An alternate management control framework:

The viable system model (VSM)

Winnie O’Grady
PhD Candidate
University of Auckland

Supervised by: Paul Rouse & Cathy Gunn

A paper submitted to the
Auckland Regional Accounting Conference
November 2009
1.0 Introduction

The study of management control systems (MCS) is made more challenging by the absence of a clear specification of what a control system actually is. Frameworks of management control found in the accounting literature seek to address this issue. These include the performance measurement framework (Otley, 1999), the revised performance management framework (Ferreira and Otley), Simons levers of control framework (2000), and management control systems as packages of control (Malmi and Brown, 2008). While these accounting based frameworks are useful, they are not without their weaknesses. Two key oversights in existing management control frameworks are their failure to address multiple organizational levels and channels of communication (Hartmann & Vassen, 2003; Rikhardsson et.al., 2005). These elements are however included in control frameworks found outside the accounting domain.

The viable system model (Beer, 1994) and the model of systemic control (Schwaninger, 20??) are alternate frameworks of management control. There are strong similarities between these and the accounting based frameworks, particularly between the viable system model (VSM) and the levers of control (LOC) framework. A comparison of these two frameworks suggests that the VSM provides a more detailed depiction of the levers of control framework. It encompasses Simons’ four control system components and explicitly considers the communication channels between components and multiple organizational levels (O’Grady, Rouse and Gunn, 2009). This suggests that the VSM may be an appropriate framework to apply to investigations of management control systems. It may also be a more appropriate framework than the levers of control for investigating controls associated with strategic uncertainties and emergent strategy.

The search for and identification of emergent strategy depends on the presence of two way channels of communication that operate across organizational levels (Simons, 2000). It is through these channels that upper management learns of the experimentation and strategic actions introduced at lower levels and draws this information and learning upward, from the bottom to the top of the organization (Simons, 2000). The VSM, which explains how the communication channels and control system operate over multiple levels, may be more appropriate for investigating controls systems situations of emerging strategy.

This paper describes an application of the VSM to an investigation of the management control systems associated with the University’s emerging e-learning strategy. The e-learning
strategy has been developing since at least 2004, when an initial e-learning strategy was proposed but not adopted, through both top down and bottom up efforts. There have been ongoing deliberations at the senior management level about an appropriate direction for e-learning activity, a slowly developing plan for its implementation, and ongoing development of support structures and processes. Over this same period, academics have been quicker to investigate and adopt e-learning practices, despite often remaining unaware of the discussion and support occurring at the senior management level. Some individuals within the University believe that the e-learning efforts are not well coordinated across organizational levels, are not being driven, and lack focus and direction. These are all issues that suggest weaknesses in the management control system for e-learning.

A case study approach was used to investigate the e-learning control system within the University. Key roles relevant to e-learning were identified through organizational documents and discussion with knowledgeable informants. Data on the e-learning control system were collected through semi-structured interviews with these individuals, and from organizational documents. This paper presents the VSM for a single organizational level to test whether the VSM is an appropriate framework to guide studies of management control systems and to model how it can be applied. The data used to develop the model presented in this paper were collected from interviews with Heads of seven Departments¹ in one Faculty of the University. The VSM depicts e-learning control system at the departmental level.

The paper is organized as follows. The first section briefly describes the VSM and indicates its similarities with the levers of control framework. The following section illustrates the process for developing a VSM and presents a departmental level VSM for the control system associated with e-learning. The final section assesses the contribution of the VSM to research in management control systems.

2.0 An alternate management control framework: the Viable System Model (VSM)

The viable system model (VSM) depicts an organization’s control system. It provides a similar but more detailed view of control than do the accounting-based frameworks. The VSM identifies five necessary and sufficient functions that are performed by a system and specifies the nature of the feedback and communication channels that link them. Beer (1994)

¹ There are a total of 9 interviews. When HODs changed over the course of the research project both were included interviewed.
refers to the five components as systems 1 to 5 or labels them as operations (system 1), coordination (system 2), control (system 3), audit (system 3*), intelligence (system 4) and policy (system 5).

Schwaninger (2000) has adapted the VSM for use in the management arena, organizing the VSM components into three groups to reflect three logical management perspectives, namely operational management (equivalent to systems 1, 2, 3 and 3*), strategic management (system 4), and normative management (system 5). The terms operational and strategic management are familiar to management accountants and need no elaboration. Normative management encompasses the development and maintenance of corporate identity, and includes development of the mission, vision, and values of the organization. These management perspectives are intuitively appealing from a management accounting viewpoint as they are familiar and easily understood. They clearly distinguish between the management of day to day operations, future planning activities and “branding” efforts to maintain organizational identity and values. Accordingly, the labels operational, strategic and normative management will be adopted in the following discussion.

The VSM is commonly presented as a comprehensive diagram. The model shown in Figure 1 depicts the five functions and communication links required to maintain a system’s viability (Leonard & Bradshaw, 1993), that is, its ability to respond appropriately to threats and opportunities in its environments, even if the changes were not foreseen at the time the system was designed (Jackson, 1991). The large circular shaded area represents operational management, which manages the collection of primary activities, shown enclosed in smaller ellipse. The lines in the diagram represent the feedback and communication channels between functions and between the system and its environment (Jackson, 1991). This prescribed pattern for communications allows the right type of information to be transmitted in the correct format to the location where it is needed, and indicates how the system interacts with and responds to changes in its environment.
Operational management focuses on the “inside and now” of the organization and works to maintain the stability of operations. Operational control addresses the efficient execution, coordination and control of the operational (or primary) activities performed in the group of operational units. It is responsible for allocating resources to support the day to day work of the organization (system 1); prescribing routines, policies and standard operating procedures to minimize friction between operational units and to coordinate their activities (system 2); creating roles, processes and procedures to develop synergy and promote efficiency over and above that which is possible by an individual operating unit acting on its own (system 3); monitoring and auditing information supplied by the operational units and investigating deviations from expected performance targets (system 3*). In summary, operational management allocates resources, optimizes performance, implements policies, monitors routine performance via performance indicators and investigates non-routine events which influence the attainment of short term performance targets. Simons (2000) diagnostic control systems contribute to operational management.

Strategic and normative management are future oriented and externally focused. Strategic management (system 4) adopts an “outside and then” perspective that looks at the bigger picture and longer term. It is the intelligence gathering function. It collects and analyzes
information about changing conditions from internal and external sources and assesses its impact on organizational strategy. It identifies opportunities and threats and ensures that the system can survive in a changing environment; it uses benchmarks to assess organizational performance relative to competitors; and it develops strategic options.

Strategic management acts as an information clearing house for operational units. It has been described as “an interactive assemblage of managers” (from Beer, reported in Jackson, (1991)) evoking images of intensive management debate and discussion. The strategic management function receives and aggregates information from multiple operational units and redistributes it back to them when immediate action is required. Strategic management also liaises between operational and normative management. It shields the normative function from information irrelevant to major strategic decisions by filtering and aggregating information received from operational management (Jackson, 1991). Simons (2000) interactive controls contribute to the strategic management function.

Normative management (system 5) develops the organization’s overall vision and strategy and establishes its ground rules. It selects the organization’s strategic direction from those recommended to it by strategic management. It develops policies, establishes values and objectives, provides the means of enforcing the rules, changes organizational structure as required, and monitors the tension between the demands of current operations (operational management) and future preparedness (strategic management), and determines when and how to shift the balance from one to the other. Simons (2000) belief and boundary systems contribute to normative management.

The lines in the diagram represent channels of communication. In the VSM there are four types of communication channels each involved in a different form of communication. These are the special communication channel, the routine channel, the management channel, and the channel between the operational elements. Communication channels not specified in the levers of control framework.

The VSM is recursive, meaning that the basic pattern is repeated multiple times – think of a set of Russian dolls. Each model is embedded in a higher-level system and can be
decomposed to reveal the lower level systems embedded in it. Consequently, operational, strategic and normative management issues are addressed at multiple levels (Schwaninger, 2001) with each level framing the issues of concern in terms that are appropriate to that level. To enable each level to contribute to the overall unified system of control, there are structures and mechanisms that maintain the coherence among the parts. This is different from the levers of control framework which focuses on the control systems in place at the top management level only, ignoring how control operates at other levels. A matching of the key components of the viable system model and the levers of control framework is presented in Table 1.

<table>
<thead>
<tr>
<th>Viable System Model</th>
<th>Levers of Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normative Management: (System 5)</td>
<td>Belief &amp; Boundary Systems</td>
</tr>
<tr>
<td>Strategic Management: (System 4)</td>
<td>Interactive Systems</td>
</tr>
<tr>
<td>Operational Management (Systems: 3, 3*, 2, 1)</td>
<td>Diagnostic Systems</td>
</tr>
<tr>
<td>Communication Channels</td>
<td>Not addressed</td>
</tr>
<tr>
<td>Multiple organizational levels</td>
<td>Single organizational level</td>
</tr>
<tr>
<td>Relevant environments</td>
<td>Not addressed</td>
</tr>
</tbody>
</table>

**Table 1 Comparing VSM with LOC**

The similarities between the VSM and levers of control are apparent. The VSM however provides more detail on the components and operation of control systems. It provides greater insights about what is involved in operational management and suggests further issues to investigate than those suggested by Simons’ framework. The VSM contributes insights - gained from applications of the VSM in diverse settings - into common weaknesses in control systems. The VSM provides a different lens through which to see the system of management control.

A broad interpretation of control is adopted in this study. Control encompasses the formal and informal mechanisms that management and other organizational participants can draw on to influence behaviour towards organizational objectives. This includes the communication of information to influence and bring about changes that favour the achievement of organizational goals (Espejo & Harndon, 1989, p.55).
3.0 A VSM view of the control system for e-learning

Identifying a system’s purpose is the first step in developing a VSM. Purpose is attributed to a system by its observers and alternate but equally valid purposes may be proposed by different observers. A system’s purpose determines its primary activities, which are not necessarily those reflected in the organizational chart (Brocklesby, Cummings & Davies, 1995). The purposes attributed to Universities for this research are the creation and dissemination of knowledge (see Figure 3).

The primary activities associated with knowledge dissemination include teaching, publications, conferences and seminars. Primary teaching activities can be further disaggregated into discrete activities including e-learning, as indicated in Figure 2^2.

Primary activities “are the ‘objects’ of management control” and it is these activities that the organization’s control systems need to address (Espejo & Harnden, 1989; pp. 90-91). It is expected that within the University, operational, strategic and normative management control functions exist for each primary activity at the University, Faculty and Departmental levels.

---

2 While e-learning is shown as a separate activity it can also be a component of lectures, tutorials and assessments
The research addresses only the control systems relevant to e-learning and this paper reports only the Departmental level of the model.

Current operational management controls are implicated in whether emerging strategies are identified. Operational management puts controls in place to keep the organization on track in implementing the existing strategy. It is within the constraints of existing controls and communication patterns that new patterns of activity (strategy as practice) arise. While ‘space’ must be found within existing control structures to allow these new patterns to emerge, the existing systems are not geared towards identifying them. As new practices gain traction, tensions build between the existing control, coordination and monitoring mechanisms and the changes that must be introduced to support a new strategic direction. How this tension within the control system is managed influences the success or otherwise of emergent strategies.

3.1 Operational Management

This analysis focuses on the controls around e-learning at the departmental level. Operational management is concerned with managing the e-learning occurring across groups of courses rather than in individual courses. Its aim is to provide support and direction to academics without interfering in their day to day teaching activities. Operational management is the responsibility of Heads of Department (HOD) who may co-opt academic staff to assist with particular management functions. These will be referred to collectively as the departmental management team. The key functions expected of operational management are operational control, coordination and monitoring. Operational control includes allocating resources, establishing accountabilities, developing cohesion and synergy, and implementing required regulations. HODs and their management teams rely on formal and informal roles, structures, and procedures, including appropriate information and communication processes, to accomplish these tasks.

3.1.1 Operational control

Operational control concerns the allocation of resources to ensure courses are appropriately staffed and clarification of accountabilities. E-learning approaches have implications for both resourcing and accountability requirements.
Resource allocation involves negotiations between HODs and academics about course requirements. The impact of e-learning on resourcing requirements will need to be considered. In the short term, the extent to which departments can find additional support for e-learning is constrained by their existing budgets. Funds may be found in discretionary spending allocations but will more likely require a reallocation of previously committed resources to e-learning. This may alter the traditional resourcing pattern, for example by reducing expenditure from tutors and into e-learning resources. Alternately, e-learning may simply require additional resources. The following quotes indicate that HODs find it difficult to find additional resources for e-learning within their existing budgets or are reallocating resources from one use to another.

“I don’t really have a budget for teaching technologies” (Interviewee 8)

”there’s a need for more support. I know there are things like teaching grants...but...there wasn’t really that much. There was a degree of time needed to develop it. You can’t really apply for funding for time, and that’s mainly what it is you need...there’s no point applying for funding, because it’s not really money I need, it’s time” (Interviewee 6)

“[when we research] we don’t automatically think we’re going to get a grant...the same mentality goes for our teaching. We always expect to have to do it out of our own resources” (Interviewee 5)

“it was going to cost us ten thousand...we can’t afford ten thousand per course...if you’re going put some of these things into play, who’s going pay for it?...if any of my staff came and said ..I really want to incorporate it in my course ...I’d be going out there trying to help them get research grants” (Interviewee 7)

“resourcing to my mind is when you have some ‘body’ who is trained in these technologies, who will take your data and do something with it to make it applicable for these technologies, and will then support you...throughout the process...in perpetuity”. (Interviewee 3)

“We introduced a new thing this year (called virtual labs). It’s not our standard practice or anything, but in the past we’ve had 2 tutors in the labs, now it’s more of a self learning type approach... It’s just an experiment to see how it goes.”(Interviewee 8)

Beyond departmental budgets, there are additional sources of funding for e-learning including the University’s Teaching Improvement Grants and the Vice Chancellors Strategic Development Fund. However, not all HODs are aware of these funds and others perceive them to be difficult to access.

“To actually write a long application to tell them exactly why I want it and the pedagogy and all that kind of stuff, it’s too hard” (Interviewee 7).
Accountability for teaching is maintained through course evaluations and course pass rates, with course evaluations more influential for decisions about e-learning. E-learning approaches may positively or negatively influence course ratings. A positive impact on course evaluations may reflect students’ appreciation of e-learning approaches that are entertaining rather than educational.

“we have to improve our student evaluations, which I don’t like. It could be because it’s too easy or more entertaining” (Interviewee 7).

E-learning approaches may reduce course rating, as for example, when students disagree with how technology is used or expect e-learning approaches to be used when they are not. A negative impact is of particular concern to academics as evaluations are considered for annual performance reviews (APR) and promotion and continuation decisions. Consequently, academics carefully assess the risk posed by introducing e-learning.

“In our first staff student meeting with our first years, the first thing they said was “Why aren’t you videoing the lectures?” I can guarantee that our first year lecturer’s evaluations will actually have gone down because of that” (Interviewee 7).

“...there’s always a risk that new technology is not going to work properly. That’s why the testing’s important... it would be ... if they did the thorough testing beforehand. The problem is in reality it’s not possible to do that... So you’re stuck in a sort of catch 22 situation - with getting poor evaluations if you decide to experiment” (Interviewee 8).

“I think people only implement those new things if they think it’s not going to seriously undermine their evaluation.” (Interviewee 1)

Another responsibility of operational control is developing synergy. This entails introducing changes that will bring benefits to the wider group. The means for developing synergy may involve shifting resources from existing operational activities to new ones, devising more useful performance measures or providing information about new methods, with the last of these options viewed as the most effective (Christopher, 2007).

Departments vary in the extent of their formalized attempts to develop synergy around best practices in e-learning. In some departments, e-learning approaches are treated as individualized efforts belonging in particular courses and not readily adopted in other courses. Academics are left to share information about their e-learning efforts on an ad hoc basis. Other departments more actively discuss teaching innovations, and encourage dissemination of these practices.
“We like to get people interested in learning from those staff members through mentoring and things like that. Diffusion of good practice within the department is something I think all HODs are concerned to do” (Interviewee 1)

“we have these little showcase-y type things...It is really a show and tell; not a process of telling them, so much as showing them. Seeing how others were using [it] was the best way to learn. So that philosophy of sharing practice is there” (Interviewee 2).

“When they were trying [X] they reported back several times at the department meeting about how it was going” (Interviewee 6)

The provision of shared services is another responsibility of operational control. These services provide benefits to groups of rather than individual courses. They may support the adoption of best practice in e-learning and contribute to the consistency of e-learning approaches. One shared service is departmental CSL\textsuperscript{3} help which supports academics in their use of the learning management system. Similarly, information on e-learning developed by Departmental Teaching and Learning Committees (or Teaching and Learning Technology Committees) and e-learning champions is a resource available for the benefit of all courses.

Operational control is responsible for implementing directives from higher levels. This involves making sure primary activities are aware of the directives and establishing routines to coordinate and monitor their implementation. One such directive successfully implemented at the departmental level is the requirement to use the learning management system to upload final grades. A directive facing some resistance is the Faculty’s decision to record all lectures for core first year papers. Implementation of this initiative is not being handled at the departmental level. Its resourcing, coordination and monitoring, including dissemination of information about it, are being handled at the Faculty level.

Directives present particular challenges in terms of control systems because they reduce the autonomy of academics. According to the VSM, directives should only be introduced in the interests of developing synergy amongst courses and after open discussion with the courses affected. Otherwise, directives are likely to be interpreted as ‘interference’ by individual course lecturers and will be resisted. The consultation phase seems to have been overlooked in the case of the lecture recording decision, and the concerns of academics remain unaddressed. Consequently there is some non-conformance with and opposition to the directive.

\textsuperscript{3} Computer Supported Learning – an acronym for the in-house learning management system
“one or two lecturers have been ...upset..that it seems to be assumed that their consent would be given...there was, perhaps, a step missed out in actually getting people to buy into that. And I don’t know...what consultation was done...to get people engaged” (Interviewee 1)

“...we’ve been a little bit reluctant to do ...the videoing of lectures. We have a problem with that....we just have these concerns...form the individual lecturers and just generally” (Interviewee 7)

“our stage 1 course is one of the ones that is recorded, I know the people teaching it weren’t very happy about it” (Interviewee 6)

3.1.2 Co-ordination

A second key task for operational control is to coordinate the teaching efforts across departmental courses. Coordination systems are administrative and exist to make things run smoothly. They provide services to primary activities including procedures to coordinate demands on common services and ensure consistency and efficiency of activities (Leonard, 2007). In terms of e-learning, these systems foster the dissemination of e-learning practices, promote consistency in the way e-learning is delivered, and anticipate and minimize the repercussions of e-learning decisions made in individual courses.

Coordination is partially achieved through consistent application of policies and directives. While there are few policies or guidelines dedicated to e-learning specifically, official organizational documents do refer to e-learning. More specifically, e-learning is referred to in the University’s Strategic Plan and teaching guidelines. For example, academics are expected to “identify and create interactive environments using teaching and learning technologies appropriate to the context and learning outcomes” (UOA, Guidelines for Effective Teaching, April 2009, p.3). HODs however are only vaguely aware of the e-learning references within these documents and do not specifically set out to identify and stimulate e-learning opportunities on a department wide basis. One consequence of perceiving e-learning to be an individual rather than a departmental concern is the under development of formal mechanisms to coordinate e-learning activity across groups of courses.

Coordination systems play a role in disseminating technologies and methods currently used by one activity that might be equally well applied in other activities (Christopher, 2007, p.49) and in preventing people from reinventing the wheel (Leonard, 2007). This suggests that
coordination systems facilitate the spread of best practice and the sharing of relevant information. Departments use a variety of formal and informal systems to achieve these purposes.

Formal systems that are available to share information and shape e-learning activities include report backs and discussions during departmental meetings. In some departments report backs on e-learning developments are a standing agenda item, although sharing this information does not necessarily lead to wider e-learning adoption. Other formal influences on e-learning practice include departmental routines and procedures. The procedures for uploading final grades through CSL ensure a consistent approach for reporting practices.

HODs have indicated that the formal systems for coordinating and communicating e-learning efforts could be improved. A key coordination system that would be required if staff e-learning specialists were made available would be system to fairly allocate their time between courses and academics and provide on-going support of e-learning efforts.

Much of the coordination around e-learning is informal. For example, there is no formal system, such as a booking or scheduling system, to coordinate use of the shared departmental CSL support. Academics obtain the support they require on an ad hoc basis. In times of peak activity, such as at the end of term when results are uploaded, conflicts that arise are mainly solved through discussion between academics and mutual agreement on priorities.

Informal coordinating mechanisms are also relied on to develop consistency of e-learning practices within departments. Academics’ e-learning practice can be influenced by personal networks, departmental expectations and the example of peers. For example, academics make digital versions of lecture notes and course marks available on the student management system, experiment with technology, and adopt best practice around e-learning when departments establish expected that they will do so. However, there are few clear departmental expectations of e-learning use, beyond the reporting of grades at year end.

“you want to respect the diversity and allow people to do what they have always done but ...what minimal things should all lecturers be doing?” (Interviewee 2)
3.1.3 Monitoring

While there are monitoring mechanisms in place for teaching in general, none are specifically for e-learning. Teaching performance is monitored through student course evaluations at the end of the course, and through the Student-Staff Consultative Committee meetings during the semester. Course evaluation forms now include a generic question\(^4\) on the use of e-learning technology. This is however simply one of a number of teaching related questions and unlikely to influence e-learning behaviour. The diversity of e-learning approaches is filtered out by the design of the course evaluation form.

“I think [including a technology question on] the assessment form is probably not going to drive the way people use technologies in classrooms” (Interviewee 1).

The Student Staff Consultative Committee (SSCC) can address a greater range of teaching related issues, including e-learning. In one SSCC meeting students questioned why lecture recordings were available only for selected courses and asked that all courses adopt this practice.

Through the Annual Performance Review (APR) process academics report their innovations in teaching, including adoption of e-learning practices. HODs encourage staff to complete this section in detail, recognizing that the information here influences promotion and continuation decisions. However, the e-learning data is used only for these purposes; it is not aggregated and reviewed to assess departmental e-learning capabilities and strengths.

“there would be a reluctance to make ... that APR information available to anyone who wanted it, because of confidentiality”(Interviewee 1).

The controls relevant to operational management of e-learning, as discussed in this section, are presented in a partial VSM diagram, and shown below in Figure 3.

\(^4\) Additional questions on e-learning can be included in the course evaluation form if academics request them.
3.2 Strategic Management

The strategic management function represents the organization’s “whole apparatus for adaption” (Beer, 1995; p. 235). It develops plans for the future and ensures the organization can adapt in line with those plans. Its role is to monitor the environment to identify changes (opportunities and threats) to which an organizational response is required, and to gather information from operational management about current organizational capabilities (strengths and weaknesses). This information is used to evaluate and recommend possible future courses of action.
Strategic management should consider inputs from a wide range of participants, each of whom provides their own perspective on the strategic alternatives under consideration. This process requires extensive interactions between strategic and operational management to fully appreciate the various perspectives on anticipated strategic change before devising recommended plan(s) of action. It is the responsibility of strategic management to consider as wide a range of views as possible in order to develop well considered strategic alternatives.

There is some variation between departments in the extent to which they recognize and discuss e-learning as a strategic issue. However, the general impression is that they are not yet addressing the strategic implications of e-learning. Existing discussions focus mainly on how e-learning is applied by individuals in specific courses. Discussions about how e-learning could be more widely used within the Department, which direction departments should take for e-learning, and the resourcing implications and staff training requirements associated with greater uptake of e-learning appear to be lacking.

HODs are not yet engaging with the University’s e-learning strategy. This could be used to encourage discussions about strategic changes required in the department as a consequence of this e-learning approach. As one HOD noted, the strategy is not “filtered through and delivered to lecturers and coming through departments...HODs have to be on board before the strategies become implemented” (Interviewee 2). It is not surprising that e-learning is not yet a topic of discussion for strategic management.

Departmental retreats and planning days provide opportunities for the departments to discuss the strategic implications of e-learning. However, there evidence does not suggest that this happens. No HOD mentioned that discussions of the e-learning strategy or alternate e-learning approaches or presentations from knowledgeable speakers about e-learning issues were included as part of the planning days. There is evidence though that some HODs have delegated responsibility for investigating the strategic implications of e-learning to departmental e-learning champions or committees, although this approach is not always successful.

“I decided to pull that out... and give it to a sub-committee ...I hold them accountable by making them report at departmental meetings what their progress is...I guess we really haven’t made as much progress as I would have liked to have” (Interviewee 4).

“We want the Teaching and Learning Committee to monitor what other Business Schools and departments are doing and to come up with ideas about what approaches will be worth investigating to support strategic objective (Interviewee 4)
“...it’s something our Teaching and Learning Committee might consider. The person who’s Chairing the Teaching and Learning Committee has been to a few talks” (Interviewee 6)

“...we already have [a] champion of this area, I figure that the best thing I can do is to let him run with it and support what he does. I don't think I need to take the lead on everything” (Interviewee 8).

Despite some pro-activity, the overall impression is that the implications of e-learning at the departmental level not being anticipated and planned for. HODs are responsive to student requests for more e-learning but are not driving it forward or actively developing departmental plans for e-learning. One explanation given for this reactive approach at the departmental level is that the speed of departmental change must match that of the Faculty and University.

“...in a sense you have to go at the pace of the Business School and the University unless you want to create a lot of friction” (Interviewee 1). Accordingly, some HODs are adopting a wait and see attitude and will develop a departmental response that fits in with the Faculty and University approach. “...we have new systems being introduced, and we have expertise around them that I will draw on at the appropriate moment” (Interviewee 1).

A second aspect of strategic management is benchmarking. All departments appear to be paying attention to what is happening in similar departments in other universities, and what is expected of them by external stakeholders. A variety of internal and external sources provide information to HODs about e-learning developments and expectations. Internally, HODs receive information from their departmental Teaching and Learning Committee and Advisory Boards, e-learning champions, and representatives sitting on various University committees, personal networks and the Heads of Department Forum. External sources of information include conference attendance, external advisory boards, and educational presentations hosted by professional bodies. Despite these extensive sources, it does not seem that the information is being considered strategically. The balance between strategic development and operational control appears to be tipped towards maintenance of the status quo.

Although HODs are aware that changes are taking place around e-learning this information is not being recognised as a signal for wide spread change in departmental teaching practices. Figure 4 indicates where this tension between stability and change arises. This is where management, and researchers in management control, should focus their attention to understand the relative strength of each of these processes.
3.3 Normative Management

The key roles for normative management include establishing the image and identity of the system including its vision and mission, representing the system to those outside of it, facilitating and monitoring the debate between operational and strategic management, selecting between alternative strategic directions as recommended by strategic management, and establishing the policies and other ground rules for the system as a whole, including its belief and boundary systems.

Normative management focuses attention on establish the system’s identity and signalling what is important. HODs influence how the department is perceived and the values adopted by its members. Although organizational documents and members of the senior management team suggest that research and teaching are of equal importance, this view is not shared at the academic or departmental level. One HOD, commenting on a staff member’s minimal input to teaching development, noted that their “focus is on research and not on teaching. There is no reason why a professor would not have a genuine interest in teaching. They are the academic leaders” (Interviewee 4). This privileging of research over teaching is
acknowledged by other HODs and may limit the extent to which academics engage with e-learning.

“Most highly respected academics get there by having the most highly respected research, not teaching innovations” (Interviewee 5).

“I see myself as a researcher first, and a teacher second. My focus is always more on the research than the teaching” (Interviewee 8)

“I think we’ve got to have a bit of a culture change in terms of people wanting to try different things in their teaching... I think to be strong in teaching these days you need to be using the best teaching techniques that are available” (Interviewee 6)

There is only one ‘department’ that has a formalized mission and vision statements that clearly specifies that innovation is encouraged in teaching and learning.

“The mission of the BBIM [is] to be recognised as a centre of innovation and integration in teaching and learning”. (BBIM Gold Book, 2008)

For those academics choosing to develop e-learning approaches, despite the prioritization of research over teaching, there are very few boundaries in place. Those that are aim chiefly to ensure that the developments fit with the University and Faculty views of appropriate how teaching practice.

“I can’t off the top of my head think of something that people might do that isn’t acceptable...it’s a good idea for people to try things, but be open to the fact that they may not work (Interviewee 6).

“you certainly don’t want people going completely out in left field either. Enthusiastic lecturers have to be controlled in a sense as well...you don’t want to suddenly become a YouTube – a University completely concentrating on entertainment technology” (Interviewee 2).

In addition to establishing the mission, vision, belief and boundary for departmental activity, normative management’s role is to select one strategic direction from amongst the alternatives (Espejo & Harnden, 1989; p. 86). As discussed in the section on strategic management, departments are not developing strategic alternatives for e-learning and therefore normative management cannot perform this role. In the absence of a departmental commitment to e-learning no changes are made to existing strategic direction, policies or
resourcing patterns. The VSM depicting operational, strategic and normative management is shown in Figure 5 below.
4.0 Insights from applying the VSM to a study of management control

This paper has explored whether the VSM provides a suitable lens through which to view management control systems. The model shares many similarities with the accounting based levers of control framework, and also provides additional details of the design of control systems. Communication channels and organizational levels are components of control systems addressed in the VSM but not in the levers of control framework (nor in this particular paper).

The VSM provides a succinct, diagrammatic depiction of an MCS, which can be supplemented by an accompanying narrative. Specific details of the system under study are used to flesh out the skeleton framework provided by the VSM. This visual presentation provides a snapshot of the mechanisms in place and allows readers to quickly appreciate the essential details of the control system. The ability to “show” what the control system looks like is missing from the accounting control literature. While not undertaken in this paper, each level of analysis can be integrated with that of the adjoining level to provide an integrated view of control across organizational levels.

The paper also models the process for applying the VSM in management control research. Once the purpose of the system is established, the researcher identifies the control mechanisms in place to support operational, strategic and normative management. The process of considering which controls are relevant and their role and placement within the overall control system contributes to a deeper understanding of the system. Often, controls functions that are missing in one level are handled at another level, such as the example of Faculty controls over recording lectures at the departmental level. Control is compromised whenever control systems within a single level are incomplete.

The VSM has been shown capable of addressing both formal and informal controls. Investigating how particular functions, such as coordination or strategic planning, are handled may reveal that a reliance on informal mechanisms such as peer pressure or expectations.

Adopting a VSM perspective also broadens the user’s perspective about what to investigate in research in management control. The belief and boundary systems included in the levers of control partially cover the normative management role. The VSM includes responsibility for selecting between alternate strategic alternatives and for structuring and monitoring the interactions between operational and strategic management as valid control functions of
normative management. The VSM identifies a range of control functions that must be performed for operational management, extending the levers of control framework focus on diagnostic controls. The VSM includes, in addition to operational control systems (diagnostic controls), coordination and monitoring systems as required components of control. Additional insights into management control can be gained by identifying the mechanisms that perform these functions.

Finally, the VSM takes a slightly different stance on interactive controls. Some of Simons’ explanations of interactive systems suggest an intermittent, sporadic type of functioning for these systems and their mobilization in response to a crisis type of event. The VSM views strategic management as a key control function of a permanent and ongoing nature. If this function is performed properly, which means extensive interaction and information exchange between all key operational and strategic management roles, the organization should anticipate future events and have appropriate responses prepared. This insight is pertinent to investigations of interactive control systems, strategic uncertainties and emergent strategy.

5.0 Conclusions

The VSM useful in guiding investigations into management control systems. It is easily understood because of its similarity to control frameworks found in the accounting literature such as Simons’ levers of control. Application of the VSM requires the researcher to consider a wider of control mechanisms and objectives than those suggested by the levers of control framework thus providing a more holistic view of organizational control. Thus it is a suitable framework to address recent calls to researchers in management control to adopt a broader view of control systems.
References


University of Auckland, Guidelines for Effective Teaching, April 2009

University of Auckland Business School, BBIM Gold Book, 2008