Interactions between control and organizational learning in the case of a municipality
A comparative study with Kloot (1997)

Julien Batac [a], David Carassus [b,*]

[a] *University of Bordeaux IV – IUT GEA, BP205, 33175 Gradignan Cedex, France*
[b] *University of Pau – IAE of Pau, BP575, 64012 Pau Cedex, France*

ARTICLE INFO

ABSTRACT

Control systems are frequently described as hindering organizational learning. The reality is far more complex. In this framework this article tries to complete Kloot's work (1997) by coming up with a more comprehensive approach. Indeed, it highlights through an analysis grid the impact of controlling systems on the questioning of organizational methods and objectives. In this research on a local community our standpoint consists notably in taking account of the political aspect, more concretely, of the influence of elected representatives whose role is predominant in questioning the validity as well as the rationality of controlling tools.

1. Introduction

Control systems are often viewed as hindering organizational learning. The apparent contradiction between organizing and learning has prompted Weick and Westley (1996) to describe organizational learning as an oxymoron. The way organizations deal with this contradiction is crucial: they have to face up to ever more rapid and unexpected environmental changes whilst keeping their operations under control. The relationship, even the interaction, between control and organizational learning is therefore becoming vital although it was hardly an issue when control only focused on surveillance.

However, though this issue is often studied (Lorino, 1995; Simons, 1995; Burlaud and Simon, 1997), it is seldom approached in a systematic way. Such an approach as identified by Bouquin (1999) is all the more promising

as the main source of information is provided by control systems (Huber, 1991). Only Kloot (1997)[1] has investigated this interaction further. She shows notably that the use of an appropriate control system can facilitate organizational learning driven by organizational changes. In the first place, analysing the relationships between control and learning should involve a theoretical synthesis that takes three important elements into consideration: (1) the extension of the notion of management control to that of organizational control; (2) the existence of both cybernetic and non cybernetic controls; (3) the fact that learning can be considered as organizational if it gives rise to the collective acquisition of knowledge and modifies the behaviour of the entity concerned (Huber, 1991)[2]. This concept is particularly relevant in the case of a public organization: the fragmentation into centres of responsibility and in particular the vertical

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* Correspondence to Anne Perrin, on behalf of the authors, Department of Management and Economics, Avenue du Doyen Poplawski, 64000 Pau, France. Tel.: +33 5 59 40 80 08; fax: +33 5 59 40 80 10.

E-mail addresses: Julien.Batac@u-bordeaux4.fr (J. Batac), david.carassus@univ-pau.fr, anne.perrin@univ-pau.fr (D. Carassus).

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[1] Bollecker (2000, 2002) has also shown interest in this problem within the particular framework of the analysis of the management accountant's role in terms of organizational learning.

[2] Koenig (1994) asserts that the implementation of new skills rests either on the circulation of ideas and the dissemination of practices or on the creation of relationships between pre-existing entities.

structure mean that distribution of knowledge within the organization is not automatic.

This article attempts to add to Kloot's work (1997) by highlighting the way control tools can be used to challenge organizational methods and/or associated objectives and strategies. Like Kloot's study, which is the point of departure of our own work, our research focuses on a local public organization, whose specific features have a major influence on the way relationships between control and organizational learning are analyzed. Such organizations are culturally marked by the influence of bureaucratic control, characterized by formalized procedures, hierarchical relationships and the importance of goals of legality and compliance with regulations. As regards organizational learning, local public organizations are also culturally marked by the influence of social and political rationales on decision-making, rather than the simple predominance of a single managerial rationale. These specific features, compared with exclusively market-based private organizations, thus provide a rich and complex contribution to the study of relationships between control and organizational learning. Consequently, in this research on a local community, we pay particular attention to the political aspect and, more specifically, to the influence of elected councillors whose role is predominant in questioning the validity as well as the rationality of control tools.

After clarifying the fundamental constructs (part 1) and presenting a conceptual framework to study the relationships between control and learning (part 2), we describe the empirical, mostly exploratory study (part 3) we carried out to verify the relevance and realism of our analysis grid (part 4). The main purpose of this approach, based on a series of formal interviews, is to understand the connections between our theoretical hypothesis – that control fosters organizational learning – and the viewpoints of the actors taking part in our case study by emphasizing several major aspects of the problem: "Which management control systems hinder the distribution and mobilization of knowledge and which, on the other hand, stimulate organizational learning?" or "is knowledge provided by control systems especially and at which level of the organization?" (at which point in the organization do these pro- or anti-learning controls act?). Such questions, raised by Kloot (1997), deserve to be examined further.

2. Control: from inspection to strategic planning

To analyse the relationships between control and learning, it is necessary first to assess the way control in organizations has developed in recent years. Recent shifts in terminological and conceptual approaches to control mean that it is now possible to establish close links with organizational learning, which its original paradigm did not allow.

Organizational control is a major concern in literature dealing with organizations and performance-enhancing methods. Since Tannenbaum (1968) – who proposed a process through which an individual (a group or an association of people) affects or intentionally influences another's (a group's or organization's) behaviour – and Olsen (1978) – who advocated a method to ensure that the members of an organization do their utmost to achieve its objectives – the environment has changed and organizations have become more complex as they respond to various economic and technological changes. New issues arise, notably the quest for a form of control that is formalized, yet flexible enough to adjust to diverse environmental changes. Organizations, which hitherto operated regardless of the past, now show interest in learning.

2.1. Common control systems: the state of the art

2.1.1. A classic design control based on definitions

Anderson and Oliver (1987) consider organizational control as a set of processes aimed at supervising, leading, appraising and rewarding its employees. For Anthony (1965), "*management control is the process through which managers make sure that resources are obtained and used effectively and efficiently towards the achievement of objectives*". Chiapello (1996) includes in this concept control developed by management as well as control emerging from human behaviour within the organization. His vision is close to Hopwood's (1974) definition when he specifies that the factors which can influence this control are those which are controlled by managers as well as the resulting overall control of the company. Therefore there are a very large number of aspects involved in organizational control systems.

2.1.2. The forms of cybernetic control

When based on formalized control instruments, organizations function according to traditional forms of control. For instance, budgetary control, which is at the heart of the planning process, involves allocation of resources and then assessment of the financial results achieved as a result of management decisions. The tools in use are performance indicators and reporting, which provide information for senior management. When they are used within the framework of bureaucratic control these tools reflect top-down planning and indicate that work is performed according to highly detailed instructions. In this context the term 'bureaucratic control' is often synonymous with hierarchical supremacy – failure of which undermines the system – and assumes that actors understand their roles in achieving objectives – which implies appropriate communication from the top management, and then the middle management.

2.1.3. An evolution in the design of control

Given the frequent shortcomings of these cybernetic controls, Hofstede (1981) describes the characteristics of non-cybernetic controls as an opportunity for both public and private organizations. Though there is no doubt about the usefulness of cybernetic forms of control, informal management tools can go further, complementing rather than replacing traditional control.

Similarly, Bouquin (1997) sees management accounting as a process that encourages behaviours insofar as it is not only an instrument designed to assist managers in the decision-making process but also, more generally, a tool enabling all operators in the organization to detect and exploit sources of competitiveness. Lorino (1995)