thus, one challenge should not be chosen over the other but a balance between the two should be established. The recognition of an interrelatedness between three competing demands contributes to the understanding of how tensions can be managed as it complicates the balancing act since not only two competing demands must be considered, but three. A broad set of both technical and social controls was used to manage the tensions arising from the three challenges with rather competing demands. This finding is in line with Mintzberg (1983a as mentioned in Alvesson and Kärreman, 2004) who stated that contemporary businesses use a battery of controls. It is also in line with Jorgensen and Messner's (2010) findings of accounting tools to only be one of many valuable tools that can be used in uncertain situations with pluralistic demands. Important to note is that social controls proved to be crucial in managing competing demands. This could be explained by the fact that all social controls address dual objectives and can therefore be argued as appropriate controls to manage tensions between competing demands.

Finally, the empirical data provide evidence that the speed at which demand changes within the fashion industry can result in a dominant short-term focus, which in turn creates a tension between short and long-term focus. This was proved, as managers tend to operate too much on operational level and focus too little on long-term strategic issues. Hence, the link between operational short-term goals and strategic long-term goals has not been communicated clearly, which in line with the argumentation by Mundy (2010) caused employees to become disconnected from long-term strategic goals. Despite this, it was indicated that employees possess some long-term perspective and strategic thinking through the use of the brand platform, i.e. a social control present in all four control systems. This is in line with Mundy (2010) who argued social controls to be the main protection against short-term attitudes. However, no other social control showed to implement a long-term thinking to the same extent as the brand platform. This could be explained by the fact the brand platform is present on both organisational levels i.e. in both operational and strategic control systems, why it might be a natural control for employees to turn to when trying to manage the tension between short and long-term thinking. Moreover, although Tessier and Otley (2012) explicitly acknowledge the tension between dual opposing objectives, they do not acknowledge the tension that arises between the operational and strategic focus i.e. the tension between short and long-term focus. Our findings indicate that unawareness of the tension between operational and strategic focus can result in the organisation focusing too much on one over the other. Hence, it is argued that MCS should incorporate this tension, i.e. the need for simultaneous existence of the short and long-term focus, in order to emphasise the need of an appropriate balance. Not until tensions are managed, can successful strategy implementation be achieved (Busco et al., 2008; Mundy, 2010).

Our case findings contribute to existing research within the fashion domain by being unique in investigating how all three challenges; creativity, low cost and speed, are managed in a fashion chain. Previous studies of accounting in fashion chains have only analysed either the challenge

of speed (Jeacle, 2015) or the tension between creativity and low cost (Jeacle and Carter, 2012). Moreover, this paper investigates how a broader set of MCS can manage inherent challenges in a fashion chain, while previous literature in the domain has investigated the role of accounting tools in doing so. Finally, this study also contributes to the MCS research field by highlighting the need of MCS to explicitly acknowledge the tension between short and long-term perspective.

6.2 Limitations and suggestions for suggestions for further research

As outlined in the method section, a qualitative single-case study approach was used to answer the research question of this paper. An argumentation for applying such an approach and research design was also presented. However, the benefits of the chosen approach bring some limitations to the generalisability of the case findings with regard to other fashion chains and management control research in general. A key limitation is the single case company approach. Scapens (1990) states that one case study is only a small part of the population from which it is drawn, why it is difficult to make statistical generalisation for the whole population. Hence, the findings in Trendy AB might not be representative for all other fashion chains in the industry. However, as discussed in the method section, the purpose of conducting a single case study is to gain deeper understanding of a certain case (Dubois and Gadde, 2002). Hence, the single case study approach can be argued as appropriate when investigating an unexplored field such as the fashion industry and thus necessary to answer the research question of this study. Another limitation to the generalisability of the case findings could be that informal controls have not been considered in the analysis. Thus, e.g. the influence that the Swedish culture might have on activities at the HQ has not been investigated. Hence, fashion chains with HQ in other locations might use other control tools to manage challenges. Cultural factors might therefore help explain why some findings are not in line with previous research conducted in other geographies. Moreover, data was mainly collected through interviews, which can result in imperfect replication of case findings. This, since interviewee responses might vary over time and responses can be misinterpreted by the interviewers. However, to strengthen the reliability of the study, a structured data collection and analysis process was applied.

A potential extension of this paper could be to investigate MCS in companies in other industries where the challenges of creativity, low cost and speed are inherent. This, in order to explore if other controls, than suggested in this paper are used to manage the tensions arising between the three challenges. Another suggestion for future research is to investigate how the tension between short and long-term perspectives is managed in other industries where the challenge of speed is inherent. This, to better understand if companies within industries characterised by quickly changing demand should pay particular attention to this challenge. Also on a more general note, it would be valuable to gain more insight into how the tension can be managed in contemporary businesses recognising the need for both operational and strategic control systems.

Managerial implications

Based on the findings of this paper it can be suggested that managers should ensure that MCS used in an organisation include controls with dual objectives enabling employees to manage tensions. Hence, as this proved useful in Trendy AB, other companies could be advised to act alike. Moreover, this case study also indicated an importance of establishing strong social controls in a fashion chain facing the challenges of creativity, low cost and speed. Therefore, it can be suggested that managers in organisations facing similar challenges should consider investing time in implementing well-defined social controls.

Regarding the tension between short and long-term focus, this study first stresses the need for managers to be aware of the focus put on short vs. long-term goals respectively. Second, the findings suggest managers to clearly communicate the link between short-term and long-term goals to employees to ensure that they know what direction the company is heading. Third, the case findings propose managers to implement controls that are applicable on both the operational and strategic level of the organisation since such controls can help avoid short-term focus. Finally, managers could consider implementing other controls, than the ones identified in this study that can mitigate a pure short-term focus such as incentive systems linking employee rewards to long-term performance goals.

7 References

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8 Appendix

Appendix A: List of interviews

No	Title	Function	Date	Time	Communication medium
1	Assistant Designer	P&D	16-sep	40 min	Telephone
2	Buyer	P&D	16-sep	60 min	Telephone
3	Designer	P&D	21-sep	45 min	Telephone
4	Concept Designer	P&D	21-sep	60 min	Telephone
5	Purchasing Controller	P&D	22-sep	60 min	Telephone
6	Assortment Manager	P&D	22-sep	60 min	Telephone
7	Buyer	P&D	23-sep	60 min	Telephone
8	Business Area Controller	P&D	23-sep	60 min	Telephone
9	Production Artist	C&M	23-sep	60 min	Telephone
10	Designer	P&D	25-sep	60 min	Telephone
11	Visual Merchandiser Manager	C&M	25-sep	60 min	Telephone
12	Assortment Manager	P&D	28-sep	60 min	Telephone
13	Project Executive	C&M	28-sep	60 min	Telephone
14	Web Designer	C&M	29-sep	40 min	Telephone
15	Concept Designer	P&D	29-sep	60 min	Telephone
16	Project Executive	C&M	30-sep	50 min	Telephone
17	Director of Purchasing & Design	P&D	6-oct	60 min	In person (HQ)
18	In-store Marketing Executive	C&M	6-oct	60 min	In person (HQ)
19	Director of Concept & Marketing	C&M	7-oct	60 min	Telephone