

Control practices in a traditional industry in Sri Lanka: an institutional logics perspective

Control
practices

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Abstract

Purpose – The purpose of this paper is to explore the co-existence of multiple logics, resulting complexities and their implications on control practices within a traditional industry (southern cinnamon) in Sri Lanka.

Design/methodology/approach – The paper is premised upon the qualitative methodology and case study approach, while the theoretical backing is provided by the institutional logics perspective.

Findings – The findings reveal that controls are exercised in the southern cinnamon industry to manage competing facets stemming from the co-existence of multiple logics, such as family logic, commercial logic and state logic. Amid the recurring complexity caused by competing logics, the industry remains in a state of control through mediators, such as the exporter trade union (the Spice Council), which although predominantly guided by commercial logic, acts in easing-off tensions between competing logics, while serving the interest of multiple actors. Controls in southern cinnamon nevertheless take a peculiar form, giving way to the continuation of traditional rudimentary practices, which essentially represent the interests of ground level actors.

Originality/value – Moving beyond corporate settings, which are the typical focus of mainstream studies, this paper adds to the existing body of knowledge on control practices in traditional industries, where informal and localized controls prevail. Theoretically, it expands the use of the institutional logics perspective, recognizing multiple logics, tensions and complexities in management control research. In doing so, the authors probe into informal control mechanisms in traditional industries to understand the controls and complexities in practice. Practically, the paper portrays beliefs, issues and incidents in the field (of the southern cinnamon industry in Sri Lanka), which explains why the field operates as it does, thereby offering insights to actors in the field, ranging from practitioners to policymakers.

Keywords Control, Qualitative methodology, Institutional logics

Paper type Research paper

1. Introduction

Calculative practices and controls of rudimentary institutions beyond the mainstream corporate entities have become a rising chorus in the accounting research agenda. Contributions on this front are witnessed from various countries, such as Bangladesh (Uddin and Hopper, 2001; Jacobs and Kemp, 2002), Solomon Islands (Hauriasi *et al.*, 2016), Somalia (Hared *et al.*, 2013), Fiji (Sharma and Irvine, 2013) and the UK (Northcott and Doolin, 2000). There is also a stream of literature which provides insights into control practices in different industries in traditional settings, more particularly in Sri Lanka (Alawattage, 2011; Alawattage and Wickramasinghe, 2009a, 2009b; Jayasinghe and Thomas, 2009; Wickramasinghe and Hopper, 2005). Geographical locations, historical evolutions and social and economic influences (encompassing language, caste, occupation and religion) encountered, shape control practices of such industries, and diversities therein make such individual research studies unique, and therefore important.



While mainly comprising small- and medium-sized enterprises, the southern cinnamon industry of Sri Lanka uses traditional modes of production[1] (MOPs) to maintain an international monopoly[2]. Given the idiosyncrasies surrounding it, a study founded on this industry forms a useful addition to the literature. Since its inception as the first commercial cultivation in the country centuries ago, the cinnamon industry has experienced numerous economic and social changes. Once a predominant source of income to colonizers, the decline of the industry during the British era gave rise to Sinhalese village ideologies better establishing themselves in the field. The industry still remains domesticated and little improvement has been achieved in terms of new technology. Nevertheless, it predominantly serves the international market, where standards are high and changes are rapid. Despite its significance, much of the research carried out in this sector takes the form of policy documents and statistical updates prepared for reporting purposes by regulative bodies. They simply depict *what* the industry looks like at a particular point in time, and there is little understanding on *why* things happen the way they do.

There are few studies in the flavor of accounting in less developed countries[3] (LDCs) and indigenous communities (Alawattage *et al.*, 2007; Alawattage and Wickramasinghe, 2009a, 2009b; Gallhofer and Chew, 2000; Hopper *et al.*, 2009), presence and absence of accounting in local communities (Jacobs and Kemp, 2002; Northcott and Doolin, 2000; Walker and Llewellyn, 2000) and the preservation of local accounting practices (Alawattage, 2011; Jayasinghe and Thomas, 2009). Inspired by such research attempts, this paper is founded upon southern cinnamon, a traditional domesticated industry in Sri Lanka operating amid a localized setting, but catering to an international market. Focusing on how the industry operates in terms of control and why, the paper addresses two research questions:

RQ1. How do multiple logics shape control practices in the southern cinnamon industry?

RQ2. How do multiple logics complicate the institutional setting of control?

The remainder of the paper follows this broad structure. Section 2 provides a review of related literature, under three interrelated themes: accounting beyond the West, accounting as a tool of state policy and accounting beyond the organization. Section 3 presents the research context followed by the theoretical framework, covering the institutional logics perspective, more particularly multiple logics and institutional complexity. The methodology of the paper, namely, the qualitative methodology and the case study approach, along with the methods of data collection and analysis are offered in Section 4. Section 5 presents the field data and a discussion of findings, relating to each logic (family, commercial and state), carriers of these logics and ramifications of controls before presenting the tensions and complexities surrounding controls in the field. The conclusions and contributions are presented in Section 6.

2. Review of related literature

2.1 Accounting beyond the West

Recognizing a world beyond established Western ways and voicing accounting and control practices of non-Western communities has attracted research interest in recent decades. Countries of both ends are now economically connected with their own self-worth, while facing significant economic, political and social changes. Sri Lanka in particular, with its transition into an open economy in 1977, reached out to markets beyond its shores.

Accounting in LDCs and indigenous communities are marginalized from mainstream research having been labeled as esoteric (Alawattage *et al.*, 2007; Hopper *et al.*, 2009; Lombardi, 2016; Uddin and Hopper, 2001). The discussion of accounting in non-western societies *per se*, however has existed since the 1980s (Choudhury, 1988 as cited in Alawattage, 2011) and remains relevant to date (Baskerville *et al.*, 2016). Research premised on localized calculative practices, effects of western accounting on indigenous cultures, power within LDC communities, household and personal accounting and controls has thus become an emerging trend. Prior studies have reflected on the notion of accounting within traditional or non-western ethnic communities (Alawattage, 2011; Hared *et al.*, 2013; Jayasinghe and Thomas, 2009; Jayasinghe and Wickramasinghe, 2007) and the meaning of ethnicity, indigenosity and subalternity amid western accounting mechanisms (Alawattage and Wickramasinghe, 2009a, 2009b; Gallhofer and Chew, 2000; Graham, 2009; Lombardi, 2016; Wickramasinghe and Hopper, 2005) etc. One may witness that various countries would adopt peculiar control practices given their contextual issues, and such adaptations are points of learning for academics and practitioners.

2.2 Accounting as a tool of the state and policy

Emerging from the historical context of LDCs, the role of the state in implementing controls and policy decisions on enterprises has been an area of inquiry. Uddin and Hopper (2001) report an intensive case study in a soap manufacturing company in Bangladesh through its journey of nationalization to privatization. Masked as ritualistic practices of control, internal politics and labor relations were maintained between employees (through the trade union) and political agendas until it was changed by privatization. Jayasinghe and Wickramasinghe (2011) discuss the neo-liberal policy of poverty alleviation in a rural fishing village in Hambantota. While a new notion of 'development accounting' was established to change resource allocation in an attempt to empower rural villagers, this led to local politics and patronage relations taking over resource allocation and reproduction of poverty in the community. Exploring a new cost accounting initiative in a Sri Lankan hospital, Wickramasinghe (2013) reports on how it transformed the bureaucratic confines of state budgeting, and as a reflection of neo-liberalism, how it created social space for actors to initiate intermittent cost savings. These studies reveal how accounting is used as a tool of the state and policy and the nature of state level controls.

2.3 Accounting beyond the organization

Although with its orthodox technical nature, accounting has often been explored in corporate settings, there is a need to look at more rudimentary levels, such as families and households (Walker and Llewellyn, 2000). Families are not merely simple societal units, but also economic units in localized traditional industries, where extended families take part in production and share economic benefits. The link between such modest institutions in LDCs is interesting. As Alawattage *et al.* (2007, p. 190) state:

In LDCs much of the economy may lie in small businesses, merchants and small shops, domestic and rural enterprises, family-owned firms, co-operatives, NGOs and peasant agriculture. These are inadequately researched areas and it is an error to bracket out such sites as distinctive and unique and thus inappropriate for rich countries to learn from.

Traditional industries are a reflection of kinship and colonial rule in Sri Lanka and remain rich in terms of accounting, social relations and control mechanisms. A majority of such studies are founded upon rural Sinhalese village settings, with Sinhala Buddhists making up a majority of the country's population and traditional industries (Alawattage, 2011;

Jayasinghe and Thomas, 2009; Jayasinghe and Wickramasinghe, 2007; Wickramasinghe and Hopper, 2005). Social hierarchies stemming from caste and privilege, simple and frugal ways of living, non-capitalist MOPs, ritualistic methods of calculation and sharing of yields along with localized control mechanisms of land are common in so-called traditional industries.

Within Sri Lanka, different geographical locations and historical roots have given rise to diverse traditional sectors such as paddy cultivation, spice cultivation, weaving, pottery, gemming, fishing, brass work, and wood carving (Jayawardene, 2000). Accounting and controls in the rural fishing village of Kalametiya in Hambantota has attracted research attention (Jayasinghe and Thomas, 2009; Jayasinghe and Wickramasinghe, 2007, 2011). Jayasinghe and Wickramasinghe explore the calculative practices of this rural community focusing on a MOP framework. Drawing on subalternity, Jayasinghe and Thomas investigate how indigenous accounting systems have been preserved over time, and how accounting routines and ritualistic practices in fishing are taken up by the people in the area who remain poor and marginalized. Focusing on the same site, Jayasinghe and Wickramasinghe discuss the enactment of development accounting as a mechanism of poverty alleviation. They observe the conflicts between competing (development versus cultural political) logics and explain the reproduction of rural poverty through Bourdieu's notions of field, capital and habitus. Taking a similar approach, Alawattage (2011) provides an empirical illustration of the connection between calculative practices and the structure of social capital in the gem mining industry in the Ratnapura district. Here too, ritualistic practices and a hierarchical social system have given rise to unique calculative mechanisms in the field of gem mining.

Wickramasinghe and Hopper (2005) identify the workings of the cultural political economy in the control practices of a textile mill located in a sub-urban area of the Western province. They specifically focus on the political and economic history, MOPs and traditions encompassing the setting of the case and how it led to worker resistance to control strategies introduced by the new management. This study exemplifies how Sinhalese village communities surface their localized ways even within a formalized environment, and how social and cultural facades influence the different perceptions of controls. MOPs have implications for Sinhala workers' beliefs; they neither seek efficiency, explore new methods, nor work on fixed times. Hence, identifying MOPs of such communities is vital for understanding the logic held by the actors in the field.

This paper differs from prior research in two aspects. First, the context of southern cinnamon remains unique and distinct in terms of its societal, cultural and economic considerations compared to the settings focused in such prior local research. Second, the institutional logics perspective which is a meta-theoretical lens, although suitable for exploring local accounting and control issues, has been scarcely used in prior related research. This paper addresses this apparent omission. We add to the work of multiple logics while identifying localized informal control mechanisms in understanding the tensions and complexities in the institutional setting of controls in the context of southern cinnamon. Such a study is important for it illuminates how the co-existence of multiple logics complicates the control landscape in traditional industries and shape control practices into peculiar forms.

3. Research context and theoretical framework

3.1 Research context

As with most traditional industries in Sri Lanka, southern cinnamon is geographically concentrated and embedded within the daily lives of villagers. The field work for this study

was thus carried out in three villages (Hakmana, Karandeniya and Kosgoda in the Southern province) considered to be major cinnamon producing areas as became evident through pilot interview data. The village level supply chain features cultivators, cinnamon peelers, village vendors and balers. Exporters too are often natives of the area. The operations of the industry and interactions between different actor groups involved are presented in [Figure 1](#).

Cinnamon is mainly cultivated and processed (peeled) domestically. The retail stocks are moved on to village vendors who are regional collectors. Village vendors then dispose their stocks to wholesale buyers known as balers, who supply large quantities (tons) to exporters. Parties external to the supply chain are state regulators and the exporter trade union, (the Spice Council), which interact with each other, as well as with cultivators and exporters. The village vendors are left out of any regulation.

Following the country's adoption of an open economy, southern cinnamon exporters gained access to the international market. Cinnamon is exported in bulk as a primary product, and Sri Lanka holds a major share of the international market.

3.2 Institutional logics perspective

The institutional logics perspective provides the theoretical underpinning to this paper. Logics are taken for granted social perceptions that represent a shared understanding of what constitutes legitimate goals and how one may reach them ([Friedland and Alford, 1991](#); [Suddaby and Greenwood, 2005](#); [Schäffer et al., 2015](#); [Thornton and Ocasio, 1999](#); [Thornton, 2004](#)) while acting as a stimulus and a frame of reference for actors in the field. Initial studies in the area reveal logics to be concentrated in six societal institutions, namely, professions, corporations, market, state, family and religion, which are potentially contradictory to one another. Each of these logics is defined by a set of cultural symbols and material practices that comprise their organizing principles, individual preferences and interests ([Friedland and Alford, 1991](#)), leading to multiple logics. Building upon these theoretical ideas, this paper explores how multiple logics shape control practices of the southern cinnamon industry and the resulting tensions and complexities in the institutional setting of controls.

3.3 Multiple logics and institutional complexity

Various actors (such as regulators, exporters, vendors, cultivators and peelers) play an active and distinct role in this field, and their beliefs shape how the field is operated, controlled and sustained. More importantly, many of these actors play multiple roles (e.g. cultivator cum exporter, cultivator cum regulator, etc.) and thereby thereby carry multiple

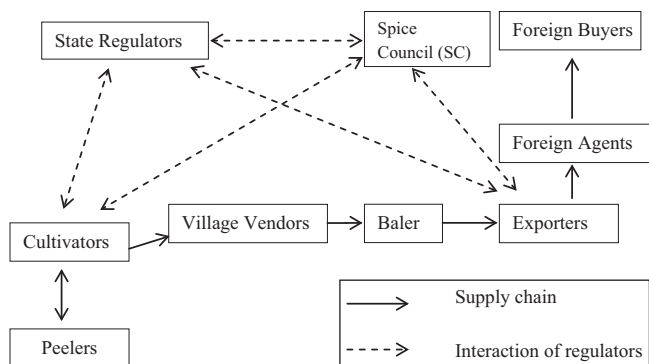


Figure 1. Interaction between different groups within the southern cinnamon industry

logics. Drawing on the work of Weber (1978) (as cited in Thornton *et al.*, 2005), as well as, for example, Dunn and Jones (2010), Goodrick and Reay (2011) and many others, for the purpose of this paper we have identified three broader logics: family, commercial (derived from the logic of market) and state as being relevant in the context of southern cinnamon.

Family logic, which resides in family power and personal capital, is often associated with understanding family firms (Miller *et al.*, 2011). In the context of southern cinnamon, family firms are often rudimentary, established as simple cinnamon processing sheds attached to the house of the owner, and personally managed. Yet, the basic concepts of family logic; nurturing, generativity and loyalty to the family remains (Miller *et al.*, 2011). Rules of inheritance are a prominent feature, where cinnamon land is passed down from father to son, and through new members joining a family via social arrangements (marriage). The organizational structure is highly centralized, being confined to a particular geographical area (South) and the economic unit of the family. While cinnamon is generally harvested from forests, it has not been taken up at an industrial level like paddy cultivation, and no particular use of the king's land or peasant labor is evident. The current economic system being based on personal capitalism represents the economic expectations of family units.

Commercial logic is faceless and resource-based being centered on investor capitalism. It stems from the broader societal institution of the market (Friedland and Alford, 1991), and its identity, economic system and rationality are based on improving investor wealth by operating as a commercial enterprise. Enforcement of regulations is the main source of formal control, and in the southern cinnamon industry various government bodies backed by commercial aspirations strive to enforce regulations on quality standards for exporters. Given its faceless nature, the organizational structure is autonomous and decentralized. With the industry gaining momentum during colonial rule and the quota system being imposed on castes, investor capitalism is seen via establishments such as the Vereenigde Oost-Indische Compagnie (VOC)[4] through which foreign conquest and trade were sponsored, and the economic rationale of the industry took a more commercialized look. Even after the decline of colonial sponsorship, communities engaged in the industry continued with the trade, but now expect economic benefits at a more personal level. As Miller *et al.* (2011) observe, family founders may be influenced by both market-capitalism and family, encompassing commercial and family logics, as seen among cinnamon exporters.

The state is identified by Skocpol (1985) (as cited in Friedland and Alford, 1991) as a dominant organization within society with the basic need to maintain control and order. The state, or often a political party in rule, is represented through the political ideology it holds. Its economic rationality is generally welfare capitalism (Friedland and Alford, 1991), despite the existence of state collaboration with private sector investors in economic and social ventures. Welfare capitalism forms the foundation of political rule in Sri Lanka, and after gaining independence, state sponsored development initiatives in the areas of education, infrastructure and health remain at the forefront of campaigns of various political parties, and the people hold the state accountable for social and economic welfare. Enforcement of legislation, such as making rules (as laws) that have the force of authority remains as its formal control mechanism. The main difference between legislation and regulation is that laws established through a government establishment, such as parliament is diffused among institutions to be enacted in the form of regulations. In the case of southern cinnamon such legal enforcement is rarely seen. However, government collaboration does exist with other bodies, such as exporter trade unions (Spice Council) and hence the organizational structure is centralized with selective collaboration.

Supplementing such multiple logics, we have incorporated specific forms of informal control mechanisms into the generic characteristics of the identified logics as unique to this particular field by revisiting the work on localized industries in Sri Lanka (Alawattage, 2011; Alawattage and Wickramasinghe, 2009a, 2009b; Jayasinghe and Thomas, 2009; Jayasinghe and Wickramasinghe, 2007; Wickramasinghe and Hopper, 2005). Established values of villagers entwined with religious beliefs and traditional MOPs are informal control mechanisms stemming from family logic in village-based industries. Sources of information and communication channels being informal control mechanisms, create an aura of secrecy of information for securing better bargains and are hence linked to commercial logic. Backroom politics and public opinion are informal controls in the generic template of state logics (Thornton *et al.*, 2005), although of limited applicability in the context of this setting. See Table I.

Multiple logics give rise to disagreement between interests and lead to institutional complexity. In this paper, we focus on this complexity, and strive to understand how the institutional setting of control in southern cinnamon gets complicated through multiple logics, resulting tensions and the on-going competition between them. Our understanding of institutional complexity and its effects in shaping practices is informed by various contributions (Pache and Santos, 2013; Greenwood *et al.*, 2011; Smets *et al.*, 2015; Palermo *et al.*, 2016; Kodeih and Greenwood, 2014; Bertels and Lawrence, 2016). The work of Lounsbury (2008) on practice variation and of Zilber (2002) and Miller *et al.* (2011) on the roles of actors are also drawn upon to make sense of how practices evolve and acquire meaning depending on the nature of the actors and their multiple roles in the field. This is important for it offers a meaningful interpretation of the peculiar forms of controls in the southern cinnamon industry.

4. Methodology

This paper adopts the qualitative methodology and case study approach in exploring control practices in southern cinnamon and the possible logics at work. We were open to recognizing the interests of various actors and hence intensive, long-term, and participatory participatory nature of ethnographies on a particular location was deemed less suitable for collecting data from three different locations. The ability to understand contemporary phenomena in real life contexts made the case study approach a viable choice. Key actor

Characteristic	Family logic	Commercial logic	State logic
Source of identity	Family reputation, father – son relations	Faceless, resource-based	Political ideology
Economic system	Personal capitalism	Investor capitalism	Welfare capitalism
Rationality of exchange	Family power	Immediate best bargain	Political power
Formal control mechanism	Rules of inheritance and succession	Enforcement of regulation	Enforcement of legislation
Informal control mechanism	Caste, traditional values, religion and traditional MOPs	Sources of information and communication channels	Back room politics and public opinion
Organizational structure	Highly centralized	Autonomous, decentralized	Centralized with selective collaboration

Table I.
Logics and characteristics in the southern cinnamon industry

groups were thus identified and contacts established to gain insights into how the southern cinnamon industry is operated and controlled. Accordingly, 18 in-depth interviews were conducted with 16 persons (Table II) over a six-month period from July 2016 to January 2017.

While the interviews with regulators and certain high-end exporters were conducted in English, the native language (Sinhala) was used in interviewing village vendors, peelers, cultivators and certain government officials. See Appendix for examples of interview questions. An interview ranged from for 30 min to 3hr. Complementing the interviews, direct observations were carried out, and field notes were compared to reconfirm and add more insights into interviewee comments. A review of documentary sources (such as payrolls of peelers and stock records) was also carried out to reinforce the interviewee findings.

Leaning on the theoretical lens of institutional logics perspective, especially the elements in Table I, some broad questions were formulated to guide the pilot interviews. Capitalizing on the initial insights, questions for the subsequent interviews were refined, capturing the richness of the field. Moving back and forth based on the emerging findings, the following broad themes were identified:

- identity and economic system;
- formal control mechanisms;
- informal control mechanisms; and
- structure.

Interviewee no.	Role	Area	No. of Interviews
1	Cultivator cum Cinnamon Exporter	Colombo	02
2	Chairman – Spice Council, Exporter	Colombo	01
3	Employee – EDB – Spice Division	Colombo	01
4	Domestic Cultivator, Former Private sector employee	Hakmana	01
5	Domestic Cultivator, Supervisor of family plantation	Hakmana	01
6	Senior Domestic Cultivator	Hakmana	01
7	Baler cum Exporter	Karandeniya	01
8	Part-time Domestic Cultivator, private sector employee	Kosgoda	01
9	Supervisor of baling center	Karandeniya	01
10	Cultivator cum Exporter	Galle	02
11	High-end Exporter	Colombo	01
12	Deputy Director (Cinnamon) at the Ministry of Primary Exports, formally attached to the Department of Export Agriculture	Colombo	01
13	Model plantation owner/ Cultivator/ Spice Council member	Kosgoda	01
14	Village Vendor	Kosgoda	01
15	Village Vendor	Kosgoda	01
16	Peeler	Hakmana	01
13	Model plantation owner/ Cultivator/ Spice Council member	Kosgoda	01
14	Village Vendor	Kosgoda	01
15	Village Vendor	Kosgoda	01
16	Peeler	Hakmana	01

Table II.
Interviewees of the southern cinnamon industry

The interviews were transcribed (and in the case of the interviews done in the native language first translated). Then the transcripts were closely examined, key themes highlighted and coding carried out. The process of coding and categorizing data was done manually, with the aid of Microsoft Word and Excel, and then data was organized and displayed in summary tables (listing the main codes and interviewees' comments). Table I was used as the key source against which the empirical data of the study was coded taking each logic characteristic as a code. In doing so, we were also guided by the work of Thornton *et al.* (2012), which claims that each logic needs to be operationalized, coded and compared in terms of their elemental building blocks. Interview evidence from the field surrounding multiple logics was reproduced using direct quotes from diverse actors to understand how different logics come together in shaping control practices amid tensions and compromises.

5. Stories from the field

Practices of a field are a manifestation of its logics, and stories of diverse actors in southern cinnamon holding multiple logics help to unravel the complexity of the industry, amid interactions between plurality of logics (family, commercial and state), tensions and the resulting controls. This is depicted in Figure 2 and discussed in turn.

Family logic is particularly significant for cultivators and peelers, as well as for village vendors. Exporters from the South act on family and commercial logic, while exporters from Colombo typically act on commercial logic. While state regulators and the Export Development Board (EDB) hold state logic, the latter also carries commercial logic along with the Spice Council. Drawing on thick narratives from the field, the next three subsections delineates how these multiple logics of various actors give rise to tensions and complexities in controls.

5.1 Family logic

Most traditional occupations in Sri Lanka are carried out as communal ventures characterized by historical feudal systems of Sinhalese village structures, belief systems and taken-for-granted practices (Alawattage, 2011; Jayasinghe and Thomas, 2009; Jayasinghe

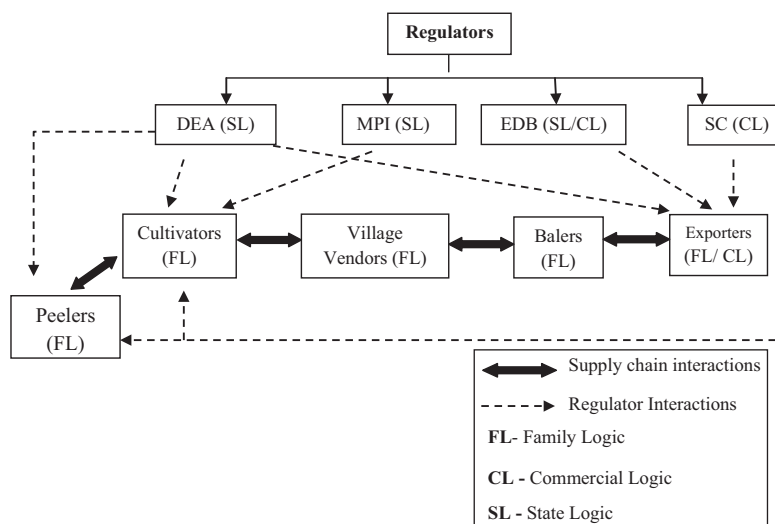


Figure 2. Multiple logics of the field and actors of the southern cinnamon industry

and Wickramasinghe, 2011). Alawattage (2011) identifies that gemming in Ratnapura had never been organized by corporate entities as in the West, and that fishing had been taken up as the main livelihood of those in the coastal villages (Jayasinghe and Thomas, 2009). Village orientations, traditional and ethnocentric ways of life are features of such industries (Wickramasinghe and Hopper, 2005), as also seen in the field of southern cinnamon. Those currently engaged at the practice level have roots tracing back to their ancestors and thus, family logic is deeply embedded into the supply chain.

Further to the kinship concept predominantly seen in Sinhalese villages, communities from these areas display a sense of belonging to their region, the South. This ethnic belongingness (Baskerville *et al.*, 2016) forms strong bonds within, and resists forces beyond. This was evident when they refer to people originating from this geographical region as *those who know the industry*, and in urging the minister in charge of the industry to be *a man from the South*. Similar observations have been made by Hauriasi *et al.* (2016) on the people of the Solomon Islands belonging to Wantock, the larger community of the natives. Hence, controls existing as taken for granted practices become more accepted than newly institutionalized ones (Alawattage, 2011; Jayasinghe and Thomas, 2009; Wickramasinghe and Hopper, 2005). These are fundamental staples of family logic.

Ventures based on family logic embrace a centralized organizational structure. As seen in gem mining (Alawattage, 2011) and fishing (Jayasinghe and Thomas, 2009), traditional industries portray centralization in distinct ways. In a wider sense, they are centralized among communities in different geographical locations. This leads to different forms of rationality and practice variations (Lounsbury, 2008), as logics are distinct and rooted in particular societies, and practices are carried out based on the rooted wisdom therein. Centralization is further entrenched by means of domestic production, as, for actors engaged as fisher folk, gem miners, cinnamon cultivators and peelers family becomes the institution around which economic activities revolve.

5.1.1 Cultivators, peelers, family logic and controls. For the villagers interviewed, cultivating and processing cinnamon is their main source of income. Keeping with family logic, the economic systems of peelers are based on personal capitalism. Passing down cinnamon fields to the next of kin, collective efforts of family members in peeling/managing fields and the caste orientedness of the industry reinforce the influence of family logic. The formal control mechanisms therefore take the form of rules of inheritance and succession, where acquisition of capital is drawn on family heritage, with cinnamon lands being transferred by previous generations (Table I).

Formal mechanisms are often complemented by informal controls given the localized nature of the field. Stemming from family logic, caste, traditional values, religion and traditional MOPs shape the daily operations. In Sinhalese villages, social status is derived from one's caste and this permeates marriage, occupation, ceremonies and social gatherings (Wickramasinghe and Hopper, 2005). The caste system enforced centuries ago in effect, is an informal control that has labeled cinnamon cultivation to be a caste-based industry, which is still more or less existent in such areas. Being hesitant to accept this caste orientation, the younger generation of cultivators and peelers prefer to work in factory settings and seek better occupations overseas. One cultivator cum local exporter explained:

When they work in cinnamon, they become branded as a cinnamon caste (*'kurundukulayak'*) [5]. The working conditions are not good; they smell cinnamon and work in a shack. People don't want to work in this (trade).

On the way to a large plantation during data collection, posters of '*Korean Language*' tuition classes were observed. A cultivator from Hakmana commented:

There is a big issue with people going abroad, to Korea. Of course, there is some suffering in this field. There is an issue in the education system also. This industry is not recognized at a professional level. So, young people don't want to engage in this sector. Their hope is to go to Korea.

Amid such negative social labeling there is a shortage of peelers, which calls for controls to make cinnamon a more socially accepted occupation. As the Deputy Director of Ministry of Primary Industries (MPI) mentioned:

My personal idea is these people have an issue with social status. This is similar to the situation of the toddy tappers in the past; they didn't have a proper social status, like when someone is identified as a cinnamon peeler. Honestly he doesn't have a social status.

Sinhala Buddhist holidays such as *Poya* and events with cultural significance such as *Sinhala New Year*, *weddings*, *perahera* (religious pageants), *funerals* and *dana* (alms-givings) are important events for the village folk. The owners are expected not only to accommodate such events in the schedules of peelers, but also to provide advances. One cultivator espoused:

For the Sinhala New Year they definitely take an advance. A couple would generally take LKR 40,000-50,000 as advances. A weekly advance is given so that the advance taken already is recovered during the cinnamon processing season. But even if they don't work they still ask for money. Peelers go for many events like alms-givings, weddings, and a lot of other things because they know even if they don't work we still give them advances and have contact with them so that they don't go elsewhere. They don't mind being in debt.

Apart from the day-off taken every week, the monthly *Poya* is a definite holiday for peelers. Attributing this to the teachings of Buddhism and simple village thinking, an interviewee noted their satisfaction with what they earned. He explained:

In our rural communities they think about living with whatever you have. These values have changed after the open economy. Now these people sometimes think if they work late and the entire seven days, they can earn a lot. But then, they also think *this much is enough*. Then what they do is they go to funeral houses, wedding houses and all sorts of things. They enjoy life. Their entertainment is different. It's a simple life.

The eldest man being the decision maker in economic and family matters is part of the Sinhalese village culture (Wickramasinghe and Hopper, 2005), and extended families take part in production and share economic benefits (Alawattage *et al.*, 2007). Similarly, in the southern cinnamon industry, cultivation, peeling and collection is managed by the male head with the support of other members. Grasping the art of cinnamon peeling requires experience, and is passed down the family. An interviewee explained:

If a person is about 60 now, his children and grandchildren would be working together (grandfather, son and grandchild), as it is group work. Payment is done based on weight, so family members or husband and wife work together.

The field of cinnamon thus carries characteristics of non-capitalist MOPs, and is organized locally, where domestic cultivators closely interact with peelers. One interviewee was a young cultivator from Hakmana who took over the family's cinnamon plantation of about 1.5 acres after his father passed away. It was observed that peeling was done at the back of the house. A group of three men were engaged in the task; two peeled and, one cut off the uneven shoots using a *Kokeththa* (a knife with a curved blade and long handle). This is the first task a newcomer would be given when joining a *kaliya* (a gang). The head of the gang is referred to as the *Basunnehe* (similar to the Sinhala word for head mason, a person who

knows the craft), who delegates tasks to the members of the gang, collects and distributes payments and ensures that peeling quotas are met, etc.

Cultivators (land owners) mainly incur costs for peeling and tending plantations. The method of payment for peelers is a unique '*pangu*' (portion) system. Peeling is done on the agreement for a portion (either one-third or half depending on the area) of the sales price per kg of cinnamon. In some instances an extra 10 or 20 per cent is also added to the payment. As one cultivator from Kosgodra explained:

Let's assume they peeled 90 kg. From that, one-third will go to the peelers (30 kg). Apart from that for the entire 90 kg another 20 per cent per kg, we pay to the peeler, because we don't cut and keep cinnamon to be peeled later. If it is our land and we pay them one-third of the income, we have to cut the bark and bring it to them, only to be peeled. But what really happens is that they come by dawn (at about 6 a.m.), cut the barks, bring them and then start peeling. That is why they ask for another 20 per cent.

A cultivator cum Spice Council member added:

In areas where there are peelers they get paid one-third (of the sales price), in some places one-third and Rs.10 per kg in addition, in areas where there is a shortage of peelers, half is paid. Some people go to other areas and process cinnamon. This is a skilled job and this art has still not been learned by outsiders. Cinnamon processing has to be done when it turns mature; over mature cinnamon can't be processed into thin grades. It needs to be done on time. This increases the demand for peelers and if we go to control them too much we will lose people.

The portion paid to peelers varies among villages, and with their dwindling number, peelers demand an increasing share for their service. During the season, peelers arrive at the relevant plantation and stay on for weeks or months, until peeling is completed. As peelers have to live at the *wadiya* (hut), they obtain an advance on a weekly basis from the land owner to purchase groceries, etc., referred to as *sumaana-kaasi* (weekly money). A cultivator cum Spice Council member commented:

An advance is paid first, and each week they go to the *pola* (fair), for that they take some money from the owner. Based on the number of quills and the price of a quill, the weekly advances are paid. If they have taken large advances before, payments are done in order to recover such amounts. But they always try to cheat us, get more advances and work on debt.

Documentary evidence revealed that payments made to peelers are recorded in the form of a debtor account in the name of the head of the group, in exercise books maintained in chronological order. One column records the fresh advance paid per week, while the next shows the accumulated advances. The peeler signs next to each advance taken as confirmation. The amount of advances is brought forward every month and carried forward until they are finally deducted from the full payments made at the end of peeling. Such a manual system of accounting reflects the localized nature of the field. Prior research suggests that households and traditional industries have their own styles of accounting and cost controls, reflecting the economic rationalities they face (Northcott and Doolin, 2000; Pahl, 2000; Walker and Lewellyn, 2000). In their study on how small traders manage working capital in an emerging economy (in a region of Uganda), Orobina *et al.* (2013) identify practices such as reliance on memory and oral agreements, informal planning, assuming of inventory limits, unconventional record keeping and giving credit to close associates. Similar informal practices were seen in the context of southern cinnamon, together with simple forms of formal controls (such as budgeting and control accounts), which were maintained to manage the output (cinnamon) and to pay for labor, reinforcing the influence of family logic in shaping controls.

Being assured of getting advances, peelers are in the habit of borrowing money from local money lenders to be repaid with future earnings. A cultivator cum Spice Council member stated:

They get advances but by the next week they don't have any money. So what they do is borrow money on interest. They use the advanced money to pay for such loans. They gamble, drink, have three-wheelers, motorbikes, etc. They don't care. They know that the owner is there to pay them because of their demand.

Within the village setting, the traditional method of manual peeling emerging from family logic cannot be abandoned. A cultivator cum Spice Council member reasoned, "We only have machines to rub the uneven bark out. You still have to peel the barks off manually because it's different from one tree to another". While the Deputy Director of MPI observed, "internationally our main market is Mexico, and Mexicans prefer the hand peeled 'Alba' type bale setup". Such reasons have led to formal controls through rules of succession and informal controls through localized practices keeping with family logic to prevail despite their primitive nature.

5.1.2 Village vendors, family logic and controls. Being from the same (Southern) area, the actions of village vendors are closely intertwined with family logics. Although low in social status, village vendors are known for their wealth locally. They closely interact with balers and exporters, as agents who channel the produce upwards and the earnings downwards. One village vendor clarified, "We make a bulk (weekly). Once the 5,000 kg target is reached I sell it off". They focus on stock management such as deciding on the maximum level, purchases and monitoring retail/wholesale prices, as large quantities of cinnamon are traded requiring high working capital for the business. This makes controls such as budgeting essential.

Cinnamon being an agricultural product, a unique deduction of a percentage for waste is made when balers purchase cinnamon stocks from village vendors. Stemming from family logic, this deduction system is not disputed by local groups. A cultivator cum Spice Council member stated:

Cinnamon trade has something called "Thaarabarakapanawa" – 3 per cent for 70-99 kg, 2 per cent for 40-70 kg and 1 per cent for 10-40 kg

A kg of cinnamon approximated LKR 2,100 during the time of field work. As stock is purchased with cash, village vendors invest a large amount of money on weekly stock (about LKR 4,000,000 – LKR 5,000,000 is in circulation per week), or else they lose their market to rivals. As balers and exporters purchase large amounts (tons) of cinnamon, payments are generally on credit, and there is a considerable lead time before village vendors receive payments. As village vendors collect cinnamon from cultivators in numerous places, the original source of the larger lot is not traceable. The quality of quills thus receives less priority, and cultivators who maintain quality in processing cannot be differentiated from those who do not. Notwithstandingly, once processed, cinnamon fetches a high price owing to international demand, and this makes the intermediary role of village vendors profitable and least controlled.

5.2 Commercial logic

Due to the commercial value of cinnamon, increased earnings in the international market have led to an infusion of commercial logic to the industry. The social structure of the cinnamon industry is similar to that of gem mining (Alawattage, 2011) and rural fishing (Jayasinghe and Thomas, 2009), where the role of the *mudalali* (businessman) symbolizes the

powerful presence of commercial logic locally. Stemming from commercial logic, actors are expected to adopt formal controls in place of informal ones. NGO funding and World Bank training are drawn to the industry by the Spice Council, as an agent of commercial logic. Yet, this requires giving up certain entitlements received under family logic and maintained by informal controls, such as monopolies and social hierarchies. While commercial logic is linked to the nature of the product, amid high demand, the quality of cinnamon does not affect the earnings of field level actors, and they have little motivation to adopt formal controls, as observed by [Jacobs and Kemp \(2002\)](#) in the case of small traders in Bangladesh.

5.2.1 Exporters, commercial logic and controls. Currently, there are two groups of exporters: those who had entered the cinnamon business after being engaged in some other sector (such as tea, coconut and others spices) and those who had risen to the top by working up the supply chain. The first group, mainly based in Colombo[6], work closely with regulative bodies such as the EDB and the Spice Council. Inspired by commercial logic and in line with current global trends they focus on value added products such as organic cinnamon, while reflecting the luxurious nature of cinnamon in the global market. One such exporter explained her transition to cinnamon from the tea industry:

I'm the CEO of X Pvt Ltd. I was a tea exporter for about 22 years. After some time, I sort of gave up tea and got into [. . . .]. this organization.

Although standards and accreditations are the language of the international market and quality is essential for exports, all current standards in this industry are voluntary. Exporters are required to maintain their factories adhering to various standards, while the Lion Logo is available for those who wish to promote their exports as *Ceylon Cinnamon*, a similar accreditation to the Lion Logo of *Ceylon Tea*. Such endorsements are important for high-end exporters, and serve as formal control mechanisms. One of the thirteen exporters who had voluntarily registered for the Lion Logo explained, "You can't just sell cinnamon, so once EDB came out with this Lion Logo, we immediately applied". She continued:

Competition is always there, you always get undercut. Even buyers overseas get quotations from hundreds of people. Say I give a good price and they would give my price to another person in Sri Lanka and say, "OK I got this price and what is yours." It's a dirty game. I would stand on my own feet and say, "Look, this is my product, this is the quality I give you and this is my price. If you want, take it. This is my standard and I'm not going to go down because under no circumstances should you reduce your quality."

Such explanations espouse the power that resides in standards and accreditations as formal controls. However, amid diminished financial assistance provided by EDB to participate in international events overtime, this exporter identified room for improvement:

Actually, last year, EDB chose us to participate in Gulf Fort in Dubai because we were relatively new and over a short period had come up. They didn't give us a stall as such, so you've got to carry your product and walk around and its huge (the venue), so it was difficult. It's also quite expensive to participate in a fair. But EDB only give 25 per cent of the ticket value which is basically nothing. I think if you are to promote a good product like cinnamon, organizations such as the EDB should support the exporters.

The second groups of exporters, hailing from southern cinnamon villages, are faced with multiple logics (commercial and family). Driven by commercial considerations, they focus more on bulk exports, and the rationality of exchange is the immediate best bargain. One cultivator said:

If we had direct contact with the buyer (overseas), it would be great. A particular person (exporter) buys almost all the cinnamon in this area. There are about two others who control the

prices. They are the ones who are in competition. If one of them says that the price of cinnamon is declining, people panic and collect all their stock and sell it. This is a trick that they use.

Keeping with family logic, a majority in the South still remain loyal to old ways of doing business. Thus the effectiveness of regulatory bodies such as EDB in exposing exporters to global opportunities is questionable. The Deputy Director of MPI observed:

Honestly even though the EDB is one of our government bodies, it is at a low level. If we take the Ceylon cinnamon certificate (the Lion Logo), the EDB issues it, and I am part of the committee but that certificate alone is not enough. After the certificate is given there is no continuous audit of the person. Although we certify that he is good, if he fails we won't know, but our certificate will be used.

Exporters from the South thus have little incentive to strive for excellence in quality, and hence stick to their own ways of doing things.

5.2.2 The spice council as an agent of commercial logic. Known as the apex body of the cinnamon industry in Sri Lanka, the Spice Council represents various subgroups and functions as an agent of commercial logic. Its office bearers consist of exporters, with the exception of the vice-chairman appointed from a state institution, the Department of Export Agriculture (DEA). The remainder of the council consists of representatives from production, processing, dealer services, government, academia, brokers and industry. However, the state regulative authorities had little to say about their collaborations with the Spice Council. The Deputy Director of MPI stated:

The Spice Council is a union made up of a collection of exporters. Government has no connection with it. There is a common Act however on Non-Government Organizations (NGOs), which the Spice Council follows. As a board decision their vice-chairman automatically will be the DEA – Deputy General.

As lower level actors in the industry often ignore or resist changes suggested by government regulators, the Spice Council takes on a mediating role by working closely with operational level actors. Backed by commercial logic, to instigate enforcement of regulations as a formal control mechanism, it along with the Sri Lanka Standards Institute (SLSI) provides accreditation to cinnamon peelers who follow Good Manufacturing Processes (GMPs) and International Organization for Standardization (ISO) standards. It also coordinates with NGOs such as the United Nations Industry Development Organization for funding and training programs for the industry. Investor capitalism being the economic system of commercial logic, the Spice Council focuses much of its efforts on changing the structure of the industry and embedding the importance of quality of produce in the minds of field level actors on par with international expectations.

5.3 State logic

State logic, which is backed by political ideology and welfare capitalism, often takes the form of political patronage in LDCs, resulting in unequal power distribution, monopolies and symbolic or non-adherence to rules and controls (Alawattage *et al.*, 2007; Hopper *et al.*, 2009; Jayasinghe and Wickramasinghe, 2011). In southern cinnamon, the connection between the state and practice level actors (via state logic) is maintained through a number of regulatory bodies, which ironically carry no statutory backing. This coupled with the inherent localized nature of the industry has resulted in state logic being less important.

5.3.1 State logic and controls. Managing and controlling the southern cinnamon industry is done by a collection of regulatory bodies such as the DEA, MPI and EDB, while awarding accreditations such as Good Agriculture Practices (GAPs), GMPs and ISO certifications is

done by SLSI to ensure quality suitable for the international market. While enforcement of legislation (Table I) is the formal control mechanism of the state, paradoxically, field data espoused that these bodies do not have any legislative power either to instigate formal control mechanisms or to exercise control for non-compliance of quality. This has created a “stateless” situation in the industry in terms of controls. With no legal authority vested in the EDB, a representative explained its role:

Currently there are no enforced rules and regulations for the cinnamon industry. All standards like GMP, GAP, ISO are voluntary. But there is a specific enforced standard for pure Ceylon cinnamon “Lion Logo”. If somebody wants to use the Lion Logo for their retail pack or consumer pack they have to adhere to the conditions that apply to it. Minimum GMP level, processing practices, and laboratory facilities are the main requirements, and packaging also.

Summing up his experience, a cultivator cum Spice Council member from Kosgoda explained, “Since there is no *black list* when a shipment is returned exporters register themselves under a new company name and reship the stock.” This was confirmed by an EDB representative also. With no strict regulations in place, exporters can ship cinnamon as long as buyers’ quality criteria are met, and the southern exporters are quite familiar with such requirements. As one exporter explained:

For example, let’s say the buyer asked for a particular size of wrapping, such as the quills to be wrapped in 5-inch wrapping paper to make up 1kg each and packaged in 25 kg boxes, then we supply accordingly. We can’t get orders according to our requirements; it’s they who sell it there.

Driven by state logic, the establishment of GMP centers and encouraging exporters to obtain ISO certification to present during buyer visits is a step forward in institutionalizing standardized ways in the field. Notwithstanding, certification is simply a showpiece. For, once the certification is obtained, exporters do not attempt to renew it. As one interviewee noted, “there are certified factories with expired certification”. The Deputy Director of MPI explained:

Some get the certificate once and don’t renew it, they say they have ISO but they still use the old one.

An EDB representative stressed, “unless it is a law people are not willing to accept voluntary standards”. Faced with lack of incentive for maintaining quality in processing, motivating cultivators to follow processing standards is difficult, and this suggests the low influence of state logic within the industry.

5.4 Multiple logics, tensions and institutional complexities

Roots to southern cinnamon are linked to multiple logics; initiating the industry by the Dutch as a commercial venture to commercial logic, profit making from colonized lands based on political ideology to state logic, and mobilizing production at the local level to family logic. Across time, various groups of actors, keeping with their own logic have been operating on different economic rationalities (Table I). As an industry geared toward the international market, investor capitalism stemming from commercial logic of exporters is the main economic base on which its activities are established. Assuring foreign clients of adherence to quality standards is thus important symbolically via ceremonial compliance with certifications. Nevertheless, due to the traditional MOPs and its domesticated nature, personal capitalism and informal controls attuned to family logic of cultivators, peelers and vendors drive much of how the business activities are carried out at the lower echelons. To remain in public favor and to demonstrate the political ideology of protecting traditional industries and improving export markets, the state exercises welfare capitalism backed by

state logic in the form of state funded development programs. The presence of such multiple logics gives rise to tensions and complexities in the field. As the Deputy Director of MPI spelt out, “there is a tough war between us three parties; the government, the exporters and the farmers”.

Such tensions are visible between family and state logic. Family ties with the field and their own understanding of internal working arrangements involving prescriptions of family logic have led to informal ways to prevail. As an industry concentrated in a specific geographical location, in the minds of local actors such as cultivators (backed by family logic), it is their practices that suit the industry rather than prescriptions of regulators (carrying state logic). A member of the Spice Council too shared this idea, adding:

This industry brings a large amount of foreign earnings to the government, so there should be someone who feels for this industry, and a minister should be appointed from the South itself.

Such sentiments reveal a sense of belonging among actors hailing from the South for the industry, for Southern locals who had risen up in the industry had done so with little or no support from regulative bodies. One senior cultivator spelt out:

There is no such thing as support by the government. I think we are more experienced to give the agricultural officers training on how things ought to be done or else would they ask me to replant two acres of land?

Owing to such attitudes of cultivators and the lack of legislative power of regulators, cultivators have been left out of the realm of regulation. The Deputy Director of MPI explained:

We understood that farmers, no matter how much we try, can't be changed. Because of the caste system and living standards it is extremely difficult to communicate with them and change their attitudes.

State logic (of regulators) has thus become secondary to family logic. Mismatches between multiple logics add to the complexities in the industry and make establishing formal controls at local level challenging. An inherent inclination toward family centric logic and informal controls is thus unsurprising. This is similar to the observations of [Hared *et al.* \(2013\)](#) regarding the dominance of informal management controls in a stateless Somalia, where clans were more dominant than the state.

Tensions are also evident between commercial and state logic. As explained by its Deputy Director, MPI (acting on state logic), proposed an inspection scheme through an Act of Parliament to improve quality of exports, where SLSI would issue a quality certificate based on a compulsory check. This proposal was passed by the cabinet and parliament, and became law with the publishing of a gazette. However, exporters (carrying commercial logic) rejected it and the matter escalated to a point where the president at the time had to intervene to resolve the issue. This suggests that given the established ties in the industry, exporters (working on commercial logic) succeed in even overcoming decisions (based on state logic). Tensions between these parties is further apparent in the words of a cultivator cum Spice Council member, who seeing both worlds (family and commercial logic), accused the government regulators of not making changes to formalize the industry:

Government regulators want to ignore. To save themselves they say this is a caste-based industry. There is no such thing. There are exporters of all nationalities. Even for processing there are people of different castes. But they show this is a caste thing and that if they intervene it will be a problem.

Given such a social stigma of identifying cinnamon cultivators to a particular caste, enforcement of legislation (via state logic) and converting it to a more recognized occupation is the need of the hour. A cultivator cum Spice Council member commented:

We want to create trainers-of-trainers and make them work on a day salary (peeling), get them into the Employee Provident Fund and Employee Trust Fund and make this more systematic. Then it would be a formal job with allowances during training and all.

However, this is easier said than done, amid the presence of conflicting logics (family, commercial and state) of local actors, the Spice Council and regulators, respectively. [Jayasinghe and Wickramasinghe \(2011\)](#) observe how conflicts between cultural political logic and development logic occurred in a rural fishing village in Sri Lanka. While the former was attached to local power structures, resource allocation and political patronage of villages; the latter was externally enforced. Similarly, in southern cinnamon, amid the presence of multiple logics, conflicts were evident between family logic and commercial logic, family logic and state logic, as well as commercial logic and state logic, for much of the controls in the industry were of an informal nature backed by family logic and did not fully coincide with standards prescribed by commercial logic and expectations of the state. Given the absence of legislative enforcement, state logic has not been strong enough to outweigh the established ways of doing things in the field (stemming from family logic of cultivators and peelers, as well as commercial logic of exports).

5.5 Controls in the field amid tensions and complexities

Tensions and complexities in the industry have important implications for controls. For accounting and control practices, as reflections of field-specific logic in a particular context ([Alawattage, 2011](#)), echo daily societal ways of life, MOPs and cultures of local actors ([Wickramasinghe and Hopper, 2005](#)), who due to multiple roles played in the field, agree or disagree with prescriptions of a particular logic ([Pratt and Foreman, 2000](#)). This adds to the level of institutional complexity.

While actors do not specifically recognize tools or terms as controls, traditional terminology, localized interactions, taken for granted ways of measurements and payments established by their ancestors constitute controls in traditional industries, in keeping with family logic. Accordingly, the main controls in the field of southern cinnamon has been driven by informal mechanisms for remuneration and localized controls for managing working capital via budgeting and debtor accounts and traditional MOPs relating to stock control. The differential attention given to the control of labor and stock reflect the priority given by actors to elements of personal capital, stemming from family logic. As labor is limited and affects production, it is given priority, and for centuries, controls, division, measurement and remuneration were linked to caste and traditional MOPs as evident in other Sinhalese village-based industries. Traditional modes of manual peeling cannot be discarded as internationally some markets prefer hand-peeled cinnamon, a craft that needs to be mastered. This leads to family logic and associated formal controls through rules of succession, and informal controls through localized practices via caste to prevail. As for stocks, irrespective of quality, cinnamon attracts a high price in the world market, and quality control of stocks becomes less of a concern.

In relation to commercial logic, while enforcement of regulations is a formal control mechanism, various government bodies strive to get exporters to follow GMP and ISO standards. Not all exporters are however keen on this. Exporters instead, being in a higher stratum of the supply chain, gain access to privileged information through informal contacts with overseas buyers and state-regulators, and transmit manipulated information to village

vendors, and then down to cultivators. This results in abnormal disposals of stock and sudden changes in cinnamon prices, which is used to their advantage. Information and communication channels as an informal control mechanism linked to commercial logic is therefore used by exporters to maximize their wealth.

Amid the lawless nature of the industry, enforcement of legislation, as a formal control mechanism stemming from state logic is of limited importance in the context of southern cinnamon. As for informal controls, backroom politics and public opinion are a common feature of LDCs (Alawattage *et al.*, 2007), where the state carries out its internal discussions to validate and maintain its image among the public. In southern cinnamon, backed by political ideology and welfare capitalism, the state strives to portray its efforts to protect traditional industries. To what extent such efforts are convincing is questionable. This suggests the low prevalence of state logic related controls.

Given the limited interactions of state regulators, the isolated functioning of cultivators, peelers and intermediaries has been the norm in the industry, and the Spice Council's efforts to establish institutions with central processing facilities managed by local cinnamon cultivators, which capture multiple logics of various parties are noteworthy. It works closely with the regulatory authorities although more is needed. As the Deputy Director of MPI remarked, "We participate in the Spice Council's AGM, listen to some speeches, have a cup of tea and come back. They also do the same. Not that there is no coordination, but we need something more than that." Amid competing logics of various actors, a common consensus is hard to come by regarding controls in the field.

All in all, controls at the macro level represent a balancing of the tensions between multiple logics (emerging from historical roots, commercial orientation and selective collaboration), which are in fact the interests of various stakeholders who are to an extent mediated by the Spice Council. The rudimentary accounting practices and preserved controls on working capital evident in the field are micro controls of a technician nature, which essentially represent the interests of practitioner level actors.

6. Conclusions and contributions

Drawing upon the theoretical underpinnings of the institutional logics perspective, this paper sheds light on how multiple logics shape control practices and complicate the institutional setting of control in the context of the southern cinnamon industry of Sri Lanka. Our field encounters reveal that multiple logics of various actors, *vis-à-vis* family logic of cultivators, peelers and village vendors; family and commercial logic of exporters from the South; commercial logic of exporters from Colombo; state logic of regulators; as well as commercial and state logic of the Spice Council to be important in this regard.

This paper concludes that the interactions between diverse actors, who are carriers of competing logics, give rise to conflicts, struggles and tensions, leading to complexities in controls at the macro level. We also espouse that being subjected to ramifications of multiple logics of different actors, the source of the identity of the industry is neither solely based on family reputation, faceless and resource-oriented nor based on political ideology; and that the economic system is neither a depiction of personal capitalism, investor capitalism nor of welfare capitalism in its entirety, but a culmination of them. Following from this, the resulting control practices also take a peculiar form. As for formal controls, amid loopholes therein enforcement of regulation (via commercial logic) and enforcement of legislation (via state logic) has given way to the prevalence of rules of inheritance and succession associated with family logic. At a micro level, informal controls represented through localized practices linked to family logic have seen the continuation of traditional rudimentary forms of controls taking center stage. Furthermore, exporters being linked to commercial logic, use

information and communication channels as an informal control mechanism to maximize their wealth. Such deliberations intensify the complexities of the control landscape, while the Spice Council as a mediating agent strives to mitigate the tensions between competing logics of actors.

Our paper makes a noteworthy contribution to the existing literature. Being founded upon a traditional industry in an LDC, this paper adds to the on-going debate on accounting in non-western communities and rudimentary units of society. This is important in a backdrop where most existing literature on controls focus on corporate settings. Further, different from prior studies on traditional industries such as, gem mining, rural fishing, tea and textiles, southern cinnamon is a unique context worthy of exploration, for it operates amid multiple logics of actors within a state of institutional complexity. Traditional MOPs, international markets, multiple regulatory bodies, multiple roles of local actors and inconsistent government policies have placed the southern cinnamon industry in a situation of institutional complexity with important ramifications for controls. This paper is also important from a theoretical point of view. It expands the use of institutional logics perspective in control research by identifying multiple logics relevant to the southern cinnamon industry and incorporating informal controls which become significant given the idiosyncrasies of this context. From a practitioner and policymaker's point of view, this paper provides valuable lessons for practice on an often overlooked sector in Sri Lanka (cinnamon) by offering an understanding of the different interest groups in the field and how these interests could be balanced. This understanding is useful in framing better strategic decisions and policies in the field of cinnamon. While this paper drew empirical evidence from the southern cinnamon industry of Sri Lanka, it opens up space for future scholarly inquiry into how these findings could be replicated in other traditional industries in Sri Lanka and beyond.

Notes

1. For the purpose of this paper, traditional MOPs are non-capitalist MOPs which have been converted into capitalist ones, but still hold on to techniques and methods of its original non-capitalist form.
2. As reported in the Daily Financial Times, Sri Lanka, in 2014, cinnamon exported from Sri Lanka had a world market share of 90 per cent spread across 70 countries.
3. [Hopper et al. \(2009\)](#) identify LDCs as countries falling between the World Bank's lower to upper middle income bands of Gross National Income; Sri Lanka falls within this range.
4. Also known as the Dutch East India Company.
5. [Jayawardene \(2000\)](#) in her book 'Nobodies to Somebodies' mentions the caste based nature of occupations in traditional Sri Lankan villages.
6. Commercial capital of Sri Lanka

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Appendix. Interview questions

Village vendors

- Can you give me some basic details about yourself?
- Can you explain your role in the industry?
- As a collector, how did you get into this business?
- How does trading happen (the process of trading cinnamon)?
- Are there places (domestic producers) from whom you definitely buy?
- Do you have targets in this business?
- How do you get the news that cinnamon is available to be purchased?
- When there is a stock of cinnamon available, is it sold to you at your offer or do the domestic cultivators inquire about the price themselves?
- Are you engaged in any other business or is cinnamon the only one?
- Do you get cinnamon during the entire 12 months or is there a peak, off-peak time to purchase cinnamon?
- So do you engage in any other business at this time?
- When you sell your stock, is it always to the same buyer or is it sold to the highest bidder?
- Do you take it over or do they come and collect? Do you have your own storage facility?
- For the season, how many kilograms do you collect (on average)?
- When you buy (from cultivators), what is the minimum amount per person?
- Are there situations where balers/exporters report about the inferior quality stock?
- Being in the industry for so long, why haven't you attempted to export cinnamon?
- How many employees do you have under you?
- So who collects the cinnamon from growers?
- Do you purchase on cash or credit basis generally?
- How do you get paid?
- What issues do you face in carrying out this business?
- Is there a big competition in the field?
- Do you think your children will also be attached to the cinnamon business?

Regulators

- Explain the role of the Export Development Board (EDB) in improving the quality of Ceylon cinnamon.
- Can you briefly comment on the significance of cinnamon as an export crop?
- What differences have you observed in cinnamon cultivation carried out in the coastal belt and other areas of the country in terms of contribution to exports?
- According to your experience, what changes have you observed in the cinnamon cultivation industry over time?
- What kind of factors influenced the introduction of quality standards to local cinnamon cultivation?
- Before the introduction of quality standards in 2014, how did the EDB ensure that the quality of cinnamon exports were maintained?
- Other than quality standards, are there any other controls that have been imposed by EDB, or reporting requirements specified by EDB. If so what are they, to who are they sent and in what frequency?
- Are you satisfied with the level of compliance shown by the exporters and cultivators?
- What challenges have you faced in implementing control and quality standards?
- From the point of view of EDB, what do you think are the challenges the cinnamon industry faces at present?
- How do you communicate the rules and regulations implemented by EDB to the lower level of the industry? How do they respond?
- How does the EDB collaborate with other institutions (the Spice Council) in bringing about control and quality to the cinnamon industry?