

GAINING COMPETITIVE ADVANTAGE THROUGH STRATEGIC MANAGEMENT ACCOUNTING TECHNIQUES IN THE SRI LANKAN APPAREL MANUFACTURING SECTOR

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ABSTRACT

This study examines the crucial role of Strategic Management Accounting (SMA) techniques in achieving competitive advantage in Sri Lanka's apparel manufacturing sector. As traditional cost leadership strategies have become less effective because of increased competition and technological progress, there is a growing need for strategic approaches tailored to Sri Lanka's unique competitive landscape. The primary aim is to investigate how SMA techniques, categorized by cost, customer, competitor, and performance perspectives, contribute to a competitive advantage, aligning with Porter's generic strategies. A quantitative methodology was employed to collect data via a structured questionnaire administered to top- and middle-level managers of apparel companies registered with the Sri Lanka Export Development Board. Initially, 100 companies were sampled according to the Morgan table and 71 valid responses were included. The sampling method combined random and purposive sampling to ensure industry representation. A Likert scale was used to measure the agreement or frequency of responses. Data analysis involved descriptive statistics, correlation, and regression analysis to evaluate the impact of SMA techniques on competitive advantage. The key findings indicate that implementing SMA techniques enhances companies' ability to differentiate through superior design, quality, and targeted marketing, thereby establishing distinct market positions. For cost leadership, SMA techniques focus on cost minimization and efficiency improvements. Conversely, differentiation strategies use SMA techniques to enhance product quality and customer satisfaction, thereby creating unique market offerings. These approaches enable companies to align their focus based on competitive goals and the market context. This study quantifies the significant impact of SMA on competitive advantage, attributing nearly half of the variance in the observed success among Sri Lankan apparel manufacturers to the effective use of SMA techniques. These techniques improve cost management, product differentiation, and overall competitiveness, leading to sustainable success and ongoing innovation aligned with strategic management theories. The findings suggest that prioritizing SMA techniques in alignment with company goals and market dynamics can lead to sustainable success for Sri Lankan apparel manufacturers globally. Theoretically, the SMA integrates financial and non-financial data, supporting informed decision making in line with strategic management theories. Practically, the application of SMA techniques results in tangible improvements in cost management, product differentiation, and overall competitiveness. Empirically, this study demonstrates that SMA techniques significantly contribute to the competitive advantage of Sri Lankan apparel manufacturers, enabling continuous innovation and maintaining a competitive edge in the global market.

Keywords: Strategic management accounting, competitive advantage, generic strategies, apparel sector in Sri Lanka.