Management Control: A Process that Creates Organizational Meaning

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Abstract
Purpose - The present article uses Checkland and Holwell’s (Checkland and Holwell, 1998) POM Model to describe how the workings of management control can be understood in a company.
Design/methodology/approach - The model departs from employee’s wish to act in a meaningful way. From a data-rich surrounding, they select information to which they then attribute meaning in collaboration with other employees in the organization. This process of organizational unification around an interpretation forms the basis for decisions and actions that can be regarded as a process that creates organizational meaning. Interviews with three different organizations supply the data for three examples regarding how to describe this organizational sensemaking.
Findings - The examples show that individuals in an organization can contribute to resulting meaningful actions. Their shared goals and values form the basis of interpretations of information and impressions collected by the organization’s employees can be described as a management control process.
Originality/value - The meaning of the concept management control has varied over time. The original definition, in some respects normative, has been challenged in recent years in favour of a more behaviourist-oriented definition.
Keywords: Management Control, Sensemaking, Middle Management
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Introduction
A point of departure frequently used in various attempts to define management control is that it concerns individuals within organizations. Anthony (1988) claims that costs cannot be controlled directly; instead, emphasis should be placed on controlling the employees. This approach is also reflected as definitions concerning informal social control (Chenhall, 2003), relations within organizations (Euske and Riccaboni, 1999, van der Meer-Kooistra and Vosselman, 2000) and how employees are organized (Whitley, 1999). A shared foundation can be described in terms of modifying behaviour (Flamholtz, Das and Tsui, 1985, Langfield-Smith, 1997) elucidated in the following quotation (Chow, Shields and Wu, 1999, p. 441).
“Management control systems (MCSs) help organizations to increase the probability that employees make decisions and take actions which are in the organizations best interest.”
Against this background, it is interesting to discuss the type of context the employees are situated in and how, in this situation, they contextualize the prerequisites for the operations, how they create a meaningful frame of reference. This paper will address how employees can be part of organizational sensemaking and create the prerequisites for efficient planning and control leading to an efficient management control. The assumption that the individual behaviour of an employee contributes to the joint planning and control will also be investigated.
Individual and Organizational Sensemaking

Knowledge concerning the surrounding world and its characteristic traits is a variable depending on the individual, but every human being has a unique perception of the reality of the surrounding world (Berger and Luckmann, 1966). To take it one step further, knowledge may be regarded as part of a social situation, a context, where the extant knowledge in the group defines the group’s perception of its own reality (Weick, 1993). According to Berger and Luckmann the social knowledge that constructs reality for a group becomes an interesting field of study. This knowledge may be described in terms of an individual’s thoughts, an awareness of certain values, ideologies, conceptions of a certain social status or other thoughts that can result in certain actions (Weick, 1993). In an everyday situation, the surrounding world is interpreted in accordance with a subjective attribution of meaning where thoughts and actions in various ways become expressions of what is conceived as real and meaningful (Daft and Weick, 1984). In inter-subjective meetings, the subjective can contribute to the construction of a common-sense conception of everyday life (Berger and Luckmann, 1966). These meetings can be described in terms of a large network conceived as real by an individual partly in terms of large networks, such as countries, and partly as smaller networks, such as organizations. To be able to participate in the networks, an awareness of time and space is required, that is, here and now creates an awareness of and an attention to what must be conceived of as real. An individual’s place and understanding of reality are also made possible through the language that coordinates the inter-subjective meetings filling the surrounding world with meaningful “objects” (Berger and Luckmann, 1966). The meetings and objects can be seen as temporary patterns or as structures that create the reality by which I as an individual orientate myself. Through actions such as looking at my watch and by going over in my mind what day it is, I orientate myself in the time structure that is one way that I can perceive my reality. In the structure, the objects become part of an objectification, which means that other individuals I interact with are able to perceive of, and interpret an object in a similar fashion, which can be seen as the production of signals. Language is an example of one of the most important signifying systems but may also be seen as the prerequisite of inter-subjective communication. When a concept is communicated it leaves the area of subjective classification and assumes a form of objective point of view that myself and others can relate to (Weick, 1995). Language makes it possible for the concept to be disconnected from an individual, thus, rendering the concept an objective part of reality. Through language various individuals can also become part of everyday life and can contribute to and retrieve knowledge from the social stock of knowledge disseminated through the social networks.

An explanation frequently used to understand the creation of meaning suggests that it relates to interpretations and translations (Daft and Weick, 1984). On the other hand, Weick (1995) objects to this view on sensemaking and claims that there are clear-cut distinctions between the concepts, especially if attempts are made to understand the sensemaking at a deeper level. Sensemaking is an activity that may, to a degree, be compared with interpretation, but then again, not really. Sensemaking may be regarded as a process claims Weick, an activity where the stress must be placed on the activity, whereas the interpretations may well be perceived as a process. However, continues Weick, this process focuses instead on the product, that is, the interpretation. One way to combine the concepts is to view the interpretation as the very product that emanates from the process to create meaning. One of the conclusions to be drawn is that the sensemaking concerns “authoring as well as interpretation, creation as well as discovery” (Weick, 1995, p. 8). Here two time-perspectives can also be added (Weick, 1995). The first perspective is based on the assumption that sensemaking takes place through the transformation of a problematic situation into a defined problem. In order to get to grips with the problem, the situation that can be classified as uncertain, an instance of making sense must take place in the situation, with the aim of establishing certainty or order. In the process, the individual assigned
to make sense selects component parts of the situation and demarcates them in order to focus the attention. The selected component parts are then put into a context that enables the sense-maker to observe and assess what is wrong and where required measures are to be directed. The second perspective is based on the assumption that sensemaking is a permanently continuous process and that it cannot be subdivided into any component parts. Sensemaking is a never ceasing process that goes on forever. For an individual to understand an event he must be sifted out of the main stream, but the major flow or the ongoing process still continues. Making sense may be described as a process that creates interpretations or meaning, but it may also be seen as a permanently continuous process. What the two perspectives have in common is that there is a sense-maker, that is, an individual who observes deviations in a situation or an ongoing flow. The deviation may be observed because comparisons are made from previous experiences and when a deviation has been observed, the deviation is formulated in words or as a text to an object, analysable by, on the one hand, the sense-maker, and, on the other, by others in his/her vicinity, that is in a social context. The object makes sense in relation to the context in which it was created and a cue based on the object develops; rendering the interpretation a component part of a cultural and social context. A given group’s shared understanding of phenomena and deviations enables the group and its members to conceive of and communicate an object in a similar manner, which is of great importance to the process of sensemaking.

“Sense is generated by words that are combined into the sentences of conversation to convey something about our ongoing experience. … The goal of organizations viewed as sensemaking systems, is to create and identify events that recur to stabilize their environments and make them more predictable. A sensible event is one that resembles something that has happened before.” (Weick, 1995, p. 106 and 170)

In the fifties and the sixties Sir Geoffrey Vickers (1995) started to make notes relating to observations that he had made throughout the 40 years he had been collecting experience relating to human behaviour. He opposed simplified ideas claiming that man was a target-seeker. The social process was viewed as a system, however, not from a cybernetic perspective, but rather as a system regulating the choice of different combinations. The control or the direction was not managed outside the system either, but instead the regulation was carried out internally within the system. Vickers regarded organizations as social units where the capacity to handle and coordinate relations was important; action was a question of handling and administering relations rather than making rational decisions that would enable the organization to attain its goals. Language, consequently, became an important medium for the formation of concept of the world and various social networks of conversations formed relations (Winograd and Flores, 1986). These relations could be strengthened by means of information systems. Different filters, via conversations, were created and continuously reproduced; the filters being part of the interpretation of the world. The “appreciative system” or “appreciative setting” was a central concept to Vickers and may be interpreted as a system of concepts or an overall understanding. The concepts and understanding were processed by the group in order to be used to enable them to interpret the world surrounding the group (Vickers, 1987). The consequence of previous experience is that new circumstances can be assessed using the previous experiences and the new experience alters the understanding of the next experience. In this process, concepts and understanding are constantly changing in a manner similar to the way in which reality continually changes.

“… the act of attributing meaning and making judgments implies the existence of standards against which comparisons can be made, standards of good/bad, important/ unimportant, etc. Finally, the source of the standards, for which there is normally no ultimate authority, can only be the previous history of the very process we are describing, and the standards will themselves change over time as new experience accumulates.” (Checkland and Holwell, 1998, p. 100)
The system can also be viewed as a learning process where old experience helps individuals and groups to create norms used to interpret and act in a new setting in a meaningful way. The fundamental idea is that the management of a company is composed of individuals who want to act in a meaningful way. Checkland’s research group added an interpretative perspective of the organizational problems that might arise and that could be related to information supply. It was also desirable to attempt to deal with, in a structured way, the unstructured prerequisites potentially applicable to the company management’s problem-solving. One way of dealing with it, that was tried, was to sub-categorize the problems into sub-problems. The component parts could be modulated resulting in a better way of understanding how the problems could be solved. Another point of departure was that the social reality created in groups was constantly recreated in infinite social processes, a consequence of which was a need to explain both such groups concepts that are persistent and such that are changeable. Checkland’s research indicated that groups, to a greater extent, want to create interpretations and encourage learning rather than create optimal solutions. In Checkland’s (1998) latest book, the research group’s research to date was summarized in the model they call POM. Their objective is to create, by means of the model, a structure and a language enabling us to make sense in organizations with special reference to information supply. Admittedly, reality is more comprehensive and complex than any model.

The POM Model’s Seven Components

The POM Model consists of seven components and various relations between the components (see appendix 1). The first component describes how the author’s view the concept of organization. Their basic assumption is that an organization is a social, collective unit with different roles, norms, and values (Checkland and Scholes, 1990). The latter were redefined successively depending on experiences created in the organizational context, in its discourse. One of the dilemmas of organizations is that they are, according to Checkland and Holwell (1998), an abstraction consisting of a social association engaged in certain activities to which a social behaviour has been attached. Consequently, an important question arises: What constitutes, on the whole, the existence of a given entity? The authors put forth the following claim.

“The answer can only be: the readiness of some people, usually large numbers of people, members and non-members alike, to talk and act as if there were a collective entity which could behave like a conscious being, with the ability to decide to do things and then make them happen.” (Checkland and Holwell, 1998, p. 80)

Those who are members of the organization enter into a form of contract that may be found in formal employment contracts, but alternatively constitutes a psychological agreement between the organization and the member (Alchian and Demsetz, 1972, Macintosh, 1994). Departing from norms, values, and roles the members all form the agenda that the organization that has questions, criteria, resources, structures, processes, and goals they have defined. The agenda, in addition to the member’s participation, is the foundation for the decisions and considerations that the organization makes to attain its goals that in turn lead to meaningful actions. Both the individuals and the group, or the organization as a whole, perceive the surrounding world as data-rich and select data consciously or unconsciously (Land, 1985). Data is defined as any kind of raw material or facts that can be used as single elements. This can be presented in various ways via texts, conversations, pictures or impressions. Data is selected in accordance with a pre-defined pattern or behaviour, which is the result of previous experiences and the values present in the group one identifies with. The data-rich world surrounding the members and the group is classified as the second component by the authors. The concepts that controlled the data selection are challenged and continuously reworked in an inter-subjective context and new concepts are created, a process classified as the third component. They are the basis of an inter-
subjective sensemaking. The authors base their discussion on a concept called, by Vickers (1987), “appreciative settings” that in turn could be translated as a system of concepts that create understanding. It is created at an individual level but may also be applicable to a whole organization because concepts adapt to and overlap the concepts adopted by the group. The fourth component consists in attaching different connotations to the data selected, which can be used for making assessments of the world and various standards. This may be regarded as a process starting as data is selected and a certain attention is paid to it, turning it into capta, a term used by the authors who describe it as follows.

“Having selected, paid attention to, or created some data, thereby turning it into capta, we enrich it. We relate it to other things, we put it in context, we see it as a part of a larger whole which causes it to gain in significance. The phrase which best captures this is probably ‘meaning attribution’. The attribution of meaning in context converts capta into something different, for which another word is appropriate: the word ‘information’ will serve here, this definition being close to the way the word is often used in everyday language. This process, which can be both individual and/or collective, by which data is selected and converted into meaningful information, can itself lead to larger structures of related information for which another word is needed; we may use the word ‘knowledge’.” (Checkland and Holwell, 1998, p. 89-90)

What the authors point out as important about the process is that the creation of information is an action by a human being. No machine can achieve as it is only man who can attribute meaning to data that has been paid attention to. The consequence of the attribution of meaning is that individual and/or shared perceptions and intentions are established. It can also be described as consensus being created around what can be described as a shared understanding and shared intentions, classified as component number five in the model. This is the basis of the actions, component number six, taken by individuals in the organization rendering the organization perceptible as an entity. The model’s seventh component is the information system supporting the members’ creation of meaning and their meaningful activities. This is performed through formal information system structures, various technological solutions, and the professional know-how required to maintain and develop the systems, to enable an appropriate accommodation of the systems to the needs of the organization (Checkland, 1981). The authors also emphasize that the model can be seen as a cyclic process.

“The process will be one in which the data-rich world outside is perceived selectively by individuals and by groups of individuals. … Perceptions will be exchanged, shared challenged, argued over, in a discourse which will consist of the inter-subjective creation of capta and meanings. Those meanings will create information and knowledge which will lead to accommodations being made, intentions being formed and purposeful action undertaken. Both the thinking and the action will change the perceived world, and may change the appreciative settings which filter our perceptions. Thus the process will be cyclic and never ending: it is a process of continuous learning, and will be richer if more people take part in it.” (Checkland and Holwell, 1998, p. 104-105)

Viewed as a whole, the component parts create a process described by the authors as “processes for organization meanings” the so-called POM Model. By way of simplification, the authors argue, the model can essentially be described as having three functions. The first function concerns the organizational context where the creation of meaning and intentions takes place, consisting of components one to five of the POM Model. A consequence of this is that individuals in the organization can accomplish meaningful activity, component six in the POM Model, which is the second function. The third function is component seven in the model, that is, the information systems that lend support to the creation of meaning which results in meaningful activity. As a result the model’s focus is more clearly directed towards making the information systems and sensemaking in organizations control meaningful activity. In terms of developing and analysing information systems in organizations, such components consequently become
central that concern, on the one hand, how different members perceive their world, and, on the other, which interpretations control the sensemaking that is fundamental for different intentions and aims in an organization.

Method

The study departs from methods like case studies (Hamel, Dufour and Fortin, 1993, Scapens, 1990, Yin, 1994) and field studies (Andersen, Borum, Hull Kristensen and Karnoe, 1995, Atkinson and Shaffir, 1998, Bruns Jr. and Kaplan, 1987, Checkland and Holwell, 1998, Ferreira and Merchant, 1992) which are based on an underlying assumption that there are certain systems, organizational systems, that, in one way or another, may be regarded as concrete empirical phenomena appearing independent of individuals in the context, such as managers or workers in a company. A consequence is that a phenomenon may be perceived independent of the observer studying it. The study started in the spring of 1997 with the first collection of data in the manufacturing company and in the service company in May. Throughout 1998 some supplementary data collection was performed. During that period contacts were also established with the third organization—the retailer. Data collection was initiated in the autumn of 1997 and continued throughout the spring of 1998. Eleven formal interviews were performed in each organization. The duration of the interviews averaged 1 to 1.5 hours, most were audio taped using a tape recorder. In addition to the above, a number of short informal conversations took place in situations such as corridors, over lunches, and over the telephone. In the three organizations, work place studies were also carried out in order to make observations of ongoing operations. Data collection was performed in different ways in order to produce as complete a picture as possible. In order to secure the data material collected and the quality of the investigation, the majority of the interviews have been tape-recorded making it possible to obtain a direct transcription of what was said in a certain context. One concrete result of the performed study was number of transcripts from interviews. One important task was to interpret the texts and arrange them in a context (Czarniawska, 1998, Silverman, 1993). The conversations that the texts were based on were a source and point of departure for the conclusions drawn. In the section below, the three organizations will be presented and empirical observations concerning three examples of processes that create organizational meaning will be put forward.

The Organizations Studied

The three organizations that participated in the study, which this paper is based on, differ from each other in many ways, but at the same time also display certain similarities. They have different arenas for their operations: one of the organizations has customer contacts outside Sweden; the operations of another are primarily located in one area of Sweden and the third operates locally with strong geographical ties. The customer potential for two of the companies is very high and characterized by extensive anonymity between customer and representatives of the operations. While the third organization, a small number of big customers prevail and the organization has a pronounced and close collaboration with most customers. Ownership also differs between the companies. There is one case of co-ownership, one of government ownership, and the third company is owned by an American group. The subdivision and structure of the operations also differs between the organizations. One of the organizations is structured in a traditional production line, the second is geographically subdivided, and the subdivision of the third is based on products and commodities.

Company A

In simple terms the operations of Company A may be described as those of a subcontractor. The manufactured products are vehicle exhaust systems with associated component parts. Within Company A this is the main product system manufactured and developed, but the company also
manufactures and develops driver control product, such as instrument panels, car seats, hand control levers, and pedal stands. Additionally, the group also manufactures truck components. Operations at Company A are characterized by high technological knowhow and technologically advanced production. The company operates in the vehicle industry sector collaborating closely with a small number of major customers. This dependency on the customer or this form of collaboration is a prerequisite for fast and safe delivery, in accordance with standards required of the modern vehicle industry. As a result of the close collaboration with the vehicle industry, Company A has been affected by the falling market in the car industry.

**Company B**

Company B is a department store inside a shopping mall situated in an industrial area off the western access road to Kalmar, a Swedish city of 60,000 inhabitants. The shopping mall has slightly over ten shops of which one is considered a significant competitor. Car parking facilities surrounding the shopping mall are generous in order to draw customers to the department store from Kalmar and its suburbs. The department store boasts the traditional range of goods and its premises has fairly recently been renovated. Most of the checkouts face onto an open area where the entrances to several other shops are also located. The department store is part of a chain of department stores owned by a consumer cooperative. The department stores are independent sales entities, but each division within a store is part of a team coordinating activities within all the divisions of the chain of department stores. One of the most fundamental ideas controlling the philosophy is to create surplus value for the consumer members. This is achieved by way of supplying the consumer with a wide variety of products at low prices. The core activity is based on this relatively simple service that can be derived from the fundamental idea behind the consumer cooperative. Even though the core activity is to sell products to members and other consumers at a low price, the values are considerably more numerous and more deeply rooted that have controlled, and still are controlling how operations evolve and develop.

**Company C**

Company C operates in the mail delivery service. The service offered by the region’s postmen is basically a simple one, to distribute incoming letters to the addressees in the region. However, it may also be described in more complex terms as the customer who pays for the service is not the recipient of the service. A consequence of this is that the postman who performs the service is not actually in contact with the party paying for the service. The Swedish government is the owner of Company C and has ordered Company C to perform letter distribution with national coverage in accordance with certain requirements, primarily concerning the scope of operations. The organization has a markedly hierarchical structure where the regional manager is part of a nationwide group of regional managers. They receive directives and funds that they bring down into their regional activities and allot them amongst the geographically organized distribution units. Each unit in turn is subdivided in a similar fashion, divided into geographical areas with a team of, on average, 8-10 postmen. The fundamental service, postal delivery, has not gone through any major change throughout the years, whereas the requirements of the service have changed in a revolutionary way. Via Company C, citizens must be able to get in touch with other citizens by way of messages, goods and payments. The operations are described by characteristic words such as trust, proximity, simplicity, and commitment. To attain this, the objectives are: satisfied customers, profitability, and work satisfaction amongst the staff. Company C’s commitment is to be a nationwide distributor of individual and mass produced messages, newspapers, and magazines. There are misgivings that these commitments will decrease as a result of increased computerization, especially as a result of the increased use of email.
Three Processes that Create Organizational Meaning

In the three organizations, many meetings take place with the result that the various employees jointly arrive at opinions concerning how they will jointly understand different contexts. These opinions often form the basis of different types of planning and decisions purporting to involve the employees as participants in the operations. A form of management control based on the joint opinions – the organizational sensemaking. In the following section, three different examples of processes extant in the organizations will be described. The processes that create organizational meaning and that constitute the basis of management control.

For Company A it is very important that the product is delivered punctually and is of high quality. These two variables are central measurement test values used for continuous evaluation of the operations. The activities performed to raise quality in production have become more sophisticated over the years and today comprise a well-developed and carefully prepared organization. Quality assessments are continuously carried out by a special unit within the organization. Their conclusions are recorded in various monthly reports that display how well the respective quality objectives have been met. The fundamental idea here, to maintain high quality is, in the longer perspective, a means to earn money and to keep the customers you have, which is an idea that has been pointed out by, for instance, the top executive of the group. High quality, few defective products and low rejection rate, means less work at correcting flaws and that the materials are used at the highest ratio as possible. In other words, high quality means that cost for extra work in connection with production flaws and costs for discarded materials are kept down. Any flaws that are detected are observed as early as possible in the manufacturing process by the various working units in the production. If the defects become more extensive, they will be registered by the quality group, which in turn reports it to the respective managers. Often they have already observed the defects in production and initiated discussions with the units concerned. Joint attempts are made to understand what has gone wrong and to devise the best way of dealing with the shortcomings. The unit concerned then writes down the plans of action selected to amend the problems plus different time plans and responsibilities are allotted in the group. To a large extent, the working group manages this quality work themselves and is only supervised by senior managers and the quality group. In the weekly meetings, the measures implemented are checked against the outcome of the actions. If there was a high rate of rejections similar processes are initiated and often carried out by the working group under the supervision of production managers concerned. In these matters, the production manager also receives the first signals and un-sophisticated measurement tests and controls are implemented to enable detection of where the defects occur, in order consequently to be able to analyse which measures are necessary. Preliminary results are subsequently confirmed in the monthly reports and the discussions in the working groups increase in scope. The work concerning quality and rejections is reminiscent of quality improvement activities. The difference being that, at the sub-supplier’s stage, the effect of poor quality and high rejection rate is firmly rooted in cost-consciousness. To a large extent, work does take place at a relatively low level in the organization and clearly discernible planning and follow-up activities take place.

For Company B it is important to keep careful tabs on correct pricing and to ensure that stock turnover speed is maintained. Continuous assessments in the various sections are often a question of which products have sold well and which have sold poorly. If the sale of a product is low then a discussion is initiated in the section regarding the appropriate measures to take. The first stage of this discussion takes place between the employees in the department. The first talks are initiated by the observations made by the employees, which is based on the feeling the employees experience when they walk through and work in the department. At the next stage talks are initiated with the department store manager who reviews the reports, often on a weekly basis. If the rate of sales has been far below expectations talks are then initiated with a team at the national level, who are centrally responsible for different categories of goods. A set of
potential measures is decided upon jointly. This often involves measures such as lowering the price or launching a marketing campaign. It may also involve moving the products to another place in the department in order thus to create more exposure for the product. The desired result is to increase stock turnover speed and not to lose too large a portion of the margin. Similarly, different types of discussions take place between the shop walkers and the department store manager with regard to other areas concerning planning and follow-up. One obvious example is the planning of the working hours. The staff’s working hours is one of the most important resources that Company B has at its disposal, the use that has to be carefully followed up. Hence, plans are made and results are checked in a detailed and carefully developed manner. Previous years results are the foundation of the overall personnel planning and the important holidays are the major points of departure. Including extra staff for salary payment days is another important variable. Each shop walker has his/her discussion with the department store manager to establish if there are any further situations that will demand any major increase in the amount of hours required. Thus, a joint understanding is established, that, in turn, is the basis for planning and control.

In the third organization, Company C, it is difficult to predict the quantity of letters, which controls the planning for the work roster. A consequence is that estimates must be made based on previous years and signals from the large companies. Subsequently, continuous discussions are being held at the operative level concerning which areas, and districts requires extra staffing or whether staff may be redeployed between different areas. Absenteeism and the need for substitutes is handled and solved in a similar manner via discussions between various representatives of the organization. In most cases, the discussions are initiated by the department manager who then holds discussions with the person holding overall responsibility. The solution is, subsequently, suggested to the staff working in the department. Similarly, operations planning and control are performed by means of a budget process starting at a national level. The national management hold discussions with the regional managers about the most recent result and their expectations for the next period. The requirements, in most cases the resources allocated, are then passed down to the regional level and discussions are initiated between the regional manager and the local manager for each district. When the requirements for the next period have formed a shared picture the resources are apportioned to the different locations. A similar allocation process follows, allotting resources down to each work group. Thus, a shared picture is formed relating to the demands on operations raised by employees and managers. This method of operation is a central part of planning and control.

Feedback to the POM Model
Use of the POM Model that describes the process of organizational sensemaking is a means of understanding and describing how employees in an organization form an opinion of its operations. The model’s different components, described in previous sections, are the point of departure for subsequent feedback. In the companies examined, distinctive subdivisions are utilized. Company A is divided in accordance with product manufactured, Company B in accordance with types of products sold, and Company C in accordance with its geographical location of activity. The method of subdivision of operations in turn creates fundamental preconditions for the running of operations and for planning and follow-up. The next component of the POM Model concerns the operation’s data rich environment. In one of the companies, observations made in the department are important, observations concerning the customers behaviour, that is to say, products they are interested in. In the manufacturing company, quality and rejection are examined closely, initially through observations, a method also extant in the third company. At the next stage the observations are confirmed through various types of reports. Impressions are an important part of the initial collection of data, subsequently confirmed by the formal reports. When different types of data have been collected, informally as impressions and
formally through reports, they are interpreted with help from employees at the department and managers involved with the department. This is common in all three companies where impressions and reports are regularly discussed. The department managers maintain a constant dialogue with senior managers and with the employees of the company. Together they make assessments that later constitute the basis for objectives and actions. These assessments appear in different forms, sometimes as documents and sometimes as informal agreements. The actions selected for implementation become yet another expression of the decisions made; the intentions and objectives agreed on. The three organizations have various types of computer support. The department store has a very advanced system that registers every purchase in real time deducting stock and updating gross profit. The postal organization has a performance measurement system enabling every work group to make comparisons with other work groups and thus evaluate its achievement. The subcontractor has a relatively moderate computer system level, where reports arrive once a month displaying a high level of aggregation. It may be stated that for each company the computer needs have been adapted to the preconditions applicable to the company.

Conclusions
To clarify how organizational operations may be described in terms of the POM Model and its connection with management control, a simplified and somewhat concentrated model may be used. It implies that management control is a process that creates organizational meaning. The simplified model is seen in Appendix 2. The model’s point of departure is the meaningful actions that the organization wants to perform jointly. These actions are documented in formal and informal information systems that in turn generate reports and impressions. These reports and impressions are then interpreted by the individual aided by the organization. The shared understanding of what creates success in the organization forms the basis of ambitions and target formulations. The targets then supply the frameworks and required corrections, if needed, enabling the organization to know which actions are meaningful and to put them to effect. The actions in Company A were aimed at creating high quality products. Any quality defects are documented and any increase in rejection will be observed in production. Employees of a production line will, subsequently, discuss with the product line manager and with each other regarding issues related to the failure and measures would then be taken to correct the quality defects. New targets are defined and actions taken accordingly. The result is documented and a new sensemaking process is initiated. In Company B, there is a strong focus on the customer buying the products and this is documented in reports and through the employee’s observations. If a product were to sell less favourably for a period of time, it would be observed by the employees and later confirmed in the reports. The shop walker then opens up a discussion concerning the failure and how to increase the sales of the product. After discussions with national level managers of the organization and the employees certain measures are taken and the results are followed up. In Company C, appropriate staffing levels adapted to the quantity of mail is an important issue. Based on previous years experience as well as recent reports and indications, the unit at the operations level analyses the staffing level requirement. Staff is jointly deployed and a certain staffing level is established. This level is evaluated later and the conclusions reached form the basis for the next period. The three organization’s operations are clear examples of the individual’s active role in the process of organizational sensemaking. The actions in the organization that becomes a part of the organizational sensemaking is expressive of the planning and control continuously going on within the organization. In this sense, management control is concerned with the individual employee’s integration into the group’s and, indirectly, the organization’s meaningful actions; actions that lead to the fulfilment of the shared goals and intentions.
The POM Model (Checkland and Holwell, 1998, p. 106)
Appendix 2

Management control, a process that create organizational meaning: a simplified model

References


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