



A conceptual development of Simons' Levers of Control framework

Sophie Tessier^{a,*}, David Otley^b

^a HEC Montreal, Department of Accounting Studies, 3000 chemin de la Côte-Sainte-Catherine, Montréal, Québec, H3T 2A7, Canada

^b Distinguished Professor of Accounting and Management, Department of Accounting and Finance, Lancaster University Management School, Bailrigg, Lancaster, LA1 4YX, UK

ARTICLE INFO

Keywords:

Framework
Management control systems
Levers of control
Management control literature

ABSTRACT

The management control literature has been criticised for having concepts that are ill-defined. This causes mixed empirical results and makes it difficult to build a coherent body of knowledge. The paper addresses this issue by developing an important framework, that of Simons' Levers of Control, which has been criticised in the past for its vague and ambiguous definitions. Using methods of concept analysis, the paper analyses prior literature to identify ambiguities with the different levers of control and uses examples from prior field studies to illustrate these ambiguities. The paper also analyses the positive and negative dimensions of controls, which, although part of Simons' framework, have remained unexplored. For each ambiguity identified, the paper proposes a solution to improve concept definitions or to clarify the relationship between concepts. The result is a revised framework that explicitly separates managerial intentions for controls and employee perceptions of controls. Managerial intentions are comprised of three levels: 1) types of controls (social and technical) 2) which are organised as four control systems (strategic performance, operational performance, strategic boundaries and operational boundaries) and 3) which can be used diagnostically or interactively, have an enabling or constraining role and can lead to either reward or punishment. Finally, after defining the framework's concepts and explaining how they interact, the paper concludes by offering avenues for future research.

© 2012 Elsevier Ltd. All rights reserved.

1. Introduction

In recent years, the management control systems (MCS) literature has been criticised for being too compartmentalised (Covaleski et al., 2003) and for having problems with the definition of its concepts (Chenhall, 2003; Otley, 1980). For example, concepts with the same label are often defined differently by different people (Bisbe et al., 2007; Malmi and Brown, 2008; Van der Stede, 2001). These problems lead to mixed empirical results (Bisbe et al., 2007; Otley and Fakiolas, 2000) which makes it difficult to compare studies (Malmi and Brown, 2008) and to build a cumulative and

organised body of knowledge (Hartmann, 2000; Malmi and Brown, 2008).

In response to these criticisms, some attempts have been made to improve conceptual specifications (for example, see Bisbe et al., 2007; Van der Stede, 2001). However, these attempts still follow a compartmentalised approach in the sense that they each try to improve one specific concept, such as interactive controls (Bisbe et al., 2007) or tight controls (Van der Stede, 2001) rather than comparing different concepts that address similar issues (Morse et al., 1996a,b) or improving a framework as a whole (Malmi and Brown, 2008). To address these issues, this paper examines an important framework, the Levers of Control (LOC) framework (Simons, 1995), and takes a holistic approach which consists of analysing the internal consistency of the framework's components and also comparing them with other similar concepts in the literature.

* Corresponding author. Tel.: +1 514 340 6568; fax: +1 514 340 5633.
E-mail addresses: sophie.tessier@hec.ca (S. Tessier),
d.otley@lancaster.ac.uk (D. Otley).

Simons' framework has been used frequently in the literature over the years with almost 790 citations (Google Scholar, 2011). It has many strengths such as including different types of controls and providing a broad perspective (Ferreira and Otley, 2009). However, its main weakness is the definitions of its concepts which are too vague and sometimes ambiguous (Ahrens and Chapman, 2004; Bisbe et al., 2007; Ferreira and Otley, 2009). While there have been some attempts at refining the definitions of diagnostic and interactive control systems (Bisbe et al., 2007; Ferreira and Otley, 2009), belief and boundary control systems have received less attention. As a result, there have been calls for these levers of control to be investigated in more depth (Collier, 2005; Nixon and Burns, 2005) and more recent papers now include all four levers (Granlund and Taipaleenmäki, 2005; Marginson, 2002; Mundy, 2010; Tuomela, 2005; Widener, 2006). However, no specific attempts have been made to improve their definition. Moreover, there have been very few attempts at improving the framework as a whole. Ferreira and Otley (2009) have proposed a new framework based in part on the LOC framework, but the end result does not include belief and boundary control systems, an exclusion that has been previously criticised (Collier, 2005). Finally, the idea of positive and negative controls, which is present in Simons' framework, has received very little attention and no attempts have yet been made to improve the definition of this important concept.

This paper develops a revised version of the LOC framework which improves on existing concept definitions to give it greater internal coherence, while retaining the useful elements of the original framework. While there are four major methodological approaches to concept analysis (Wilson-derived methods, qualitative methods, critical analysis of the literature and quantitative methods) (Morse et al., 1996a), this paper is mainly based on a critical analysis of the literature. In addition, qualitative methods are also used, especially for the positive and negative concepts since, except for Simons' use of these concepts there is no prior literature available. Our qualitative approach uses some examples from three case studies to illustrate problems with concept definitions.¹ These are from two companies in the chemical industry and one service-based company.² However, this is not an empirical paper and examples from the cases are added only to illustrate and support the development of the framework. It has to be noted that quantitative methods are not used because these methods are appropriate only when concepts have reached a certain level of maturity (Bisbe et al., 2007; Morse et al., 1996a), which is not the case for belief and boundary control systems.

The remainder of the paper is structured as follows. First, a summary of Simons' framework is presented. Then, ambiguities in the literature are analysed to identify what

the revised framework needs to clarify. This incorporates support from the literature, examples from the field to illustrate the ambiguities and suggested improvements. Based on the analysis, an improved version of the LOC framework is proposed and explained. The result is a framework in which components are better defined and more tightly integrated, and therefore more useful for holistic empirical research on control packages. Finally, the paper concludes with the implications for future research.

2. Simons' LOC framework

Underlying Simons' framework is the idea of opposing forces that manage tensions "between freedom and constraint, between empowerment and accountability, between top-down direction and bottom-up creativity, between experimentation and efficiency" (Simons, 1995, p. 4). These tensions are managed by what Simons calls positive and negative control systems. Simons (1995) compares the concept of positive and negative controls to the yin and the yang of Chinese philosophy. Positive controls are the yang force representing sun, warmth and light. They motivate, reward, guide and promote learning. Negative controls are the yin force representing darkness and cold. They coerce, punish, prescribe and control. Positive and negative controls are opposing forces that need to coexist to create dynamic tensions which in turn ensure effective control. While the word negative has bad connotations, for Simons, negative controls are not defined as bad controls, rather they are seen as important as positive controls (Simons, 1995). "Boundary systems are like brakes on a car: without them, cars (or organizations) cannot operate at high speeds" (Simons, 1995, p. 41).

To manage these positive and negative forces, Simons identifies four levers of control. Of the four levers, two are defined as positive (belief systems and interactive control systems) and two are defined as negative (boundary systems and diagnostic control systems). Belief systems, which communicate core values of the company, are "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). Interactive control systems, which focus on strategic uncertainties, are "formal information systems that managers use to involve themselves regularly and personally in the decision activities of subordinates" (1995, p. 95). Not only do interactive controls have an attention focusing role, they also stimulate search and learning which can result in new emergent strategies (1995, p. 91). Boundary systems, which communicate risks to be avoided, "delineate the acceptable domain of activity for organizational participants" (1995, p. 39). They include activities that impose codes of business conduct for employees. They also serve as strategic boundaries delineating managers' search for innovative ideas. Diagnostic control systems, which communicate the critical performance variables, are "formal information systems that managers use to monitor organizational outcomes and correct deviations from pre-set standards of performance" (1995, p. 59).

¹ Information on these case studies can be found in Tessier and Otley (2012). These case studies were part of research studying negative controls. While not completely ignoring positive controls, the research specifically looked at negative controls, both cultural and procedural.

² All expressions given as examples have been changed to protect anonymity, but efforts were made to preserve their meaning.

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات