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# Teams and management control systems: a synthesis of three organizational development approaches

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## Abstract

**Purpose** – This paper applies organizational development (OD) process-cultural and structural change strategies to synthesize Etzioni's three approaches to power and compliance: normative, coercive and remunerative to study the management control systems of teams in organizations.

**Design/methodology/approach** – The paper uses library-archives research.

**Findings** – OD's process and structural differences have affected team members' commitment and operating performance in these three control systems. Advances in information technology have introduced new forms of normative: surveillance control.

**Research limitations/implications** – If MCS are viewed as adaptive systems, the design and implementation of MCS center on identifying those contingent OD process and structural conditions that support team management in these three control systems.

**Originality/value** – The management control literature has not applied Etzioni's basis of power and compliance typologies to study the administrative control of teams. This paper fills this research gap by synthesizing and integrating the OD and MCS literature.

**Keywords** Team management, Change management, Decision making, Organizational development, Innovation

**Paper type** Research paper

## Introduction

Recent studies in management control systems have emphasized that management control decisions in complex organizations could be substantially improved if teams and work groups participate in organizational decision-making processes (Birnberg, 1998; Drake *et al.*, 1999; Evans, 1998). These studies have suggested that teams and work groups have the potential to produce relatively better management decisions than would have been realized from individual decisions. While there are differences in the perspectives and theoretical approaches utilized in these studies, with Birnberg (1998) and Drake *et al.* (1999) viewing teams from a social psychological perspective, and Evans (1998) using an economic perspective, these studies have recognized the

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contribution teams could make in improving management control decisions as well as performance (Banker *et al.*, 1996).

This paper elaborates on these studies by applying an organizational development (OD) and control perspective. It uses Etzioni's three approaches to power and compliance: normative, coercive and utilitarian-remunerative controls to discuss the management of teams in relation to OD process cultural and structural change strategies, and management control systems.

### **Three competing approaches to team management**

In the 1990s, the development of teams and work groups have changed the traditional top-down hierarchical management control systems in many business organizations. Accordingly, three competing models of team-based control systems in organizations have evolved based on Etzioni's (1960, 1964) power and control typologies (Sisaye, 2005). They are normative, coercive, and utilitarian (remunerative-instrumental), and three associated forms of compliance – moral under normative power, alienative when coercive power is used, and calculative in remunerative power. In the organizational management literature, Barker (1993, 1999) has studied concertive control, and Ezzamel and Wilmott (1998) has examined the coercive group-based control in manufacturing organizations. The remunerative-instrumental control, the third model, has constituted the basic control model in management accounting literature (Birnberg, 1998; Drake *et al.*, 1999; Evans, 1998).

However, the management control literature has not applied Etzioni's (1960, 1964) power typologies to discuss the interrelationships of these three approaches for managing teams in industrial organizations. This paper attempts to fill this research gap. It synthesizes and integrates the theories and approaches of these three control systems for managing teams.

### **Concertive control**

Concertive control is based on normative power. Etzioni defined normative power as encompassing the allocation of "symbolic rewards", "esteem and prestige symbols", and the use of rituals and norms to facilitate positive response (1961, p. 5; 1980, p. 88). Normative power is associated with higher-level organizational participants who are committed, have higher performance obligations, and whose remunerative needs are at least moderately satisfied.

Barker (1993) attributed the characteristics of normative control to concertive control, where he defined concertive control as a team-based control system that shifts control from management to workers. Under normative control, workers are expected to openly discuss team goals. Through dialogue, they reach consensus on their own control systems and the performance of goals expected from self-managing teams. Team members, through peer review and participatory control systems, develop guidelines for member performance and reward systems. The implication from normative rules and guidelines are that overtime if concertive control become the basis for managing teams, it has the potential to become the new method whereby workers could develop a set of core corporate values through negotiation (Barker, 1999).

When teams develop their own rules and regulations to manage member performance, Barker (1993) advanced the view that concertive rules are either implicit or explicit. They do not follow the traditional model of management control systems

based on super-ordinate and subordinate relationships. Rather the team-based management format has the capability to transform organizations from a hierarchy to “a flat confederation of concertively controlled selfmanaging teams” (Barker, 1993, p. 412) where contingency guidelines are used to manage the behavior and performance of team members (Barker, 1999).

The team participatory process described by Barker as “negotiated consensus” decision making is based on normative assumptions of “value-based discourse that workers use to infer ‘proper’ behavioral premises: ideas, norms, or rules that enable them to act in ways functional for the organization” (Barker, 1993, pp. 411-12), which is consistent with Etzioni’s (1961, 1964) views of normative control. The inference from decisions reached through negotiations is that there is consensus, which can be translated into rules and procedures by and for the team (Sewell, 1998, p. 410). Through consensus, the team is expected to practice self-discipline in their work behavior. If not challenged, the culture of concertive control can further rationalize the legitimacy of team rules and regulations in organizations, and its eventual institutionalization among work groups, employees and other members of the organization.

Participation, involvement, commitment and cohesiveness, which are described in teams as democratic decision-making processes, are supposed to be attributes associated with normative-concertive control systems (Coopman, 2001). When participation prevails, team rules can reinforce group cohesiveness, trust and cooperation, where teams can collectively share responsibilities among themselves. However, in contrast to centralized organizations, it is only in decentralized structures where team activities are inclusive, facilitate the flow of information and create a democratic work place environment.

Coopman (2001) associated team democracy as process factors that include involvement in decision making, team interaction, listening and sharing feelings, communication, and satisfaction that increase team performance. Both Barker (1993, 1999) and Coopman (2001) view organizational process factors as avenues for democratic decision making, where involvement, trust, cooperation and group responsibility have become the essence of concertive control among team members. While both Barker (1993) and Coopman (2001) do not explicitly discuss structural factors, they emphasize that team settings provide a decentralized structure that supports a democratic work place environment. In other words, when structural factors of decentralization are coupled with process attributes of participation, access to information and perceived empowerment become necessary conditions for creating a democratic work place environment that enhances both individual satisfaction and team performance accomplishment.

In general, concertive control is based on the principle that individuals are committed to the group and are willing to take risks in situations of social uncertainty. Commitment among team members promotes shared control and mutual responsibility. Concertive control systems develop when team members jointly agree to monitor their behavior as well as the behavior of group members. Eventually, concertive control could evolve into administrative innovation systems, which production and service industries can use to introduce new approaches for resolving existing bureaucratic problems (Barker, 1999). However, in practice, the reality in most organizations is that concertive control is not enforceable unless they are accompanied by instrumental and to a smaller extent by coercive control. An extension of Etzioni’s

(1961) view of instrumental control suggests that reliance on accounting systems as administrative control systems to monitor employee performance would have potential for reinforcement of existing rules if managers/supervisors are able to simultaneously use both concertive and coercive controls as coordinating mechanisms for managing the internal operating procedures of the organization.

### **Group-based coercive control**

Etzioni (1961) defined coercive power as involving the threat or use of economic and physical sanctions including force to secure employee compliance (pp. 5, 27). Ezzamel and Wilmott (1998) perceived teams to be susceptible to the development of a group-based coercive and dictatorial control system because of their nature of formation and operational activities. They suggested that teamwork reveals political aspects in work reorganization that might include coercion and individual control of teamwork (pp. 358-9).

Ezzamel and Wilmott (1998) examined the management control systems of teams from a critical perspective analysis, which viewed organizational systems as sources of power and conflict and basis of inequality of resource distribution where elites and/or coalitions dominate and control team activities. By the nature of their organization and leadership composition, their assertion was that teamwork could contribute to less autonomy and lead to disempowerment. Management concentration of power and control could exacerbate certain coercive features of team culture and ideology among members. In most instances, charismatic and influential leaders circumvent the team decision-making approach to advance their own work and political ideologies so their agenda becomes part of the operating team culture.

Noting the threats of concertive control of teams to industrial democracy, Ezzamel and Wilmott (1998) proposed that “the shift to teamwork was generally experienced as posing a threat to the narrative of self, not as an empowering relaxation of managerial control” (p. 392). They disagreed with Barker’s (1993) view of concertive control as espousing the democratic principles of team management that would eventually evolve overtime into a set of ideologies that tend to be ritualistic in nature where adherences to these rituals are strictly observed. It can be inferred from their arguments that accounting numbers as control mechanisms could be used by management as rituals in justifying, supporting and rationalizing the team-based dictatorial approach to management control. However, this assertion has merit only if accounting numbers are solely used to evaluate and reward performance, then coercive control can be legitimized and justified in accounting through remuneration and economic incentive systems.

As noted by Etzioni (1961), the use of accounting numbers as coercion reinforcement through remuneration could not be fully justified and uniformly applied to all organization types. It can only be ascertained with certainty as an effective remunerative tool to enforcing compliance for blue-collar organizations, the focus of the Ezzamel and Wilmott (1998) study, and to some extent for lower level white-collar workers. Reliance on accounting numbers for the purpose of reward and punishment is not workable for professional and research/academic organizations unless accompanied by normative control mechanisms. While there is validity to the Ezzamel and Wilmott (1998) argument that team decisions have political ramifications of coercion, control and ritualistic behaviors, it is true that team members do not

necessarily behave in an egalitarian manner. In corroboration, Katzenbach (1997) noted that even among top management teams in those best managed companies, non-team behavior was manifested by the committee chair controlling the team agenda, lobbying to gain support of individual members, and implementing team decisions.

The argument in favor of coercive control rests on the assumption that with in groups' consensus and concertive control decisions, there are inherent conflicting demands between individual and team performances that do not support collective/mutual accountability that is essential to the effective functioning of teams under normative control. Rather, competition to gain access to organizational resources has contributed indirectly to coercive behavior among the team members.

In practice, organizations are political institutions that involve coalition building, exercising control, allocating resources, defining evaluation systems and compensation packages as well as managing the external organizational environmental relationships (Perrow, 1986; Sisaye, 2001). When there are too many coalitions and conflicting groups within organizations, coercive control prevails where power and exchange influences the incentive systems and the operating structure of teams (Ezzamel and Wilmott, 1998). To counter the effects of power and politics, while the normative approach advocates an empowerment that allows teams to develop their own rules and policies, remunerative control emphasizes access to resources, the sharing of strategic information and bridging teams across organization (Kirkman and Rosen, 2000). When the organizational policies focus on competition as well as collaboration among units/divisions, remunerative control can be instituted to implement instrumental oriented human resource administrative policies for managing team performance and accomplishment.

### **Remunerative control**

Remunerative control is based on the assumption that individual accountability is more appropriate for maintaining control over performance through material remunerative rewards. In extreme cases, coercive control can be used to supplement remuneration to secure employee compliance. Accordingly, remunerative control has been the focus of management accounting control systems in many industrial organizations. Accounting as an administrative control tool plays a central role in the design and implementation of instrumental-remunerative control systems for controlling production and manufacturing costs in industrial organizations (Sisaye, 2003).

Accounting studies have emphasized the role remunerative-instrumental control plays for selfmanaged teams and groups when teams are involved in cost management and control to improve organizational performance and profitability. Drake *et al.* (1999) examined the importance of team-based decision making in relation to activity based costing (ABC) in controlling manufacturing (product) costs related to volume. For them, ABC can reduce product related volume costs only when these "costs typically requires the coordinated effort of multiple workers rather than isolated efforts by individuals" (p. 324). They suggested that compensation systems that reward team effort is needed in ABC systems to control costs associated with volume. "By fostering or inhibiting cooperative efforts among workers, incentives can play a key role in the type of decisions that occur" (p. 324). Their study documented the relationships among ABC, teams, innovative activity and firm profitability. The results revealed that

“in ABC-type settings, where significant cost reductions can be gained primarily from coordinated efforts of multiple workers, incentives that motivate cooperative innovations result in higher profits. Providing ABC information to workers with individually oriented incentives results in fewer multi-person process innovations and lower profits” (pp. 324-5). The implication from their study was that since individual incentives worked against team effort, it is only cooperative work that can contribute to higher profit. They stressed the critical role of team incentives in the successful implementation of ABC (p. 326). Their results demonstrated remunerative rewards and economic incentives increase profitability when directed to team rather than individual performance.

Drake *et al.* (1999) findings provided empirical support for Etzioni’s (1961) assertion that remunerative economic rewards are appropriate mechanisms of control for manufacturing and production organizations processing high volume goods and commodities. Accordingly, when compensations/remunerations are instrumentally allocated consistent with team performance, not only is immediate team performance enhanced, but it also improves over time as teams participate in performance measurement and reward allocation decisions (Scott and Tiessen, 1999; Banker *et al.* 1996). Teams can play important roles in providing better-cost information for cost reduction and optimal resource allocation, both in manufacturing and service organizations.

Evans (1998) study extended the role of teams in providing better cost information to service organizations, particularly hospitals. He discussed the importance of healthcare teams in hospital cost management and their effect on changing operational processes. He noted that team management has decentralized decision making among physicians. Teams have been effective in developing physician profiles to compare hospital resources use with their associated costs. Hospitals not only used the team approach to reduce costs associated with labor and overhead, but also adopted a quality management program to continuously improve their health care delivery systems (Bell, 1998). According to Evans (1998), departmental teams not only compared results, they also developed alternative systems in situations where a physician’s consumption of resources exceeded the hospital average. While this approach provided effective individual remuneration incentives, it also facilitated cooperation and mutual working relationships among the team members.

Evans (1998) study clearly showed that organizational performance largely depended on the mix of relationships among changing organizational structures, teams, and employee commitment levels. Coopman’s (2001) study of health care teams corroborated that there existed positive relationships among commitment, trust and cooperation, involvement, compensation incentives, member satisfaction and accomplishment of team tasks. Accordingly, satisfaction and retention affect organizational performance. Remunerative control accordingly can align traditional individual management control, contractual relationships, and incentive structures to collective control, group incentive arrangements, and responsibility systems. However, the effectiveness of remunerative-instrumental control depends on the extent to which remuneration and calculative material incentives are institutionalized as part of the normative and/or coercive culture of the organization.

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## **Implications of OD's process, structural and technological factors on management control systems of teams**

Teams' activities and operations are culminated within organizational contexts. Accordingly OD process, structural and technological factors of the organization (Sisaye, 2005) affect the type of management control system: concertive, coercive or remunerative, and the operating performance activities of teams.

### **OD process issues**

OD process issues deal with culture, norms, attitudes and behaviors of employees (Sisaye, 2005). To this effect, Barker (1993, 1999) has noted that the effectiveness of concertive control depends on organizational process issues. He argued that concertive control in general supports normative compliance system when process characteristics are congruent with organizational employees' behavioral changes. In other words, in concertive control systems, team and work group behaviors require OD process changes that would allow a working environment characterized by openness and objectivity in their decision-making processes. If there are no organizational climate that are conducive to individual team members to interact openly and objectivity, team leaders are not in positions to observe concertive control practices.

A major principle behind concertive control is that both process and structural interventions in management control innovation happen simultaneously. When they occur in tandem, team members are more likely to experience affective behaviors that motivate them to work cooperatively to achieve organizational performance objectives.

### **OD structural issues**

OD structural issues, on the other hand, address organizational positional and reporting arrangements, as well as contextual and job related task activities (Sisaye, 2005). Structures can manifest predominantly into two types of hierarchical arrangements: mechanistic forms that are typical in centralized structures or organic forms that are associated with decentralized structures, which are described below. Depending on the type of organizational structures, management control systems can be either loose or tightly controlled, and may involve independent or interdependent tasks. These structural conditions have a direct impact on the operation of the three control systems: normative, coercive and instrumental-remunerative, and affect organizational performance.

#### *Structural arrangements*

Burns and Stalker (1961) have identified two types of organizational structures: mechanistic and organic structures. Mechanistic structures exhibit hierarchical differentiation with several chain-of-command levels, concentration of power in top management and centralized decision making. Organic structures, on the other hand, are decentralized, have flexible organizational arrangements that are amenable and adaptable to changes in their institutional environments. Hierarchy is horizontal, with less differentiation, limited chain-of-command and minimal bureaucratic features.

Within the context of the OD literature, given both mechanistic and organic structures, it is more apparent that the team approach would be by far the most appropriate decision-making mechanisms for divisionalized (organic) organizations with decentralized structures. In addition to divisionalized structures, matrix structures also support the formation of teams and team decision-making processes

through horizontal structures and communication channels. Nevertheless, most manufacturing organizations have centralized mechanistic structures that tend to favor highly structured individual instead of team decisions.

While Drake *et al.* (1999) and Ezzamel and Wilmott (1998) studies dealt with teams in manufacturing organizations, their results were markedly different, where Drake *et al.* (1998) supporting remunerative control and Ezzamel and Wilmott (1998) favoring coercive control. The contrast between these two studies could be attributed to differences in their cost accounting systems. Drake *et al.* (1999) study dealt with ABC, an improved cost accounting system that supports team decisions through information sharing, data collection, processing and reporting. As expected, in decision situations where information sharing existed, teams are able to produce better decisions than would have been realized through individual decisions, which resulted in improved compensation and reward allocations among the team members. On the other hand, in Ezzamel and Wilmott (1998) study, the cost system was traditional, and it was less conducive to team decisions when compared to ABC. Therefore, we can ascertain from these studies that the type of management control system: remunerative or coercive that was in operation in these two comparable manufacturing organizations resulted because of differences in their cost accounting systems: ABC vs traditional/conventional cost system.

Therefore, in organizations with organic-decentralized structural arrangements, it is common to find that the team-based approach reduces the tracing of decisions to individuals by making members of the group accountable to their decisions (Morrill, 1991). The team decision-making process thus becomes a joint responsibility of all members of the group, whereby each individual member collectively shares the success or the failure of their tasks or jobs associated with team decisions.

#### *Contextual job-tasks related issues*

In mechanistic structures, most organizational tasks/jobs are simple when compared to organic structural settings where they are complex requiring interdependency relationships among several tasks. Tasks in centralized structures are characterized by mechanistic arrangements that are primarily simple, routine and repetitive functions. On the other hand, in organic systems that are commonly associated with matrix and decentralized structures, tasks are relatively complex and interdependent, requiring a highly skilled labor force, experienced management and autonomous cross functional teams.

Zetka (1998) noted that in decentralized organizations with coordinating work structures, in other words in divisions with organic structures, tasks are interdependent where efficiency, rationality of production processes and cost control would make it necessary teams formation to carry out organization activities (Perrow, 1986). Comparatively, in work situations, where technological production techniques require pooled interdependence, and where task performances are segmented from one another because they are performed by segments, the tasks are relatively simple. In simple tasks, task coordination can easily occur in a face-to-face interaction allowing a dominant actor to control over team and subordinate actions. This structure is prevalent in blue-collar manufacturing organizations where bureaucratic (accounting control) or simple personal control prevails. The operation of this team structure corroborates the descriptions of coercive control elaborated by Ezzamel and Wilmott (1998).

On the other hand, when the technological process includes tasks that require collective or group-based coordination skills, Zetka (1998) characterized them as

interdependent tasks. In these contextual settings, it is utmost necessary to restructure those task units in a format that would enable the processing of complex information and ensure their availabilities on a timely basis for the groups to coordinate their actions collectively (Perrow, 1986). Accordingly, complex task structures require the development of teams or groups whose members are mature, well informed and are synergetic (p. 361).

In this regard, Zetka (1998) described two task coordination structures in a hospital setting involving medical surgery that entertained both command-coercive and normative-symbolic control. It was found that when the task coordination involved conventional medical surgery where physicians work face to face on a given surgery on a moment-by-moment basis, the medical setting involved a command control structural mechanism. In such medical contexts, task management by a dominant/authoritarian actor (i.e. a team leader) was found to be effective for coordinating the actions of team members who are in close physical proximity with each other.

In contrast, if there is no close physical proximity, and no face-to-face feedback, the medical task structure required non-verbal communication channels, including video-screens and computer monitors, which eventually created a work environment characterized by virtual interactive contexts. Workers who perform such specialized tasks are highly experienced and knowledgeable. They do not need to be subjected to command and control mechanisms to carry out their tasks. This work setting could be analogous to manufacturing organizations if teams are constituted of experienced and knowledgeable workers who know how to manage ABC. If such conditions are prevalent, as described by Drake *et al.* (1999), then improved cost systems such as ABC can become effective sources of remunerative control. As noted in Zetka (1998) and Drake *et al.* (1999) studies, whether teams operate in blue-collar manufacturing or specialized service organizations in hospital settings, coercive control is not recommended since it could slow down and disrupt collective performance (pp. 360-2). These two studies can be related to what Etzioni (1961) described as normative based control through peer review, which is non-dictatorial control, that is commonly used among higher rank participants. He noted that if these professional workers fail to perform, they are transferred to less important positions. For them, moral involvement and intrinsic satisfaction from work associated with prestige and esteem are important (pp. 262, 257). Comparatively, in manufacturing organizations, remunerative control ensures that experienced and knowledgeable team members join their efforts to collectively work to accomplish organizational objectives consistent with ABC guidelines.

Using Zetka (1998) study, it can be inferred that most organizations have two contrasting settings comprised of structured (mechanistic) or less structured (organic) control mechanisms that can be described using the OD and management control systems typologies of team governance. These two settings present contrasting situations where the command-control system described by Ezzamel and Wilmott (1998) and the concertive control that Barker (1993, 1999) described can occur. Etzioni (1961) initially described power/control systems that need to be specified within the context of organizational structures, technological work/task complexities and information flow specified the nature of control systems: normative, or remunerative, or coercive that could be used to coordinate tasks and team activities. Later studies

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documented that environmental and geographical factors, in addition to what Etzioni (1961) described as structural and work/task specific requirements, could also create conditions where the two types of control systems operate simultaneously in complex organizations that are either in growth and stability or crisis and realignment stages of development.

In general, highly structured mechanistic settings in mature organizations would give rise to what Ezzamel and Wilmott (1998) described as group-based power control or what Etzioni (1961) referred to as coercive control: a dominant actor or coalition would centralize the accounting information system and dominate the coordination and flow of information. Such tendencies to dominate the control system has been exacerbated by recent advances in information technology and computerization, which have increased management demand for accounting information for strategic planning purposes, and the need to centralize (mechanistic structures with a command/coercive control mechanisms) the flow of information system for planning and control purposes.

*The rise of electronic surveillance in the 1990s as an alternative control mechanism*

With advances in information technology, the use of accounting information has expanded and changed beyond the traditional management control function. Accounting has now become a strategic tool to assemble inside information on competitors. Organizations have instituted intelligent information systems for surveillance and monitoring processes. To this effect, Sewell (1998) has noted that management information systems have enabled managers to use surveillance as the desirable alternative for controlling teamwork to monopolize power and knowledge in the work place (pp. 424-5).

According to Sewell (1998), when surveillance is conducted through electronic and peer controls, it could create normative control tyrannies in team management control by enabling managers to have direct supervision of employees to improve labor efficiency. Management can use information technology to monitor and scrutinize teamwork activities to the point where teams exercise a limited degree of autonomy in organizing their work activities, and management can group workers into categories as poor or good performers according to standardized performance criterion. In other words, when surveillance is strictly observed, it can become synonymous with those coercive control mechanisms described by Ezzamel and Wilmott (1998) and Zetka (1998).

Noting that organizations as social institutions serve as instruments of power and sources of production relations between managers and workers, Sewell (1998) observed the emergence of surveillance as the new control mechanism for managers to dominate and subordinate the majority of the work force in organizations. When organization management involves teams and groups, it is inherent for internal conflict to occur among team members, which has necessitated the demand for surveillance use for monitoring and policing their behaviors. In essence, surveillance has become the new control systems for the purpose of "evaluation and reward or sanction of individuals in a context of teamwork" (p. 415). Accordingly, electronic surveillance has increased "compliance through self discipline" and has "supported new relations of power and domination in addition to reinforcing existing ones" (pp. 403-4). Management has used surveillance to monitor workers' adherence to company rules, but also to rationalize their activities in accordance with organizational goals.

The advent of information technology and surveillance has thus revolutionized the normative-concertive control described by Barker (1993) into technocratic,

bureaucratic and coercive control by incorporating what Etzioni (1961, 1964) referred to as the instrumental activities of the organization. It can be inferred from Sewell (1998) study that advances in information technology over the years have changed management control systems from the technical control of the 1900s to the bureaucratic control of the 1940s, the scientific management control of the 1960s to the cultural control of the 1970s and 1980s, and to the electronic surveillance control of the 1990s (Sisaye, 1998). These advances in technology have most affected the informed and educated labor force or the professional workers more than the industrial labor force that was used to be governed by professional obligations and ethical standards, described under normative control mechanisms.

However, it needs to be noted that the effective use of electronic surveillance control for performance monitoring depends largely on the degree to which the organization has integrated information technology in its functional areas of management. Technology has not only revolutionized bureaucratic-coercive control into normative-electronic control, it has also changed the traditional form of control where peer surveillance without face-to-face interaction with team members can be used as the best viable control mechanism for highly educated employees.

In comparison, most industrial and blue-collar organizations are unaffected by surveillance and operate under the traditional super-ordinate and subordinate management control relationships. In other words, the essence of management control systems in most manufacturing organizations, which has been rooted in monitoring, subordination and domination, has remained largely the same, i.e. coercive, although remuneration has been the predominant form of control system. In blue-collar organizations where surveillance control existed, it can be ascertained from Sewell (1998) study that surveillance not only enhanced concertive/ideational control, it has also motivated team members to continuously improve their performance to accomplish team concertive activities (pp. 420-1). Unless these blue collar and manufacturing organizations have adopted improved cost accounting systems like ABC, it is unrealistic to expect these suppositions of normative control would exist in reality. As Etzioni (1964) noted "most organizations most of the time use more than one kind of power. Control might be predominantly coercive, utilitarian or normative" (p. 60). Therefore, it can be inferred from Etzioni (1964) and Sewell (1998) that most industrial organizations do not rely solely on normative control, but rather use coercive control, either in the form of concertive and/or surveillance control. More importantly, coercive control may co-exist with instrumental-remunerative as well as normative compliance systems. Again, it is to be noted that these coercive control mechanisms would not necessarily produce the desired compliance structures unless they are accompanied by remunerative incentives.

**Conclusion: teams, cultural systems change, OD and management control systems**

In this paper, three types of power and compliance systems: normative, coercive and remunerative-instrumental, have been discussed within the context of OD and management control systems. It has been shown that OD's process: culture, behavior and rules; and structural differences: mechanistic-centralized and organic-decentralized, affect commitment of team members, team operating mechanisms, and the type of control/compliance system, concertive, coercive, or instrumental-calculative, that prevails in a given organization. Environmental factors, including advances in

information technology, not only recently changed the composition and formation of work groups and team members; it has also revolutionized the management-labor control and contractual relationships.

The implications for research and practice center on identifying the appropriate development of adaptive control systems as management accounting control systems continue to undergo profound evolutionary changes over the years. The question remains the determination of the scope and content of information technology that need to be incorporated into management control systems, and the type of adaptive control-compliance systems that should be designed and implemented to fit with the nature of specific tasks required for team personnel management of the informed labor force. It is true that the management control evolution over the years has included transitions from the scientific management bureaucratic-coercive control of the 1960s into the concertive-negotiated consensus or cultural control of the 1970s and 1980s and into surveillance-self imposed control of the 1990s (Sewell, 1998; Sisaye, 1998). The question still remains whether or not the recent movement in favor of adopting surveillance control has the potential to serve as a substitute for the traditional face-to-face interaction between supervisors and subordinates that is normally found in blue-collar manufacturing and lower level white-collar workers in office settings, and service and scientific research/academic organizations.

While the paper has presented three contrasting views of normative-concertive, coercive, and remunerative controls, it does not advocate the use of a specific control system over the others. The research and practice question poses a dilemma at to the choice of one system over the other or the use and application of either one of the three management accounting control typologies in organizations are contingent upon differences in organizational structures, processes and technological developments. Therefore, it is imperative for researchers and practitioners to find out those contingent OD process and structural conditions that support either type of management control system. While most organizations utilize more than one form of control/compliance system, management accounting and control studies have advocated that of the three types of control systems, instrumental control, which uses both remunerative and normative (ceremonial and other forms of social activities) have better success in reinforcing remunerative management control systems to align incentives structures with team performance. This tends to be the case of management control systems that have adopted ABC as the predominant form of control for managing teams.

Although most instrumental control system emphasizes remuneration, it also encourages teams to have control over their performance goals, thereby empowering them to set up mutually agreed-upon contractual arrangements consistent with organizational objectives. Remunerative/instrumental control can thus advance participation and negotiation among team members when teams are involved in the designing and implementation of process innovation programs (Sisaye, 2001). If instrumental control is used in conjunction with remunerative and normative control systems, the question remains as Barker (1993, 1999) pointed out whether or not negotiated consensus decision making could prevail without the use of coercive control in organizations to reconcile individual autonomy with group solidarity to create an affective working environment. In reality in most decision situations, as Ezzamel and Wilmott (1998), Sewell (1998) and Zetka (1998) noted, whether a control system is instrumental or normative, there is still a certain degree of coercion or group pressure

to reach consensus agreement. The question remained whether or not as the OD literature suggested, there existed a working environment that could facilitate a positive affective cohesiveness and solidarity among group and team members that are diverse. If this is the case, the research agenda is to discover the appropriate OD process and structural mix components where concertive control can co-exist with remunerative and coercive controls to increase not only close interaction among diverse team members, but also to improve team performance consistent with organizational objectives. Further studies are thus needed to substantiate the findings of Drake *et al.* (1999) in non-manufacturing organizational settings whether or not the theoretical assumptions of remunerative control when used with ABC could produce congruency between team goals and organizational objectives.

Accordingly, two sets of research propositions are set out in this paper. The first addresses whether or not it is possible to have high team consensus and low management control among diverse team members. The question for management control researchers become in finding out the appropriate control techniques that are consistent with low management control and are central to process innovation and cultural changes to promote the achievement of organization goals. The second research proposition focuses on organizations where low team consensus prevails. The research question is then how does in teams where we have low consensus decision making process could be transformed into enforceable control mechanisms with functional objectives where managers and/or team leaders could adopt them to monitor team performance. If the alternative form of control for low consensus groups centers on centralized-bureaucratic coercive control to direct and command employee activities, the question still remains whether or not there exists appropriate OD process and structural conditions in which management control systems techniques without coercive measures would be functional to accomplish organizational objectives. In conclusion, there still remain unanswered questions from prior research that whether or not an organization has a control system that is instrumental, concertive or coercive. The management control research has not yet fully addressed the research questions of whether or not the use of coercive control systems would enhance the objective assumptions of organizational functionality if coercive control is used simultaneously with instrumental-remunerative and normative/concertive control systems.

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