Accounting for Flexibility and Efficiency: A Field Study of Management Control Systems in a Restaurant Chain*

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Abstract

While some field studies have suggested that management control systems can be used simultaneously to make organizations more efficient and more flexible, the contingency literature has found it difficult to address this issue in the absence of a clear and comprehensive typology for analyzing more processual uses of management control systems. This paper distinguishes between enabling and coercive (Adler and Borys 1996) uses of management control systems. Coercive use refers to the stereotypical top-down control approach that emphasizes centralization and preplanning. In contrast, enabling use seeks to put employees in a position to deal directly with the inevitable contingencies in their work. The design principles that underlie the enabling use of management control systems are repair, internal transparency, global transparency, and flexibility. Through a detailed analysis of a single-case field study carried out over a two-year period, we illustrate how management pursued the objectives of efficiency and flexibility by using management control systems in enabling ways. We suggest that the four design principles of enabling use can facilitate field studies of management control systems, but that they can also be used to define an enabling typology for contingency researchers to analyze the ways in which organizations simultaneously pursue efficiency and flexibility through their management control systems.

Keywords Enabling control; Field study; Flexibility and efficiency; Management control systems

JEL Descriptors M41, M10

Souplesse et efficience : une étude sur le terrain des systèmes de contrôle de gestion d'une chaîne de restauration

Condensé

Les notions de contrôle de gestion prédominantes s'appuient sur des idées de contrôle cybernétique et de gestion par exception (Anthony, 1965). Le modèle cybernétique de contrôle

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est largement associé à la production d'efficience dans les organisations mécanistes (Brownell, 1987) qui se caractérisent par des règles définies, des procédures de fonctionnement standardisées et des programmes. En revanche, les organisations organiques sont fluides, sensibles, et comptent moins de règles et de procédures standardisées ; chez elles, le succès organisationnel est avant tout associé à la souplesse et à une communication libre et intense (Burns et Stalker, 1961). Bien que de nombreuses études aient confirmé l'utilité des systèmes de contrôle de gestion dans les organisations mécanistes, il a été démontré à maintes reprises que le corollaire, selon lequel les systèmes de contrôle de gestion se révéleraient de peu d'utilité dans les entités organiques, ne se vérifiait pas (Chapman, 1997). Une explication possible de cette observation réside peut-être dans l'incapacité de superviser les utilisations « légères » des contrôles faisant largement appel à la communication. Plus récemment, toutefois, le débat sur les contrôles appropriés aux différents types d'organisations a bifurqué lorsque la distinction entre entités organiques et mécanistes a elle-même fait l'objet d'une remise en question.

Brown et Eisenhardt (1997), par exemple, ont constaté que le succès de l'innovation dans les entités organiques exigeait davantage que la communication intense que l'on avait posée par hypothèse comme essentielle à leur réussite. Leurs études sur le terrain des sociétés de TI innovatrices ont révélé que la communication organique, pour être efficace, devait être associée à des éléments plus mécanistes de la structure organisationnelle, des budgets de projet précis par exemple. Suffisamment de latitude a été accordée aux processus d'innovation pour qu'ils génèrent un chaos créateur, sans toutefois que leur intégrité s'en trouve menacée. Brown et Eisenhardt (1997) ont conclu que les entités organiques et mécanistes n'existaient pas sous une forme pure — pas plus que leurs méthodes de contrôle. Bon nombre d'études sur le terrain des contrôles de gestion ont elles aussi indiqué que dans certains contextes, les méthodes de contrôle de gestion peuvent présenter à la fois des caractéristiques mécanistes et organiques (Dent, 1987 ; Simons, 1990 ; Chapman, 1998). Ces diverses études relatives à l'usage simultané s'inscrivent toutefois dans des contextes très précis, de sorte qu'il est difficile d'en tirer des conclusions d'une portée plus générale en ce qui a trait aux systèmes de contrôle.

Afin de ramener les paramètres du problème de l'usage simultané à un niveau plus général, les auteurs s'appuient sur l'analyse des contrôles formels réalisée par Adler et Borys (1996). La notion de « contrôles habilitants » que proposent ces derniers renvoie directement au problème de l'usage simultané, et leur cadre de référence présente quatre principes de conception intégrée qui définissent la méthode d'habilitation. À tour de rôle, il s'agit de la **réparation** qui, à titre de principe de conception, entre en jeu lorsqu'il y a manquement des processus de contrôle et fournit les capacités permettant, de préférence aux usagers des systèmes de contrôle, d'y remédier. Il faut pour cela de la **transparence interne** (comprendre le fonctionnement des processus locaux) et de la **transparence globale** (comprendre quelle est la place de ces processus locaux au sein de l'organisation dans son ensemble et comment ils s'intègrent à l'organisation). Enfin, la **souplesse** désigne la marge de manœuvre des membres de l'organisation quant à l'utilisation des systèmes de contrôle, qui peut même aller jusqu'au pouvoir d'en suspendre l'application.

Les auteurs cherchent à prouver que les principes de conception présentés par Adler et Borys (1996) sont directement pertinents à l'étude des systèmes de contrôle de gestion, en montrant qu'ils permettent de réunir de façon concise et fort efficace les approches relatives

au contrôle de gestion qui se caractérisent par leur complexité et leur chevauchement et que les auteurs ont observées au cours d'une étude exploratoire de deux ans sur le terrain sur le rôle des systèmes de contrôle de gestion dans une chaîne de restauration. Selon les auteurs, leur analyse contribue à la compréhension des mécanismes utilisés par les organisations pour équilibrer les contrôles mécanistes et organiques dans la poursuite simultanée de l'efficience et de la souplesse.

Comme Simons (1995), les auteurs souhaitent élaborer un canevas permettant de comprendre de quelles façons précises les systèmes de contrôle de gestion peuvent structurer la gestion quotidienne de l'exploitation. Le canevas proposé par Simons (1995) réunit deux hypothèses importantes. Selon la première de ces hypothèses, c'est la nature des processus de communication entourant le système de contrôle, et non ses propriétés techniques, qui détermine s'il s'agit de processus diagnostiques ou interactifs. Selon la seconde, l'émergence des processus de communication autour du système de contrôle de gestion est elle-même un processus organique. Ces hypothèses ont conduit Simons à ratisser large dans ses efforts pour expliquer les formes et les directions que peuvent prendre la communication et le contrôle. Selon Simons, le fonctionnement des contrôles interactifs et diagnostiques dépend des systèmes de croyances et d'encadrement de l'organisation. Les systèmes de croyances et d'encadrement balisent les voies que pourraient prendre les discussions à venir au sein de l'organisation, tout en ouvrant certains axes de développement en dehors de ces limites.

Une série d'études récentes (dont celles d'Abernethy et Brownell, 1999 ; de Davilla, 2000 ; et de Bisbe et Otley, sous presse) ont démontré l'utilité de ce canevas dans la détermination du fonctionnement des systèmes de contrôle de gestion en situation d'incertitude relative. Il est à noter, cependant, que ces chercheurs ont tenté de débrouiller l'amalgame des contrôles organiques et mécanistes en s'inspirant des distinctions de Simons entre systèmes interactifs et diagnostiques. Aucun d'eux n'a fait appel aux notions des systèmes de croyances et d'encadrement, ce qui pourrait être attribué, entre autres, au fait que ces notions sont demeurées très générales dans le canevas proposé par Simons (1995). En rétrospective, il y a peu d'indicateurs permettant d'assimiler les facteurs qui ont influé sur le processus de contrôle de gestion à un « système de croyances » ou un « système d'encadrement ». Simons (1995), dans le canevas qu'il propose, reste assez vague quant aux raisons pour lesquelles les organisations pourraient vouloir amalgamer contrôles mécanistes et organiques et quant aux façons dont elles pourraient souhaiter le faire. Selon les auteurs, les caractéristiques de la conception des systèmes habilitants offrent un cadre de référence plus complet pour aborder ce problème.

Dans le cas de l'organisation sur laquelle porte leur étude, les auteurs notent l'existence de systèmes mécanistes complets de contrôle de gestion visant à produire des niveaux d'efficience élevés et standardisés. Le lien entre ces systèmes et la gestion de l'exploitation a en même temps été établi grâce à des discussions intenses et à des analyses approfondies, axées sur le rapprochement en souplesse de normes générales et de situations locales. Même si les gestionnaires de la division restauration ne connaissaient pas les notions de systèmes habilitants et de systèmes coercitifs d'Adler et Borys (1996), les auteurs ont jugé ces notions utiles à la compréhension des mécanismes complexes ayant permis de lier les contrôles de gestion à la gestion de l'exploitation, au sein de la division. En s'efforçant de comprendre et de décrire ces liens, les auteurs ont constaté que les processus de formalisation de la coercition coexistaient avec les processus de formalisation de l'habilitation.

Alors que la planification et le contrôle de nombreux aspects de la conception, du marketing, de la logistique et de la préparation des menus étaient centralisés, l'on considérait que le cadre d'exploitation effectif de chacun des restaurants aurait nécessité trop d'aménagements pour qu'il soit envisageable d'adopter une méthode préalablement planifiée, entièrement centralisée. D'un point de vue purement technique, les différents contrôles formels auxquels avaient accès les directeurs de restaurant par l'intermédiaire des systèmes de TI de la division restauration pouvaient être utilisés à l'appui des divers aspects de la gestion des restaurants. Quelques directeurs s'étaient bâti au fil de leur carrière des répertoires de tactiques et de compétences en gestion, certains plus conformes que d'autres aux objectifs de la société. La série d'ateliers sur le contrôle financier analysée par les auteurs avait pour but de tirer parti sélectivement de ces divers usages des systèmes de contrôleet de mettre en relief l'importance pour les directeurs de restaurant d'analyser et d'interpréter de manière judicieuse la façon dont les systèmes de contrôle de gestion pouvaient les soutenir dans leur travail.

La **réparation** et la **souplesse**, dans les termes d'Adler et Borys (1996), s'illustraient dans les diverses façons dont les directeurs allaient pouvoir se servir des contrôles formels pour soutenir leur travail et en améliorer la qualité, conformément à ce qu'espérait la division restauration. À un certain niveau, cet usage exigeait l'explication relativement simple des applications techniques et des applications de gestion des différents rapports et outils, ce qui favorisait la **transparence locale**. Un aspect complémentaire important des ateliers de contrôle avait trait au positionnement du rôle des directeurs de restaurant comme étant un rôle entrepreneurial, mais non un rôle d'entrepreneurs. Les animateurs des ateliers ont affirmé les droits du siège social de décider du programme stratégique. Ils ont également souligné en quoi le travail du directeur de restaurant devait s'arrimer à ce programme. Selon les termes d'Adler et Borys (1996), ils cherchaient à améliorer la **transparence globale**.

La division restauration était engagée sur la voie de la consolidation du partage du travail entre les responsables de la planification, le siège social, et les responsables de l'exécution, les restaurants. Le taux de croissance du marché ne s'élevant qu'à la moitié de celui des nouveaux arrivants, la haute direction estimait que la meilleure façon de soutenir la capacité de la division restauration de tirer parti des possibilités du marché consistait à donner aux restaurants davantage de pouvoir décisionnel au chapitre de l'exploitation. Les hauts dirigeants espéraient y parvenir sans que les directeurs de restaurant ne fragilisent la marque nationale. Pour cela, les ateliers de contrôle devaient former de manière efficace les directeurs de restaurant à l'utilisation habile des normes centrales et des contrôles formels auprès de la clientèle locale. Les systèmes habilitants ne consistaient pas essentiellement en mécanismes de décentralisation, dans la société à l'étude ; il serait plus juste de dire qu'il s'agissait d'efforts de mobilisation des connaissances et de l'expérience locales au profit des objectifs centraux.

L'analyse que font les auteurs des divers aspects habilitants et coercitifs du contrôle de gestion dans la division restauration met en relief les limites de la vision stéréotypée des systèmes de contrôle de gestion comme étant isolés de l'exploitation, sans ignorer que dans la majorité des organisations, ces systèmes sont bureaucratiques et très formalistes, et non pas, comme certains le voudraient, une source de créativité et d'innovation fonctionnelles. La notion d'habilitation est particulièrement utile dans l'élaboration des mécanismes grâce auxquels les contrôles de gestion peuvent façonner l'innovation, et non la stimuler, équilibrant les objectifs d'efficience et de souplesse.

Adler et Borys (1996) ont procédé à une analyse théorique. En choisissant d'explorer ces questions au moyen d'une analyse des données précises tirées d'une étude qualitative sur le terrain, les auteurs ont pu parvenir ici à une compréhension plus approfondie de la façon dont les notions d'habilitation et de coercition pourraient se concrétiser dans le contexte des systèmes de contrôle de gestion. Ces systèmes ont des liens plus solides et plus complexes avec les questions de hiérarchie et d'évaluation du rendement que ce n'est le cas de la technologie de la production mécanisée. Il n'est donc pas étonnant que certains aspects des contrôles habilitants dont les auteurs traitent dans leur étude paraissent plus ou moins empreints d'une « coercition » qui contraste avec les attentes découlant de la métaphore de la technologie mécanique initialement proposée par Adler et Borys (1996).

La méthode de l'habilitation en matière de contrôles formels pourrait être fort utile dans la recherche à venir sur les systèmes de contrôle de gestion, car la nature processuelle du contrôle de gestion s'est révélée, jusqu'à maintenant, difficile à saisir dans les études de contingence. L'approche contingente n'a pas produit de typologie pour les différentes utilisations des systèmes de contrôle de gestion que l'on aurait pu relier à des instruments de recherche clairs et complets qui auraient permis de classer les organisations. Dans leur étude initiale, Adler et Borys (1996) ont avancé une justification théorique des raisons pour lesquelles les quatre principes de conception devaient être reliés aux utilisations habilitantes des systèmes formels, et la recherche sur le terrain réalisée par les auteurs de la présente étude a fourni des éléments de confirmation empiriques suggérant qu'ils ont saisi certaines des principales préoccupations des gestionnaires en ce qui a trait à leurs systèmes de contrôle. Les quatre principes de conception de l'habilitation des systèmes de contrôle de gestion pourraient servir de base à un instrument de recherche dans les études de contingence permettant de classer l'utilisation des systèmes de contrôle de gestion des différentes organisations selon des techniques qui sortent des sentiers battus.

Ces principes pourraient donc constituer une variable de contingence habilitante, à peu près de la même façon que la typologie défendeur-prospecteur (Chapman, 1997, p. 189) de Miles et Snow (1978) a permis d'adapter la stratégie organisationnelle à l'approche contingente. Avant la typologie défendeur-prospecteur, la stratégie était considérée comme un aspect des organisations prépondérant mais trop complexe pour être inclus dans les études de contingence. Les observations précises de Miles et Snow (1978) sur le terrain ont inspiré une simplification radicale. Elles ont ramené l'univers des stratégies à quelques positions génériques définies par des distinctions sommaires. La stratégie pouvait faire l'objet d'une classification. Dans la présente étude, les auteurs exposent en détail leurs recherches sur le terrain relatives au rôle des systèmes de contrôle de gestion dans la gestion de l'exploitation. La structure de leurs données suggère que les quatre principes de conception de l'habilitation peuvent ouvrir de nouvelles possibilités de classification des rôles du système de contrôle de gestion dans les écrits sur la contingence.

Les auteurs sont précisément d'avis que la notion de systèmes d'habilitation présente un cadre de référence utile pour tenter de résoudre la dichotomie traditionnelle entre les contrôles mécanistes visant l'efficience et les contrôles organiques visant la souplesse. Les chercheurs qui s'intéressent à la contingence et aux études sur le terrain se sont déjà lancés sur cette piste de solution. En posant quatre principes de conception intégrée — **réparation**, **transparence interne**, **transparence globale** et **souplesse** —, la notion de contrôle habilitant offre un cadre de référence clairement défini à l'intérieur duquel les travaux à venir dans ces

deux avenues de recherche nous permettraient d'approfondir notre compréhension des diverses façons dont les systèmes de contrôle de gestion peuvent soutenir simultanément les objectifs d'efficience et de souplesse.

1. Introduction

Predominant notions of management control rely on ideas of cybernetic control and management by exception (Anthony 1965). The cybernetic model of control is widely associated with delivering efficiency in mechanistic organizations (Brownell 1987), characterized by formal rules, standardized operation procedures, and routines. In contrast, organic organizations are fluid and responsive and involve fewer rules and standardized procedures; here, organizational success has primarily been associated with flexibility and intensive, free-flowing communication (Burns and Stalker 1961). Although numerous studies have confirmed the usefulness of management control systems in mechanistic organizations, the corollary — that management control systems would prove of little benefit in organic organizations — has repeatedly been found not to hold true (Chapman 1997). One possible explanation for this may lie in the failure to control for communication-intensive, "light-handed" uses of controls. More recently, however, the debate on the appropriate controls for different organizational types shifted when the distinction between organic and mechanistic organizations was questioned.

Brown and Eisenhardt (1997), for example, found that successful innovation in organic organizations required more than the intensive communication that had been hypothesized as essential to their success. Their field studies of innovative information technology (IT) companies found that, for organic communication to be successful, it needed to be combined with more mechanistic elements of organizational structure, such as detailed project budgets. Processes of innovation were given space for creative chaos, but not to the extent that the processes fell apart. Brown and Eisenhardt concluded that organic and mechanistic organizations do not exist as pure types — and neither do their control practices. A number of management control field studies similarly suggested that, in certain contexts, management control practices can combine mechanistic and organic characteristics (Dent 1987; Simons 1990; Chapman 1998). They described situations in which controls were used to simultaneously strengthen mechanistic elements of organization and to enhance organic patterns of communication.

These various studies of simultaneous use are grounded in highly specific settings, however. This makes it difficult to draw conclusions for management control systems more generally. In order to structure the problem of simultaneous use at a more general level, we build on Adler and Borys's 1996 discussion of formal controls. Their concept of enabling controls speaks directly to the issue of simultaneous use, and their framework presents four integrated design principles that define the enabling approach.

Taking these principles in turn, *repair* as a design principle reckons with the breakdown of control processes and provides capabilities for fixing them, preferably by the users of control systems. This requires *internal transparency* (an understand-

ing of the working of local processes) and *global transparency* (an understanding of where and how these local processes fit into the organization as a whole). Finally, *flexibility*[1] refers to the organizational members' discretion over the use of control systems, to the extent that they can even turn them off.

Even though enabling systems represent a break with the traditionally asymmetrical role of management control systems as privileging only those at the top of the hierarchy with an overview of the organization, the notion of enabling control systems is not meant to reflect radical change in the nature of organizations and organizational control. It provides a framework for understanding how organizations seek to elicit flexible and local attempts to streamline and refine work processes with no necessary implications for hierarchical relationships.

In this paper we seek to demonstrate that the design principles presented by Adler and Borys 1996 are directly relevant to the study of management control systems. We do this by showing that they provide a concise and powerful way of drawing together the complex and overlapping approaches to management control that we observed in an exploratory field study. We believe that our analysis contributes to a general understanding of how organizations balance mechanistic and organic controls in the simultaneous pursuit of efficiency and flexibility. The wider aim is to add to the growing literature that identifies flexibility as one of the central objectives of management control systems (e.g., Ittner and Larker 1997; Miller and O'Leary 1997; Mouritsen 1999).

2. Management control and operational management

While much has been learned from the contingency school of accounting research, the tendency of contingency research generally to view accounting as a passive tool designed to assist managers' decision making (Chenhall 2003) has placed severe limitations on its ability to conceptualize and explain the potential of management control systems in supporting flexibility (Chapman 1997; Hartmann 2000; Chenhall 2003). However, a number of studies have begun to explore more active roles for management control systems. One example is Abernethy and Lillis 1995, who addressed integrative liaison devices, such as interdepartmental task forces, as a characteristic of management control systems designed for flexible manufacturing. This issue was further developed in Abernethy and Brownell 1999. Going a step beyond these ideas, Chenhall and Morris (1986) demonstrated that organic control structures yielded higher performance if used in conjunction with formal control structures, a result echoed in Kalagnanam and Lindsay 1999. More recently, studies are beginning to emerge that examine notions of integrated performance measurement systems that combine control with the management of strategic uncertainties (Chenhall 2002; Ittner, Larcker, and Randall 2003).

We suggest that such active roles for management control systems deserve much more attention because the practical limitations of seeking to understand issues of control simply as a technical problem, separate from organizational context, have long been clear (Argyris 1953; Ridgway 1956; Wildavsky 1964). Specifically, our study emphasizes the potential of management control systems as a tool for reinforcing hierarchically established relationships and priorities, directed toward

efficiency, while flexibly reconciling these efficiency concerns with the specific circumstances faced by junior managers.

Even though the interplay of potentially mechanistic organizational structures such as management control systems and the organic communication surrounding them has not been a sustained focus of qualitative research, a number of field studies have shed light on this issue. Various studies outlined different possibilities for the ways in which management control systems as a structural organizational element can simultaneously support flexibility and efficiency objectives (e.g., Dent 1987; Simons 1990; Chapman 1998).

Like Simons 1995, we want to develop a framework for understanding the specific ways in which management control systems may structure day-to-day operational management. Simons distinguishes between well-understood, routine issues and strategic uncertainties. Whereas routine issues would be managed through diagnostic systems based on traditional mechanistic notions of control, strategic uncertainties would be controlled interactively — for example, in face-to-face discussions between senior and operational management.

Simons's 1995 framework combines two important assumptions. The first assumption suggests that it is the nature of the communication processes surrounding a control system, and not its technical properties, that determines whether it is diagnostic or interactive. The second assumption suggests that the emergence of communication processes around management control is itself an organic process. This led Simons to cast his net wide when attempting to explain the shapes and directions that communication and control might take. According to Simons, the functioning of interactive and diagnostic controls depends on organizational belief and boundary systems. Belief and boundary systems frame possible directions for future discussions in an organization, while marking certain lines of development off-limits.

The usefulness of this framework for elaborating the functioning of management control systems in less certain situations has been shown in an emerging stream of studies (e.g., Abernethy and Brownell 1999; Davila 2000; Bisbe and Otley forthcoming). It is, however, noticeable that these studies have sought to make sense of the blending of organic and mechanistic control with reference to Simons's distinctions between interactive and diagnostic systems. None of them has worked with the concepts of belief systems and boundary systems. One possible explanation for this might be that the concepts of belief systems and boundary systems remained very general in Simons's 1995 framework. Retrospectively, there are few limitations for labeling something that affected the management control process as "belief system" or "boundary system". Simons's 1995 framework leaves the issues of how and why organizations might wish to blend mechanistic and organic control relatively unspecified.

3. Enabling design principles

Adler and Borys (1996) suggested that we distinguish between the organizational design principles of two types of formalization in bureaucracies — coercive and enabling. They developed those two types of organizational formalization in analogy

to deskilling versus usability approaches to technology design (Zuboff 1988; Adler and Winograd 1992). Coercive formalization specifies organizational rules with the aim of producing a foolproof system. It relies, for instance, on elaborate preproduction design, specifies a vast range of eventualities with which the system can deal automatically, and gives workers only limited options for action. The coercive nature of this type of formalization lies in the imposition of its logic on organizational members. Such coercive systems are analogous to traditional models of cybernetic organizational control in which the focus is on policing adherence to preplanned objectives and standards (Anthony 1965).

Enabling formalization, in contrast, designs organizational rules that reckon with the intelligence of workers so that formal procedures need not be designed to make the work process foolproof. Instead they can be designed to enable employees to deal more effectively with inevitable contingencies. Organizations attempt to design and operate formal systems that support users. In all too many organizations, management control systems have a reputation for being comprehensible and useful only to the initiated few (Johnson and Kaplan 1987). It is frequently taken for granted that they are a coercive type of formalization (Hayes and Abernathy 1980; Porter 1992). By studying how the usability of management control systems relates to the specific organizational circumstances of different case companies Dent 1987, Simons 1990, and Chapman 1998 were among those who suggested that such systems need not be coercive but may inform specific operational capabilities.

Adler and Borys's 1996 approach aids in identifying how and why management control systems might be used to support rather than constrain operational management by highlighting four system design characteristics. They suggest that the usability of formal systems can be assessed in terms of repair, internal transparency, global transparency, and flexibility. Each of these constructs will now be discussed in detail.

Repair

Repair may be a differentiated function or it may be integrated with routine operational processes. If it is a differentiated function, routine operational roles can be distinguished from nonroutine ones. For example, in many machining shops, the machine control panel may be locked shut to prevent operators from meddling with the part programs (Adler and Borys 1996). Similarly, work standards can be "shut away" — for example, in an engineering department that has little direct involvement with operations. Work standards may then remain unaffected by operational experimentation and thereby left uncoupled from the evolution of actual operational procedures (Weick 1979). The premise of the enabling logic is that operations are not totally programmable. It therefore seeks to integrate repair processes with routine operations. Workers are not only to be trusted but are also actively encouraged to discuss practical problems with organizational rules and standards, thereby contributing to their development in line with usability criteria.

Operational rules and standards are often expressed through formal control systems such as accounting. Like a locked box around a machine control panel,

accounting can act to render the underlying logic of work processes unintelligible. Translated, for example, into piece rates, standard costs, or overhead allocation rules, the underlying logic may be clear to the accounting expert but irrelevant to most employees (van der Veeken and Wouters 2002). In contrast, standard cost information broken down into its constituents for each process step could more easily be used for operational problem solving. Similarly, fixed and variable and direct and indirect cost elements can be made visible to enable operators to repair organizational processes efficiently and update the relevant accounting structures (e.g., Bhimani 2003). Otherwise, accounting may become outdated through changed work practices. Out-of-date accounting may encourage workarounds and strategic behavior because it does not meaningfully relate to operations (Kerr 2003).

Internal transparency

Internal transparency is related to repair in that it is concerned with the visibility of internal processes for organizational members. Just as equipment can manifest transparent design, so can organizational processes. Key components of processes can be highlighted and best practice routines codified. Management control processes can also be made accessible to organizational members in ways that enhance their internal transparency. For example, budgeting processes can be integrated with operational planning activities. Variances can be calculated for operationally meaningful categories. Lookup tables can give expected cost effects of certain variations of process parameters. The key to a successful design of internal transparency lies in giving layered access to information. Targeted information requests should be met without causing information overload.

Global transparency

Global transparency is concerned with the visibility of the overall context in which organizational members perform their specific duties. Budgets are the most widely used management control tool for making organizational processes globally transparent. Often, however, only senior management is deemed worthy of obtaining a financial overview of the organization as a whole. Rather than make budgets available on a strictly "need-to-know" basis, departmental budgets could also be made available for managers of other departments. Key targets of certain organizational units with wider organizational significance could be communicated more widely to ask other units to prioritize their tasks accordingly. In this way, budgets may not only enhance coordination in hierarchical relationships during the budgeting and review phases, but also enable lateral coordination during the entire budget period (Galbraith 1973).

Flexibility

Flexibility refers to the organizational members' discretion over the use of control systems. Technical developments have greatly contributed to enabling flexible management control. Personal computer applications allow ad hoc customization of routines, while enterprise resource systems allow the definition of customized

routine reporting for different recipients from the same data base (Chapman and Chua 2003). By giving users the choice of building up different aggregations of performance information, management control systems might support highly differentiated, yet interrelated, mental maps of the organization that are specific to changing circumstances. Flexibility can be further supported by organizing the management accounting function in a way that provides expert advice tailored to the organization's technical or commercial subunits rather than organizing it along the lines of functional specialization (Ahrens 2000).

Summary

Repair, internal transparency, global transparency, and flexibility are the four design characteristics of enabling formalization. By enhancing organizational members' understanding of their particular operational tasks in the context of the wider organizational objectives, enabling systems equip users to deal with emerging contingencies in ways that fit both local and central agendas. Formal control systems designed in this way can thus enable workers and operational management to pursue the objectives of efficiency and flexibility simultaneously.

4. Design and research method

In this paper we draw on an exploratory field study of a restaurant chain to develop a framework that can relate the debate around the co-presence of organic and mechanistic aspects of organization in the wider organizational literature (e.g., Brown and Eisenhardt 1997; Adler, Goldoftas, and Levine 1999) to the management control debate. This issue has been only tangentially addressed in the management control literature, but is directly relevant to the work of significant writers (e.g., Simons 1995; Kaplan, Norton, and Lowes 1996).

Research site selection

At the time of our study, Restaurant Division was one of the largest full-service chain restaurants in the United Kingdom. All restaurants were wholly owned by the company and were run by salaried managers. Restaurant Division had achieved returns on sales of about 20 percent and enjoyed substantial sales growth over a period of years. This growth had been attained partly through the acquisition of smaller chains but mainly through the addition of new units. More than 200 restaurants were organized as profit centers that reported into areas and then regions of operational management, as illustrated in Figure 1. Restaurant Division was wholly owned by and reported to a leisure group quoted on the London Stock Exchange, but it was also registered as a company with limited liability and had its own board of directors.

Restaurant Division represented a high-performing service company and this offered the potential to contribute to our understanding of the nature of management control in a number of ways. In particular, the fact that the organization operated as a chain allowed us to develop our analysis to a more general level. Operating in different local contexts, individual restaurants sought to replicate a standard service using standard systems and materials. By carrying out detailed research in a

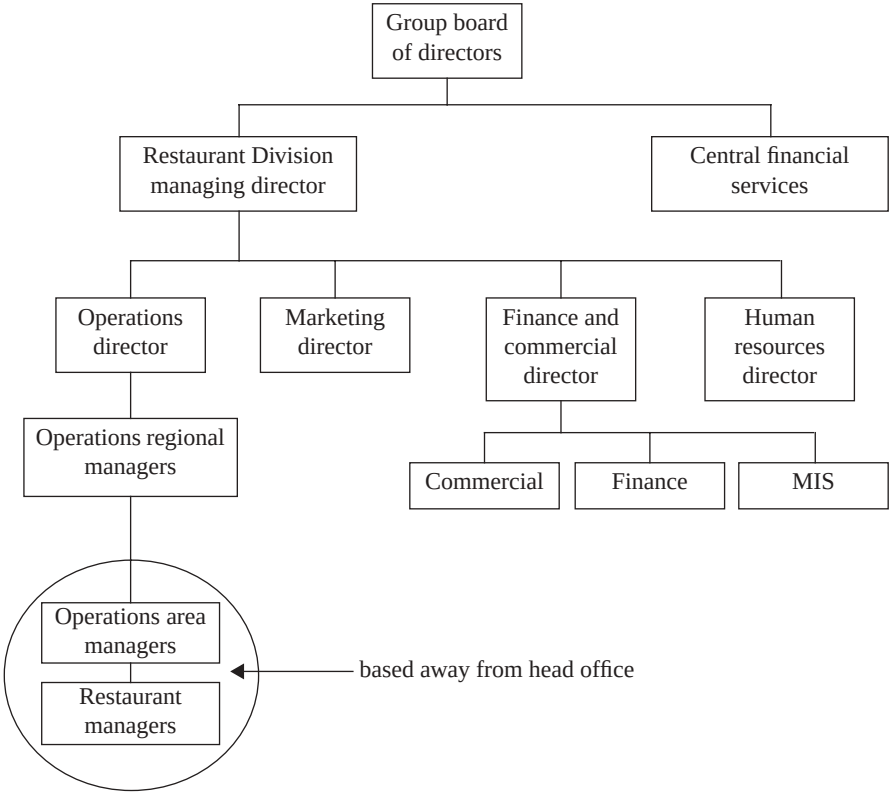
number of those restaurants, we could separate individual, idiosyncratic aspects of management control from more general principles of its operation.

Data sources

Three types of data were gathered over a period of a little over two years: interview data, archival records, and direct observations. Table 1 details what might be thought of as formal data collection. Starting from a standard definition of management control systems as "the formal, information-based routines and procedures managers use to maintain or alter patterns in organizational activities" (Simons 1995, 5), we carried out a series of semi-structured interviews aimed at building a general picture of how the interviewees, from waiters to the managing director, thought about their roles, and what part, if any, was played by formal information and control systems in supporting those roles.

On average, these interviews last about 70 minutes. Most of the interviews took place with both researchers present, were tape-recorded, and were subsequently transcribed. Where this procedure was not possible, notes were taken during the interview, and more detailed notes were written up as soon after as possible. Over

Figure 1 Restaurant Division organization chart



the course of the study, we interviewed the entire divisional board and executive committee, together with various other head office managers and staff specialists across all functions. In the operations hierarchy we interviewed both regional and area managers and restaurant managers.

The second type of data was archival. Archival data included planning, control, and financial documents; materials used in internal training; and computer data entry and reporting screens. These materials were often presented and discussed during interviews, giving interviewees the opportunity to talk us through their work. Much of this material informed a broader analysis of management control systems; however, the various reports, forms, and handouts relating to a series of restaurant manager workshops that took place during our research were directly relevant to the development of the arguments in this paper.

The third type of data was the direct observation of management meetings and actual work. We carried out such observations at head office and in restaurants, as well as at several residential training sessions. We made visits to 15 restaurants, sometimes more than once, where we either observed performance reviews between restaurant managers and their operations area manager (OAM) or interviewed restaurant managers and had shorter meetings with various assistant

TABLE 1
Information on formal fieldwork activity

Functional breakdown of interviews carried out	
Central financial services	1
Head office — Commercial	6
Head office — Finance	11
Head office — Human resources	4
Head office — Managing director	1
Head office — Marketing	5
Head office — Management information system	2
Head office — Operations	4
Operations area managers	2
Restaurant managers	9
	45
Observations and attendance at meetings	
Area business development meetings	2
Cross functional meeting to discuss the food margin	1
Eating of “control” 3-course meals by both researchers	2
Operations area manager — Restaurant manager performance reviews (held at individual restaurants)	6
Observation of kitchen operation	2
Residential control workshops	2
Various finance meetings	4
	19

managers, chefs, and wait staff. We also took the opportunity to observe restaurants (including kitchens) during their hours of operation. On two occasions, we ordered the same three-course meal to assess the standardized nature of portions and presentation.

Informally, our presence at coffee breaks and meals during and after our formal observations and interviews meant that we could listen to participants' observations of, and reactions to, the meetings themselves. On such occasions, we were also party to a rich stream of organizational gossip, jokes, and stories, which we used to test our developing understanding of the role of management control systems in Restaurant Division.

An important issue in qualitative fieldwork is knowing how much data to collect and when to exit the field (Miles and Huberman 1994). Qualitative research aims for deep contextual understanding of the kind that enables the researcher to gradually become able to predict organizational members' responses to certain issues. This is known as theoretical saturation (Glaser and Strauss 1967; Strauss and Corbin 1990; Glaser 1992). Depending on the issues being researched and the complexity of the organization being studied, saturation is achieved over varying lengths of time. We decided to terminate our fieldwork after we felt that we had developed a clear sense of the role of management control systems within Restaurant Division. Formal feedback on our understanding was provided through discussions of a report on our findings with the divisional financial controller and the divisional finance director.

Methods of data analysis

We adapted three methods of data analysis recommended by Eisenhardt 1989 to develop our understanding of the nature and role of management control systems in Restaurant Division. Although these are presented separately here for purposes of clarity, it is worth noting that the analysis of rich field data is a creative, ongoing process. Therefore, the three stages overlapped and were iterative, representing differing methods of analysis rather than entirely discrete chronological steps (see also Ahrens and Dent 1998).

First, interview transcripts and field notes were organized chronologically, and the common issues in the accounts were analyzed to understand areas of agreement and disagreement between organizational actors and groups. Findings that did not appear to fit emerging patterns identified in this process were marked for subsequent discussion as the research continued (Ahrens and Dent 1998). Archival records were used to elaborate and confirm issues that arose in interviews and observations. The second method of analysis required dissecting and reorganizing the original transcripts around emerging issues of significance to our understanding of management control systems. An example was the issue of the food gross profit margin, which surfaced in discussions as a central point of tension between head office staff and the operational hierarchy. The third method of analysis focused on examining whether our data were well described by temporal stages during which distinct understandings of management control systems might be discerned (see also Langley 1999). Our analysis of field material in relation to

the framework of Adler and Borys 1996 took place entirely after the data were collected.

5. The operating environment and performance measures in Restaurant Division

At the time of our study, Restaurant Division was a large UK-based, full-service restaurant chain. National branding and marketing was managed centrally from head office. Most significant to this was the nationwide menu that defined the specifications and price of dishes for sale in all outlets, and that, depending on the competition, changed once or twice per year. The process of developing individual restaurant budgets started with an estimation of the achievable level of sales growth based on expected covers[2] and prices from the central menu. Restaurant controllable costs were made up of two main elements: the cost of food raw materials and labor costs. Food costs were budgeted according to a target gross profit margin percentage that was agreed on between the boards of Restaurant Division and the corporate leisure group of which it was part. This percentage applied uniformly to all of Restaurant Division's outlets. The food gross profit margin was defined as sales minus cost of food used and was generally referred to as the "food margin".[3] For each new menu, the target food margin was calculated from a data base of standard ingredient costs, dish prices, and the expected sales mix. For weekly management reporting, purposes this data base was used to generate a target food margin, based on each restaurant's actual dish mix that could be compared with the actual cost of food used.[4]

Restaurants sourced all their food and drink through the centralized supply chain. Restaurant Division operated its own warehouses, but for restaurant deliveries it used the chilled and frozen food trucks operated by the corporate group. All food purchases were handled by the commercial department at divisional head office, giving Restaurant Division the benefits of bulk purchase cost savings and tight control over quality standards and specifications. Fluctuations in the price of food purchased and in the cost of warehousing and delivery to restaurants were accounted for by head office's commercial department. The weekly food margin reports for the restaurants were based on standard costs, including a delivery charge per stock unit that remained fixed for the life of a given menu. This separation of price and efficiency variances in the reporting left restaurant managers accountable only for the amount of food used. Substandard produce (with short shelf lives), improper food storage procedures, failure to adhere to preparation standards, and even theft were all possible sources of food margin deficits.

Labor, the second major element of controllable cost in restaurants, included the managers and deputy managers and the wait and kitchen staff. The exact details of staffing varied by restaurants, largely according to size. For example, smaller restaurants would not have deputy managers for both the restaurant and the bar. The budgeted labor cost was based on a straight percentage of sales revenue. This left some scope for variation according to individual manager preferences and conditions in the local labor market. In particular, securing the services of a grill chef capable of working to the required quality and at the required level of activity

represented a common source of conflict between financial and operational priorities in the restaurants.

Restaurant Division also had performance measurement systems for the areas of personnel and branding. Divisional head office devoted considerable effort to the development of human resource policies for recruitment, training, and retention of operational staff of all grades. Restaurants in which certain percentages of their staff had completed prescribed training courses became eligible for gold and silver awards. Senior operations managers visited restaurants to hold formal award ceremonies. Some of these became festive events that were videotaped by family of restaurant staff. Most restaurants displayed the awards near the reception desk, together with the professional certificates of individual staff members. The training programs were seen as an important device for fulfilling brand aspirations throughout the chain. Compliance with brand aspirations was also measured through brand audits. These audits were regularly carried out in the restaurants — for example, by "mystery diners" — as a check on service standards and adherence to dish specifications.

Restaurant managers were paid a basic salary with a bonus of up to 50 percent of total remuneration. The bonus was based on profit performance against budget and customer service. In more Taylorized, self-service chain restaurants, profit responsibility is unusual because it is felt to detract from the overriding concern for total adherence to central operational standards (Bradach 1997). Profit responsibility in Restaurant Division reflected the fact that the delivery of a mid-market restaurant meal requires a complex balancing of subjective assessments of individual customer expectations with an understanding of the operational readiness of kitchen and wait staff. Both these aspects of restaurant operation were the subjects of central performance standards. The task presented a sufficiently complex and locally diverse challenge, however, for divisional controls to leave trained restaurant managers room for thoughtful intervention rather than attempt complete standardization.

6. Tendencies toward coercive control in Restaurant Division

In this section we will present evidence of the analytical power of the concept of coercive systems (Adler and Borys 1996) in understanding management control systems in Restaurant Division. Many head office staff were concerned that management control in Restaurant Division was not tight enough. It would perhaps have been surprising in a hierarchical organization if this had not been the case; however, the ways in which this concern was introduced into conversation with us as researchers, and in forums such as cross-functional meetings called to discuss the issue of food margin control, were indicative of a coercive vision of control systems. By this we mean that head office managers felt it necessary to impose, in some detail, the logic of Restaurant Division's business model on the restaurant managers by insisting on compliance with central standards.

This coercive vision was indicated first by the largely unfounded worries of head office managers about the inability of Restaurant Division's management control systems to enforce central standards throughout the chain. A general concern among head office staff was that the reporting system was subject to manipulation by restaurant managers, allowing them to hide food margin deficits and even create

fictional surpluses: “The restaurant managers love nothing more than to rip off the company” (financial controller). Second, many head office staff assumed that restaurant managers and other restaurant staff received insufficient training in food preparation standards and the processes required for their achievement. The general feeling was that restaurant managers were not doing what they were told, and that tightening up control systems would force them to comply.

Relating to the first point, many head office staff recounted stories to us about technical loopholes in the control system that would allow restaurant managers to manipulate their restaurant food margin. A newly appointed management accountant explained her surprise at the looseness of the food margin reporting system in comparison with the financial systems in place in her old job. She had worked in a pineapple-canning factory with a reporting system that accounted for material usage to the nearest ounce. In contrast, she felt that the standard percentage wastage allowance built into target food margin calculations significantly reduced the forensic capabilities of the Restaurant Division reports. Another issue that she and others raised was the standard allowance for feeding staff who lived on the premises of some of the larger restaurants. This allowance was not based on actual food consumed by staff but was simply credited to the restaurant accounts as a standard amount per head of staff who lived on the premises. Restaurant managers could thus improve their reported margin by withholding from staff the allowed food.

Another loophole that was frequently described to us by head office staff concerned the misreporting of sales mix. That is, when a high-margin dish had been sold, it might be entered into the reporting system under a miscellaneous category with a standard margin assigned to it that was lower than that of the dish actually sold. This practice would artificially lower the target food margin of the restaurant. Another frequently discussed loophole was “manager’s stock”. This involved the temporary manipulation of reported food margin by the overreporting of closing food inventory, thereby artificially reducing reported actual food cost for the period.

Our fieldwork suggested that these alleged loopholes were not based on fact but on worries shared among the head office staff. Those worries fed on a culture of mistrust toward restaurant managers that was also expressed through coercive visions of restaurant control. For one thing, the staff food allowance only affected large restaurants. It was listed separately on the food margin report and, as such, could easily be taken into account in interpreting reported margin surpluses and deficits. With regard to “manager’s stock”, it was difficult to assess how widespread it was in practice and what the magnitude of it was. We know, however, that restaurant inventory was subject to both periodic and random audits, and a recent and high-profile dismissal of a restaurant manager for “keeping manager’s stock” indicated to us that although this problem was not without foundation in fact, it was likely to take the form of memorable exceptions to normal practice. With respect to the “miscellaneous food” loophole, subsequent investigation showed that it did not exist. Once the wait staff had entered a customer order into the system, so that the order printer in the kitchen would print out the dish ticket for the chef, the system did not allow for the ordered dish to be exchanged for a lower-margin dish later.

The mistrust of head office staff toward restaurant managers did not go unreciprocated. For their part, restaurant managers also expressed concerns about the reliability of the food margin reporting system, but from a very different perspective. Restaurant managers repeatedly told us about a particular incident in which an administrative mistake meant that a promotional offer of a free dessert was not reflected in restaurant accounts, systematically lowering reported margins for all restaurants. At other times, we were told, errors were caused by discrepancies between contracted and delivered specifications of newly introduced products. Restaurant managers frequently compared their individual restaurant margin variances to detect early signs of head office's administrative mistakes.

But restaurant managers were also concerned with the appropriateness of the dish standards themselves. Many of the restaurant managers we interviewed thought that the standard portion sizes were too small and would damage customer perceptions of value for money. Furthermore, dish specifications were criticized for the artificial environment in which they were developed. The head office test kitchen was not seen to reflect the operation of restaurant kitchens all over the country: "Three chef-ettes who take three hours to prepare a lovely meal" (Restaurant Manager #1) were compared with "real" chefs in "real" and very busy restaurant kitchens where food wastage was regarded as a fact of life: "Go in on a Saturday night and there will be chips on the floor" (Restaurant Manager #2). To many restaurant managers, the standard dish costings from the test kitchen made insufficient allowance for the simultaneous production of items in a busy restaurant.

However, just as we found head office concerns based on selective attention to memorable exceptions and unsupported rumors that reflected an understanding of management control systems as coercive, restaurant managers' concerns seemed similarly biased. While there had been exceptional administrative errors, Restaurant Division's systems were on the whole reliable. This was shown when, for a whole week, one of the restaurants manually logged all deliveries, consumption, and raw material wastage. This exercise checked whether the specifications of Restaurant Division's central management information system (MIS) made the correct allowances for dishes. They did. In relation to head office's ability to judge customer tastes, several restaurant managers told us about a particular dish that had been widely judged by restaurant managers as too small on the plate, but that had turned out to sell very well. Thus, there was considerable evidence that control systems were usually based on accurate data, and that central marketing and menu design staff had a good grasp of customer tastes and expectations.

Comments from head office staff that among restaurant managers "there is just not enough concern with specs [specifications for food preparation]" (Quality Manager) and from restaurant managers who saw their role reduced to simply carrying out detailed head office instructions were both indicative of a coercive vision of control systems. Concerns with limiting opportunism are similarly indicative of a coercive vision of management control. Head office staff thought there should be more preplanning and adherence to standards. Restaurant managers thought that there was already too much of that; they saw themselves in danger of losing their managerial prerogatives by being turned into "glove puppets".[5]

In this situation one reaction of restaurant managers was to defend their achievements through selective attention to performance measures. A common argument, for example, was that it was cash food margin, not the percentage food margin, that mattered. If the restaurant manager's local strategy was to build business by attracting new customers, why should he or she not overportion and achieve higher overall revenues and higher restaurant profits in return? Similarly, restaurant managers and their OAMs defended bad ratings from mystery diners with reference to labor cost savings. If, they reasoned, they served more customers than budgeted without hiring more labor, the service might fall short of some of the standards against which the mystery diner was asked to rate the dining experience. During the weekly business development meeting with one of his restaurant managers, this OAM made his view of the trade-off explicit: "We'd rather have weekly takings of £40,000 and three complaints than £30,000 and no complaints" (OAM #1).

In this section we have sought to demonstrate the analytical power of the concept of coercive systems. We have presented a series of excerpts from our fieldwork drawn from both head office staff and from members of the operational hierarchy. The concept of coercive systems offers a concise way of understanding the pattern of descriptions and associations relating to management control systems both within and between these two groups. Restaurant Division spent considerable effort on promoting an alternative understanding of the role of management control systems, however. Drawing on examples of existing "best practices" in restaurants and through specific aspects of a series of financial control workshops for restaurant managers, we will demonstrate the analytical power of the concept of enabling systems in the next section.

7. Enabling accounting control in Restaurant Division

We found the design principles of enabling formalization side by side with coercive visions of control, even though, in principle, any trade-offs that involved food specifications or service quality standards were unacceptable from head office's perspective. Restaurant Division's business model was built around the concept of a branded restaurant chain. It was essential that uniform dishes be served to the same exacting standards throughout the restaurant chain. However, senior head office management were unanimous that dish and service standards were not ends in themselves but means to achieving the overarching goal of customer satisfaction. Customer satisfaction was, in turn, regarded as the basis for sustained financial success. Properly prepared food and attentive service were necessary to achieve customer satisfaction, but they were not regarded as sufficient. In the words of Restaurant Division's managing director, "We do not just sell food, we sell spaces for social interaction. People don't pay £15 for a steak. They want to have a good experience, spend a nice evening" (Managing Director).

This set of relationships had important implications for the restaurant managers. Their role was not to merely stick to head office's rules but to employ the company guidelines with a view toward achieving customer satisfaction. Restaurant managers had to be able to sense what their particular clientele wanted out of their restaurant visits. They needed to educate their clientele to enjoy Restaurant Division's offerings

but also, within limits, to customize the brand formula to local expectations and opportunities. In short, they needed to flexibly respond to local circumstances without stretching the efficiency parameters built into the Restaurant Division menu and its supporting food preparation and dish specification standards.

This was the reason why the concept of repair had implicitly become the key to head office management's approach to control. Compared with a self-service restaurant such as McDonald's (Love 1987), Restaurant Division's product was too complex to work with a simple command-and-control formula. Senior managers from every function emphasized that it would be a mistake to insist that restaurant processes follow the rules to the letter. Initiatives to improve standards by prescribing, for instance, the times within which waiters should greet a new party that had been seated at a table, bring the menu, and ask if anything else can be done after the food has been served were therefore subject to the overriding concern with customer satisfaction:

> We don't want robotic waitresses. If two customers are having an animated discussion over business and they are obviously enjoying their food there is no need to interrupt them with the standard "Is everything OK?" But if you say this to the waiters they might stop asking altogether. (Managing Director)

Restaurant management in practice

The restaurant managers whom we interviewed agreed that restaurant management was first and foremost about orchestrating their staff to deliver the best possible customer service. Whether their favorite spot from which to "work the restaurant" was the reception desk, the bar, or the counter on which the chefs assembled the dishes for each table, foremost on their minds was the atmosphere in the restaurant, the "buzz". They would walk the restaurant floor, make eye contact with guests, greet some of them by name, and improve the flow of drinks and food to the tables by prompting or reassigning waiters, or sometimes serving the missing items themselves:

> I walk the business, help out at the bar. But I'm never on a rota myself. I keep an eye on the different departments. They never know which door or corridor I am coming through. I watch the grill, turn on fans, find things to do. (Restaurant Manager #3)

They would continuously reassess the readiness of kitchen and wait staff to deal with additional demands from the next bookings or from thirsty office parties that might show up unannounced.

Restaurant managers' ability to repair the various processes of customer service provision rested on preplanning as well as "keeping a finger on the pulse of the restaurant" as each session (that is, lunch or dinner shift) unfolded. What were the characteristics of the groups that had made bookings and to which tables in which rooms should they be assigned? How would large, noisy groups and family diners or couples get along? How many waiters were needed and to which tables should

they get assigned? Inexperienced waiters were given tables closer to the kitchen because these were physically less demanding. Their "yardage" would be built up over time. Restaurant managers used flexibility to employ their understanding of brand standards and the nature of their business in matching the characteristics of waiters to their perceptions of customer expectations:

> [Some guests] like that silly kind of pathetic waitress who spends more time talking to the table than bring them food. (Restaurant Manager #4)

Business customers who want to get in and out quickly might be happier with "a mechanical waitress who bangs out 45 covers in one session without any personality" (Restaurant Manager #4).

The intangible nature of restaurant managers' objectives (summed up as creating a buzz), the highly specific and constantly changing variables that they need to consider (number and composition of guests, noise level in the restaurant, current speed and quality of service delivery, experience and current use of kitchen and waiting staff, etc.), and the variety of management styles and specific courses of action open to them all pointed toward the usefulness of the enabling concept of control. They could not rely on a mechanistic command-and-control management style in the restaurant, nor could their OAMs simply prescribe the actions that restaurant managers had to take and then measure those prescriptions against actual performance. Customer satisfaction and financial performance depended on skilful organic communication in the restaurant, and this could be enhanced if the OAM adopted a supportive stance vis-à-vis the restaurant manager.

Those organic processes were informed by management control systems. Underlying the spatial and temporal planning of each session was a financial model of the food preparation and serving processes. Food and labor constituted the two biggest controllable costs for restaurant managers. The allowable food cost was determined by the standard costs of the actual dish mix. Labor costs, however, were budgeted as one block as a percentage of revenues. Restaurant managers needed to plan, control, and manage them on a session-by-session basis. To achieve targeted labor costs, restaurant managers kept large numbers of part-time staff, who incurred lower social security costs for employers, and very few full-time staff:

> [The previous manager in this restaurant] had 1 full-time [dish] washer, which is crazy, I think. What you need is a full-time chef, and 2 or 3 full-time waitresses who know what they're doing and maybe 30 flexible part-timers. (Restaurant Manager #5)

Hourly rates for part-time staff were only slightly above a living wage, which made it hard to attract and retain part-timers in the more expensive southeast of England:

> Here you have to manage each part-timer differently, as an individual. It's not like up north where you get floods of applicants if you advertise a low pay job. (Restaurant Manager #3)

In managing part-time staff it was important to offer them enough work at reasonably attractive times to keep them interested in working for Restaurant Division. At times, waiters were kept on for an additional one or two hours toward the end of a session when they were not really necessary to maintain good customer service, simply to enable them to earn more money.

On the revenue side, restaurant managers focused on their restaurant use measured in covers. Together with sales and restaurant income, covers were always discussed in the weekly business development meetings with the OAM. A skilful restaurant manager would be able to predict demand and schedule just enough waiters and chefs to serve them. As a contingency, many restaurant managers had staff living close to the restaurant on standby in case a session became busier than expected.

Their different approaches to restaurant management notwithstanding (see Ahrens and Chapman 2002 for a detailed discussion), restaurant managers used simple management control tools that enhanced the internal transparency of the business for wait staff. One of these was known as "starter bingo". Each waiter was given a bingo card that had symbols for menu items with high margins or that might increase the average spending per head. The menu items varied by restaurant but could include, for example, a prawn cocktail, a piece of cheesecake, and a glass of cognac. A waiter who managed to sell one such item would cross it out. A complete crossed-out vertical, horizontal, or diagonal row of such items would earn the waiter a bottle of wine as a reward. This scheme sought to reinforce the call to improve the "starter penetration", which was a restaurant measure that gave the percentage of customers who ordered starters or desserts.

We also observed the sales target blackboard. It was often employed toward the last days of the weekly budget period and, positioned close to the kitchen, showed the daily sales targets in chalk. The actual cumulative sales figures were updated every half hour. From this, the wait staff could see how many more sales were required to achieve the daily target. They could then work on the remaining tables during an evening to sell the required bottles of wine, desserts, coffees, or after-dinner drinks. Such blackboards made the financial implications of their sales efforts more transparent. Better able to judge the relative financial implications of any operational hiccups, the wait staff could also prioritize any repair efforts they undertook on their own initiative.

Spreading best practices through the control workshops

Restaurant Division's senior management were aware that many restaurant managers had developed their own ad hoc systems for managing their restaurants and were keen to develop and shape such activity. To this end, a series of control workshops for restaurant managers was held. Restaurant managers attended them by area, with their respective OAM. The workshops sought to spread best practices in the uses of management control systems. They presented examples of good practice, and explained to restaurant managers how existing divisional systems could be used to understand and actively manage the reconciliation of centrally determined standards and objectives with emerging local contingencies.

The workshops reviewed the various control systems at restaurant managers' disposal and explained how they functioned. They suggested regular ways of working according to daily and weekly work routines that would make use of those systems as a means of responding to a restaurant's particular circumstances, as well as emerging issues and problems. The workshops dealt mainly with the practical problems encountered by restaurant managers, seeking to frame them in the wider context of the Restaurant Division organization. They focused on using systems in ways that would allow managers' personal expertise to be brought to bear on the management of their restaurants.

On our visits to different restaurants we found that many managers did not fully understand how management control systems could help them achieve their budget targets. Like a machine control panel that was locked away to prevent operators from meddling with it, they ignored or worked around head office standards and procedures. Some even reversed the intended logic of the systems by using them as a check on the accuracy of head office administration as opposed to their own restaurant's performance. In order to enable repair, the objective of the control workshops was to clarify for managers why company standards and procedures were important for the organization as a whole, and how the systems could be put to practical use in the restaurant. The central idea was that proper procedures together with divisional accounting information gave restaurant managers better controls on their business and made them more successful because they could identify and help fix emerging problems.

Repair requires managers to analyze control processes. Analysis in turn depends on internal transparency. The workshops developed transparency in a number of ways. One was the distribution of laminated process flowcharts aimed at helping restaurant managers start from the identification of a problem, work through the various contributory factors to identify the source of the problem, and decide on appropriate steps for resolving the issue. For example, a major issue in managing the financial performance of restaurants was the management of food gross profit margin. The explanation and discussion of this issue in the workshops were supported by a flowchart that systematically laid out the different reasons for an unexpected food margin deficit, ending with "contact OAM" if all else fails. The flowcharts elaborated simple administrative issues of data entry and integrity, as well as issues involving more complex analysis of restaurant operation.

While problem-solving flowcharts are examples of supporting analytical processes by enhancing internal transparency, process tick-off sheets enable restaurant managers to relate their practical activities to an overarching routine, indicating which tasks have been completed and helping to prioritize those that are remaining. At the workshop, laminated tick-off sheets for repeated use with nonpermanent marker pens were discussed and distributed for "daily administration", "weekly administration", and "end of week paperwork".

The workshop discussions also turned to some of the ways in which restaurant management could be made more transparent for the staff who worked there — for example, by clearly communicating restaurant performance targets to them. The previously mentioned sales target blackboards were examples of a best practice.

Similarly, restaurant managers reported on how they discussed the mystery diner results with their kitchen and wait staff to improve transparency and facilitate their repair efforts. The individual waiter who achieved a good or bad result was often publicly praised or comforted and the occasion was used to point out what action could be taken to improve future mystery diner ratings.

Rather than assuming that such a communication-oriented approach to management would naturally appeal to restaurant managers, the control workshops sought to explain how the approach would fit into the overall context of Restaurant Division's business. The idea was to increase global transparency for restaurant managers by clarifying some of the processes through which their work in the restaurants related to the division as a whole and to some of the work done by head office departments. Chief among these was the potential impact of restaurant controls on divisional income. This was the first point of each workshop's agenda, sometimes presented by the finance director himself, who would join for a brief opening address. His presence involved considerable travel for him and underlined the importance of the workshops.

The workshops frequently switched between direct tests of knowledge of standard administrative procedure and discussions of the role and significance of the work involved. For example, one practical exercise required teams of restaurant managers to identify errors in a brown envelope full of end-of-week paperwork. It contained various discount vouchers, credit notes, payslips, credit card slips, invoices, etc., which restaurant managers would usually send to central financial services for bookkeeping. This exercise was followed with an appeal by the trainers to take bookkeeping seriously. This appeal was based on the fact that the central finance staff who did the bookkeeping were also a divisional resource, and their time should not be wasted by careless administration:

> Our, *your* money goes on two people to just sort out errors! Their [central finance] view is that you just put all your paper along a table, slide over with your arm, put it in the envelope, look for more paper, step on the envelope, and send it off. (Internal Audit Manager acting as a trainer)

But global transparency went beyond having the concerns of other departments in mind when doing restaurant work. It extended to direct communication with other Restaurant Division restaurants and other restaurants and leisure businesses in one's region. Communication with nongroup restaurants and leisure businesses was useful to restaurant managers and OAMs alike for putting current performance into context and guessing future trends. Among each other, Restaurant Division managers exchanged information on how to respond to changes, such as new kitchen equipment, menus, dishes, or sales promotions, and, importantly, traded staff surpluses and shortages.

The workshop trainers took pains to point out that the role of management control systems was not to replace restaurant managers' commercial expertise, but to leverage and direct it. The trainers sought to explain the flexibility of support offered by Restaurant Division's system environment as a whole. The handout

"Useful Reports and How to Access Them" distinguished some 25 reports that could be generated through Restaurant Division's two main sales and stock control systems. They ranged from league table comparisons with other restaurants in the area, to trend analyses for sales by department (restaurant, bar, fruit machines, etc.), wage trends and general labor statistics, promotions redemption, guest arrivals and departures and "guest experience times", liquor and food stock controls, and sales of individual dishes, to the "journal audit trail" that could be "used to check sales performance and as a staff surveillance tool", as the handout put it. Much emphasis was put on the restaurant managers' flexibility to use different systems according to their specific situations and purposes. Staff fraud proved to be a particularly popular topic. During the workshops, trainers and restaurant managers discussed in some detail how to detect voucher and credit card fraud by wait staff and liquor theft by bar staff.

The idea was to give management control systems a better image, to emphasize them as important and practical aspects of restaurant management. This seemed worthwhile because, for most restaurant managers, they were of secondary importance. As one of them put it, "you earn out front [with the customers]. In the back office you can only save." The trainers advocated uniformity in the approach to administration.

> When you take over a new restaurant, you don't read the menu [because it is the same as in your old restaurant], but where do you find things in the office? (OAM #2 acting as a trainer)

However, they did not expect that all managers use all the tools in the same ways. Instead, they tried to demonstrate the various ways in which management control systems could help restaurant managers to identify and resolve local problems, enhancing financial performance and customer satisfaction based on their knowledge of the specific circumstances of their restaurants.

8. Discussion and conclusions

Our study of management control systems in Restaurant Division supported Brown and Eisenhardt's 1997 argument that purely organic or mechanistic forms of organization are rarely found in practice. Specifically, we found that our case organization exhibited comprehensive mechanistic management control systems aimed at delivering standardized and demanding levels of efficiency. At the same time, these systems were linked to operational management through intensive discussion and analysis aimed at the flexible reconciliation of central standards with local contingencies. In trying to understand and describe those linkages, we found that processes of coercive formalization existed side by side with processes of enabling formalization.

As might be anticipated from the literature on agency theory, we found that the relationship between head office and most restaurant managers was frequently characterized by mistrust (Lambert 2001). Head office staff were largely concerned with limiting what they regarded as inappropriate opportunism in restaurants, focusing

on workarounds, both real and imagined. Restaurant managers for their part attacked the administrative functioning of the system and the appropriateness of the standards it contained. This image did not reflect the care with which restaurant managers sought to link operational work in restaurants with management control information. The control workshops were an attempt to draw on and spread such practices, in an attempt to engender an understanding of management control systems that encompassed both efficiency and flexibility concerns. Even though Restaurant Division managers were unaware of Adler and Borys's 1996 concepts of enabling and coercive systems, we found them helpful in making sense of the complex ways in which management controls were related to operational management within Restaurant Division.

While many aspects of food design, marketing, logistics, and preparation were centrally planned and controlled, the operation of the actual restaurants was seen to require too much fine-tuning to operational circumstances to be amenable to a totally centrally preplanned approach. From a purely technical point of view, the different formal controls that were accessible to restaurant managers through Restaurant Division's IT systems could have been used to support diverse aspects of restaurant management. Different managers had built up repertoires of management tricks and skills throughout their careers, some more closely aligned to corporate objectives than others. The purpose of the control workshops was to selectively draw on these various uses of control systems, and to emphasize the importance of careful interpretation and analysis by restaurant managers as to how management control systems could support their work.

Repair and flexibility, in Adler and Borys's 1996 terms, could be traced in the ways in which Restaurant Division hoped managers might use formal controls to support and enhance their work. At one level, such support required the relatively simple explication of the technical and managerial applications of various reports and tools, thereby enhancing local transparency. A significant complementary aspect of the control workshops revolved around positioning the role of the restaurant managers as entrepreneurial, but not as entrepreneurs. The workshop moderators asserted the rights of head office to set the strategic agenda. They also outlined how the work of the restaurant manager ought to support this agenda. In Adler and Borys's 1996 terms, they sought to enhance global transparency.

Restaurant Division was set on a path to further strengthen the division of labor between head office planning and restaurant execution. In a situation where the rate of market growth was only half that of new entrants, senior management felt that more operational decision-making power in the restaurants would best support Restaurant Division's ability to exploit market contingencies. They hoped to achieve this without having the national brand concept undermined by restaurant managers. For this, the control workshops needed to succeed in educating restaurant managers in skilfully using central standards and formal controls to work local clienteles.

Enabling systems were not mainly about decentralization in our case company then, but are better understood as attempts to mobilize local knowledge and experience in support of central objectives. The point was clearly made in the control

workshops that it was head office's prerogative to determine divisional strategy, standards, and performance targets, and that it was the role of restaurant managers to exercise their knowledge and skills to help achieve them. The workshops recognized that this was not only a challenging technical task, but also one potentially at odds with the self-identity of "entrepreneurial" restaurant managers. This realization lay behind the careful delineation of the ways in which formal systems could help to shape, but not replace, restaurant managers' entrepreneurial skills, resulting, it was hoped, in improved performance for Restaurant Division and a higher bonus for the restaurant manager.

Our analysis of the various enabling and coercive aspects of management control in Restaurant Division highlights the limitations of the stereotypical view of management control systems as divorced from operations without ignoring that, in most organizations, they are bureaucratic and highly formalized and not, as some would have it, a source of operational creativity and innovation. In particular, the concept of enabling is useful for elaborating the way in which management controls might shape, not spark, innovation, balancing objectives of efficiency and flexibility.

Adler and Borys (1996) developed their analysis theoretically. In choosing to explore those issues through an analysis of the specifics of a qualitative field study, we were able to develop a more complex understanding of how the concepts of enabling and coercion might translate into the context of management control systems. Management control systems are more strongly and complexly bound up with issues of hierarchy and performance evaluation than is machine production technology. Therefore, it is unsurprising that some aspects of enabling control discussed in our study appear quite "coercive" in a way that is at odds with expectations based on the machine technology metaphor originally presented by Adler and Borys.

The enabling approach for formal control is potentially valuable for future management control system research because the processual nature of management control has so far proved difficult to grasp in contingency studies. The contingency approach has lacked a typology of different uses of management control systems that could be related to clear and comprehensive research instruments with which to classify organizations. Adler and Borys's 1996 original paper offered a theoretical justification for why the four design principles should be related to enabling uses of formal systems, and our field research found empirical support for suggesting that they capture some of the key concerns of managers with regard to their control systems. The four design principles of enabling management control systems could serve as the basis of a contingency research instrument to classify the management control systems use of individual organizations in ways that go beyond current research.

The four enabling design principles could thus form an enabling contingency variable in much the same way as organizational strategy was rendered amenable to the contingency approach by Miles and Snow's 1978 defender/prospector typology (Chapman 1997, 189). Before the defender/prospector typology, strategy was regarded as an influential aspect of organizations, but one that was too complex to include in contingency research. Miles and Snow's detailed field observations were

suggestive of radical simplification. They reduced the universe of strategies to a few generic postures defined by broad-brush distinctions. Strategy could be classified. In this paper we present our detailed fieldwork on the role of management control systems in operational management. Our data are structured to suggest that the four design principles of enabling can open up new possibilities of classifying management control system roles in the contingency literature.

Specifically, we propose that the concept of enabling systems presents a useful framework for attempting to resolve the traditional dichotomy between mechanistic controls aimed at efficiency and organic controls aimed at flexibility. Steps have already been taken toward such a resolution in both the contingency and field study literatures. By setting out four integrated design principles — repair, internal transparency, global transparency, and flexibility — the concept of enabling control presents a clearly defined framework within which future research in both literatures might further develop our understanding of the ways in which management control systems can simultaneously support the objectives of efficiency and flexibility.

Endnotes

1. Where the word flexibility appears in italics, we are referring to the specific meaning of the term defined by Adler and Borys 1996 rather than its general meaning.
2. "Cover" is a standard restaurant industry term denoting a single customer.
3. The food margin was calculated as a cash figure and as a percentage of sales. The formula for calculating the food margin percentage for a single dish was [1 – (material cost of dish/price of dish)].
4. Calculated as opening inventory plus deliveries received minus closing inventory.
5. A puppet controlled by a person wearing it like a glove. Sometimes known as a hand or finger puppet.

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