

**CONTROLLED COLLABORATION IN ORGANIZATIONS: THE ROLE OF
KNOWLEDGE MANAGEMENT, PERFORMANCE AND TRUST***

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ABSTRACT

Keywords

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The agency theory posits that the principal tries to gain maximum profits with the least costs, and the agent acts in the interest of the principal only with control mechanisms. However, the stewardship theory argues that the agent is motivated to act in the interests of the principal; therefore, coordination mechanisms should be developed. Lack of organizational control may lead to diversion from organizational goals, on the other hand, too much control may harm employees' autonomy, creativity, and innovation. Moreover, when organizations overemphasize collaboration, a relational risk may occur in work processes. Thus, the coexistence of control and collaboration creates a dilemma for organizations. In this study, we argue how knowledge management, performance management, and trust may contribute to the unity of control and collaboration in organizations. Based on the arguments, we develop theoretical propositions.

**ÖRGÜTLERDE DENETİMLİ İŞBİRLİĞİ: BİLGİ YÖNETİMİ,
PERFORMANS VE GÜVENİN ROLÜ**

ÖZ

**Anahtar
Kelimeler**

Vekalet Kuramı,
Temsil Kuramı,
Örgütsel Denetim,
İşbirliği,
Bilgi Yönetimi

Vekâlet kuramı, asilin en az maliyetle azami kâr elde etmeye çalıştığını ve vekilin ise sadece denetim mekanizmaları ile asilin çıkarına hareket ettiğini öne sürerken, temsil kuramı vekilin aslında asilin menfaatleri doğrultusunda hareket etmeye istekli olduğunu ve bu nedenle işbirliği mekanizmalarının geliştirilmesi savunur. Örgütsel denetimin eksikliği, örgütsel hedeflerden sapmaya yol açarken, çok fazla kontrol de çalışanların özerkliğine, yaratıcılığına ve yenilikçiliğine zarar verebilir. Öte yandan, örgüt-İçi işbirliği gereğinden fazla vurgulandığında, iş süreçlerinde ilişkisel risk ortaya çıkabilir. Bu nedenle, denetim ve işbirliğinin bir arada bulunması, örgütler için bir ikilem yaratır. Bu çalışmada bilgi yönetimi, performans yönetimi ve güven gibi değişkenlerin, örgütlerde denetimli işbirliğine nasıl katkıda bulunabileceği tartışılmış ve bu doğrultuda kuramsal önermeler geliştirilmiştir.

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1. INTRODUCTION

In the organizational control literature, much attention has been devoted to agency theory, which focuses on the relationship between the owners, shareholders, or the Board of Directors, (i.e., the principal), and the manager (i.e., the agent) (Jensen and Meckling, 1976). Emphasizing the interests of principals, the theory implies that agents are unreliable (Hendry, 2002), opportunistic, risk averse (Sharma, 1997; Eisenhardt, 1989), self-interested (Sharma, 1997; Eisenhardt, 1989; Hendry, 2002), and that they try to deceit others and work for their own interests (Donaldson, 1990). Agency theory also proposes that there is information asymmetry between the principal and the agent; the principal has more power in decreasing the agent's opportunistic behaviors by determining the terms and conditions of the agency's contract (Sharma, 1997). In line with the economic actor model, the principal tries to gain maximum profits with the least costs (Davis et al., 1997). The control problem becomes critical at this point and, with control mechanisms, the agent is expected to act in the interest of the principal (Davis et al., 1997; Jensen and Meckling, 1976).

The arguments put forward by agency theory contrasts with those of the stewardship theory, which adopts a collaboration approach, proposing that agents work in the interests of principals. The theory assumes that agents are not self-interested, but rather aim to serve the organizational goals, work collaboratively even if their interests are different from those of the principals, and they gain more benefits if they act in accordance with organizational goals (Davis et al., 1997). According to the stewardship theory, as the interests of principals and those of agents do not conflict with each other, the ideal organizational structure is the one which ensures the most efficient coordination between both parties (Donaldson, 1990).

While the absence of control in organizations may lead to diversion from organizational goals (Das and Teng, 1988; Mills and Ungson, 2003; Lange, 2008), too much control may harm employees' autonomy, creativity, and innovation (Ouchi, 1979). On the other hand, when organizations over emphasize collaboration, a relational risk may occur in work processes (Colletti et al., 2005), as individual contributions of the employees to the overall performance cannot be measured. Does the coexistence of control and collaboration create dilemmas for organizations? We propose that the unity

of both control and collaboration is required for organizations, especially for those trying to survive in an environment of uncertainty. Agency theory states that principles should constantly control the behaviors and decisions of agents (managers) (Davis et.al., 1997; Jensen and Meckling, 1976). However especially in cases of uncertainty, it is necessary to empower agents and allow flexibility in decisions. Thus, the unity of control and collaboration, or the balance of control and collaboration, is critical for organizations. How can the balance between control and collaboration be achieved in organizations? Which mode of control (bureaucratic or social) can be more effective? What factors are at play in achieving this balance? Our study aims to answer these questions.

This study is important because it may stimulate the theoretical debate on control and collaboration in organizational contexts incorporating knowledge management, performance, and trust, although these three variables are often empirically studied in the extant literature (Alaarj, Abidin-Mohamed and Bustamam, 2016; Evans and Qureshi, 2013; Paliszkievicz, Gołuchowski and Koohang, 2015). The study also integrates two seemingly contrasting theories and focuses organizational level and individual level factors to address the control-collaboration dilemma.

The structure of the present study is as follows: First, we present the Organizational dilemma of control and collaboration, and the two control types, bureaucracy control and social control. Then, we propose that well-balanced control and collaboration should jointly be implemented for organizational effectiveness. Finally, we discuss how knowledge management, performance and trust may contribute to the unity of control and collaboration in organizations. Based on the discussions, theoretical propositions are developed.

2. CONTROL-COLLABORATION PARADOX

Organizational control refers to the control of the deviation from the organizational objectives (Lange, 2008), coordination of behaviors to achieve organizational outputs (Das and Teng, 1988), procedures and policies to decrease risks (Colletti, Sedatoleand Towry, 2005). It simply emphasizes discipline (Sundaramurthy and Lewis, 2003). Control systems are seen as an alternative mechanism to cope with risks involved in relationships among organizational units and individuals (Schoorman, Mayer and Davis, 2007). Actually, organizational control is a controversial issue because

while some researchers think it is a process related to cybernetics, others consider it as a mechanism that influences the behaviors of others (Das and Teng, 1988). In order to effectively implement organizational control, one should understand the process of control, the aspects of control systems and the problems that might arise (Gigliani and Bedeian, 1974).

There are various control means and mechanisms defined in the organizational literature focusing on how control is implemented. Objective control is implemented through objectives, rules, hierarchical supervision, assessment, and direction (Leifer and Mills, 1996). Likewise, hierarchical control, or formal control, involves supervisors' orders to subordinates and their control of the subordinates' performance through rules and procedures (Das and Teng, 1988). It regulates the actions of subordinates' in a bureaucratic framework (Snell, 1992). Similarly, administrative control is realized, using rewards and punishment (Lange, 2008). Bureaucratic control involves obedience to rules and compliance to the reciprocity norm and legitimate power (Ouchi, 1979). While named under different concepts, organizational control may be implemented by rules, procedures, instructions, and hierarchical means, and we define these mechanisms as "bureaucratic control".

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On the other hand, the literature includes other control mechanisms named as normative control, social control, cultural control, or clan control. For example, in normative control, actions and processes are controlled by peers, linking them to organizational values (Leifer and Mills, 1996). Similarly, social control is exercised through values, culture and norms (Das and Teng, 1988), and socio-cultural control is realized by organizations norms, beliefs, values and normative pressures put on individuals (Lange, 2008). In clan control, traditions, the reciprocity norm, common values and beliefs are required (Ouchi, 1979). All these control mechanisms include some sort of social interactions and explain how these interactions regulate social behavior. Therefore, we propose that all these control modes can be conceptualized as "social control".

Social control involves the internalization of common values and sense-making, on the assumption that different actors share the same preferences (Şengün and Wasti, 2009). Values function as knowledge and standards that guide, balance and protect the self, and norms explains certain actions (Payne, 1980). Individuals have innate tendency

to accord with the actions of peers, and peers influence the actions of individuals affecting organizational norms, which in return influence the actions of individuals (Fischer and Huddart, 2008).

The interaction of employees is shaped by the social environment in organizations created by norms, values and beliefs (Collins and Smith, 2006). Culture, which evolves the process of sense-making of social reality, also shapes employee interactions because it functions as a means of organizational control (Coombs, Knights and Willmott, 1992; Kulik, 2005). Moreover, rhetoric, myths, symbols, and metaphors used in organizations lead to social control (Sillince, 2005). Through these elements, employees' perception of the environment is prescribed beforehand, and organizations may have the opportunity to control employees' actions (Leifer and Mills, 1996). Organizations can also impose social control via reward and punishment on the ones who deviate from norms (Payne, 1980). In short, social control helps individuals shape their actions to engage in long term relationships (Das and Teng, 1988).

Collaboration, on the other hand, is defined as collective production of two or more actors in which the individual output of each party cannot be directly assessed (Colletti et al., 2005). It includes common goals, cycle of inquiry, shared decision process, action, communication and evaluation (Gajda and Koliba, 2007). In addition, social norms are involved in a collaborative context in which there is a perception that other parties will also collaborate for the synergy emerged during collaboration (Colletti et al., 2005).

The reality of control and collaboration is regarded as one of the most important organizational paradoxes (Michaud, 2014; Sundaramurthy and Lewis, 2003), which should be accepted rather than be ignored (Michaud, 2014) as balancing the control is important to perform well in complicated and dynamic environments (Cardinal, Sitkin and Long, 2004). The balance of control is assumed to be dynamic since it may change in accordance with time and situation (Cardinal et al., 2004). Moreover, when focusing more on control or collaboration defensive mechanisms are formed (Sundaramurthy and Lewis, 2003). For instance, overemphasized collaboration leads to cohesive groups and collective decision making, thereby groupthink serves as a reinforcing cycle (Sundaramurthy and Lewis, 2003). On the other hand, overemphasized formal or

informal control, namely the imbalance of control, causes performance problems and organizational crises (Cardinal et al., 2004).

Similar consequences of control imbalance may be observed in the principal-agent relationship. For example, the Board of Directors cannot control managers efficiently via internal control mechanisms because output control is generally impossible to achieve even if managers are thought to be guilty (Walsh and Seward, 1990). Moreover, modern organizations' shareholders seek for institutional governance and an increase in their investments (Davis, Schoorman and Donaldson, 1997). When the agent performs in line with the instructions of the principal, the principal might lose credibility (Majone, 2001). Actually, the agent should be able to act freely, and as long as the importance of credibility increases the degree of freedom of action is expected to increase (Majone, 2001). However, as freedom of action increases organizations are likely to deviate from their goals and if sufficient control is not maintained the balance may be disrupted (Mills and Ungson, 2003). On the other hand, when too much control is implemented, autonomy of employees will negatively be affected and their self-control may be diminished (Ouchi, 1979). In today's world, the manager is seen as a team member rather than an unreliable and opportunistic partner; therefore, the main goal is not to decrease agency costs but to decrease the total risks of the parties (Lan and Heracleous, 2010). In the case of multiple agency, agent-principal relationship gets much more complicated and the problem of information asymmetry and difficulty of monitoring may take place (Shapiro, 2005).

Collaboration differs from the exchange of physical resources and the organization and its members can benefit from it, but if organizational structures, procedures, incentives are not designed in line with the philosophy of collaboration, opportunistic behavior of actors may destroy all these benefits (Griesinger, 1990). To reach organizational goals, different groups of employees should work both dependently and autonomously in a collaborative way (Wright and Mukherji, 1999). Organizations may lose their competitive advantage and become inefficient if there is insufficient harmony among the goals of their work groups' (Wright and Mukherji, 1999). Therefore, the optimum level of control should be at a point where opportunistic behavior decreases and benefits gained from the cooperative work environment increases (Colletti et al., 2005). Organizational control should be designed in such a way that

organizational members with different goals can work together in a collaborative and cooperative manner (Ouchi, 1979).

3. KNOWLEDGE MANAGEMENT AND ORGANIZATIONAL CONTROL

The agency theory suggests that there is information asymmetry between the principal and the agent (Sharma, 1997; Shapiro, 2005; Eisenhardt, 1989; Eisenhardt, 1985; He and Wang, 2009). The way to eliminate the information asymmetry between the principal and the agent is to make certain arrangements to monitor the behaviors of the agent (Sharma, 1997; Hendry, 2002). However, since complete information cannot be obtained just by observing (Shapiro, 2005), it is not possible to fully assess managers' behaviors (Walsh and Seward, 1990). In such an uncontrolled environment, trust-based cooperation may become almost impossible (Shapiro, 2005). Therefore, taking measures to reduce the information asymmetry seems to create a collaborative working environment.

Jacobides and Croson (2001) state that appropriate information policy should be implemented to decrease the information asymmetry between the principal and the agent. According to these researchers the information policy, which refers to shaping all kinds of authority relationships, should be clear and precise. Thus, it is very critical to examine how the knowledge level of the principle can be increased.

While information is abstract and unlimited, and becomes valuable if it is used at a certain time and place (Nonaka and Konno, 1998), organizational knowledge is highly visible and tangible, with operating rules, production technology and data banks, and it is critical for the survival of the organization (Kogut and Zander, 1992). Organizational knowledge is obtained through the collaboration of organizational actors and may be regarded as an important resource for the activities in the organization (Conner and Prahalad, 1996). Thus, organizational knowledge management is of vital importance as transforming information into knowledge and creating and transmitting knowledge provide a significant competitive advantage for the organization.

Organizational capabilities can be enhanced by proactively researching and adapting knowledge in the organization (Nag and Gioia, 2012). Individuals with different levels and different types of knowledge in the organization create new knowledge potential by combining their ideas (Smith et al., 2005). While new knowledge creation occurs as a result of social interaction (Nahapiet and Ghoshal, 1998; Smith et al.,

2005; Nonaka, 1994; Nonaka and Konno, 1998), knowledge adaptation processes include finding solutions to certain problems in an improvised way (Nag and Gioia, 2012). Thus, different types of knowledge can be combined and exchanged (Smith et al., 2005), and also organizational knowledge accessed in different ways (Nag and Gioia, 2012). As a result, it can be concluded that the exchange of explicit knowledge, also called codified knowledge, is necessary for knowledge creation.

Explicit knowledge is defined as information that can be transmitted formally and systematically between individuals (Nonaka and Konno, 1998; Nonaka, 1994; Small and Sage, 2005-2006). It is observable and separable from the context (McIver et al., 2013), kept in the memory of the organization (Nahapiet and Ghoshal, 1998; Lam, 1997), can be encoded (Small and Sage, 2005-2006; McIver et al., 2013), and exists in the form of words, numbers, formulas, specifications, manuals (Nonaka and Konno, 1998; Blackler, 1995; McIver et al., 2013). As a matter of fact, the coding of the information is done to ensure that efficient routines and skills can economically be reused and that information can be used throughout the organization (McIver et al., 2013). Thus, organizational information can be communicated through its transformation into definable rules and relationships (Kogut and Zander, 1992), namely organizational knowledge, which enables individuals having different functions in the organization to work in harmony with shared codes, like an orchestra (Kogut and Zander, 1992). Therefore, organizational knowledge constitutes a valuable resource which provides communication among organizational members and forms the basis for routines and actions.

Routines are defined as knowledge that provides coordination in the organization (Kapoor and Lim, 2007). They play an important role in organizational competence, develop by the help of repetitive situations, store organizational experience, and adapt this experience to new situations (Cohen and Bacdayan, 1994). Productivity in organizations can be achieved by solving extraordinary and complex problems thanks to efficient knowledge transfer such as routines (Grant, 1996). For the learning process to take place in the organization, it is necessary to develop routines that direct behavior with coding knowledge (Grant, 1996).

For the balance between control and collaboration, knowledge has a critical role. Organizational control determines how knowledge is obtained, how it is processed and

how it is used for organizational purposes (Turner and Makhija, 2006). Therefore, the knowledge processing requirements of organizational tasks and situations should be compatible with the knowledge processing capability of the control mechanism (Leifer and Mills, 1996). Specifically, the control mechanism is determined according to the descriptive or analytical direction of the organizational knowledge (Turner and Makhija, 2006). For example, bureaucratic control is conducted with coded rules, procedures, i.e., codified knowledge (Das and Teng, 1988). Since the social environment can also constitute a control mechanism in terms of knowledge management, social control may play an important role in controlling the behavior of organizational members.

A social environment where trust, solidarity and common language and codes are valued may increase the exchange (Collins and Smith, 2006) and unification of knowledge plays an important role in the knowledge transfer process (Reagans and McEvily, 2003). In addition, social cohesion between individuals positively affects the transfer of knowledge by creating a desire to spend time and effort to help each other (Reagans and McEvily, 2003). Indeed, organizational knowledge sharing is of great importance both in the transmission and in the creation of knowledge (Small and Sage, 2005-2006). In this regard, a common language is required to share knowledge within the organization, and common meanings such as myths, stories, metaphors can combine different forms of knowledge by interpreting and communicating events (Nahapiet and Ghoshal, 1998). In terms of task performance, knowledge should not be owned by only one person, instead it should systematically be codified (Lam, 1997). However, sharing knowledge will not be effective if there is competition between individuals (Reagans and McEvily, 2003). Therefore, reducing competition and improving social cohesion may increase knowledge transfer (Reagans and McEvily, 2003; Nonaka, 1994).

Regarding knowledge creation, the existence of trust between organizational actors poses an important potential through exchange and consolidation (Nahapiet and Ghoshal, 1998). Since knowledge creation requires clarity, the emphasis within the organization should be "trust, loyalty, learning" (Sillince, 2005). Thus, forming of a knowledge sharing environment necessary for knowledge creation evokes collaboration.

As for knowledge use in the organization, the control approach focuses on transferring high level of knowledge and gaining value with this knowledge, while the collaborative approach emphasizes the value to be obtained by integrating the high

degree of knowledge from the parties (Li et al., 2009). In other words, while the control perspective tries to reduce the misuse and abuse of information, the collaboration approach views disconnected organizational members as a risk, and it gives importance to the integration of the knowledge of the parties to benefit and create value (Li et al., 2009). However, asymmetrical knowledge flow between organizational members may cause imbalance in jointly performed tasks (Lam, 1997). Likewise, opportunistic behaviors can be seen in collaboration when one party hides information (Colletti et al., 2005). As a result, it can be concluded that reducing information asymmetry will significantly contribute to the effective coexistence of control and collaboration in organizations.

To repeat, one of the most important assumptions of agency theory is that there is information asymmetry between principals and agents. This asymmetry can be reduced by effectively managing explicit knowledge in the organization by coding and then storing it and ensuring its use within the organization. With codified knowledge the bureaucratic control is possible in the organizations. When the organization's social structure, values and culture encourage knowledge sharing, the knowledge encoded in the organization is likely to increase through knowledge sharing.

Proposition 1: As the level of control over knowledge sharing through social control increases, the likelihood of the balance between control and collaboration in organizations will increase.

Proposition 2: As the level of control over the coding, storage and transmission of explicit knowledge through bureaucratic control increases, the likelihood of the balance between control and collaboration in organizations will increase.

4. PERFORMANCE AND ORGANIZATIONAL CONTROL

Organizational control has two functions: to control subordinates' actions to direct them and to control whether organizational goals are achieved or not (Gigliani and Bedeian, 1974). In other words, the issue of how performance is evaluated and how divergence can be handled are indispensable aspects of effective organizational control (Ouchi, 1979). If goals are reached or performance level extends beyond the expectations, then the control system is thought to be effective (Leifer and Mills, 1996). Therefore, efficient internal and external mechanisms are very important for

organizations to perform well, because poor control means and high costs of eliminating them lead to organizational failure (Walsh and Seward, 1990).

Monitoring performance and identifying deviations determine the circumstances when and how top management are involved in (Goold and Quinn, 1990). The figures indicating performance level causes the board to “act at a distance” and allow the management, on the other hand, to take decisions autonomously and solve problems flexibly without the intervention of the board (Michaud, 2014). The use of such figures as performance indicators can establish a distance between the board and management, and therefore, the control-collaboration paradox can be resolved (Michaud, 2014). Actually, autonomy is a prerequisite not only in all economic transactions but also in principal-agent relations because without autonomy there will be no efficiency or moral bond in these relations (Quinn and Jones, 1995).

Agency theory gives importance to the issue of performance and performance incentives by emphasizing the alignment of goals (Eisenhardt, 1989; Shapiro, 2005; Hernandez, 2012). The theory also posits that incentives should ensure transformation of management behaviors (Harris, Johnson and Souder, 2013). However, in case of multiple agencies, there might be a risk that the agency may avoid from their responsibilities or exploit others' efforts (Bendor, Glazer and Hammond, 2001). Therefore, organizational control seems to function as a mechanism to ensure the elimination of this risk.

Bureaucratic control has an important role in the control of performance. Control systems try to direct individuals towards common goals, and have them work in parallel with institutional interests (Hernandez, 2012). For this reason, control and reward systems should be established in a way that common mental models can be created, and these systems should protect the interests of different parties (Hernandez, 2012). Through codified rules and procedures, bureaucratic control is used to monitor whether targeted behavior or goals are realized or not (Das and Teng, 1988). Because of this, codified knowledge should be used and goals should be set in order to perform bureaucratic control (Leifer and Mills, 1996; Das and Teng, 1988).

Control of organizational performance can also be ensured by means of social control. The consequences of organizational actions are checked in terms of organizational goals and objectives through normative control (Leifer and Mills, 1996).

Specifically, there is a positive correlation between social control and perceived performance (Şengün and Wasti, 2009). Forming an organizational value system can serve as performance control and can cause organizational goals to be achieved (Mills and Ungson, 2003). Especially when performance cannot be assessed accurately, social control gains much more importance (Fischer and Huddart, 2008).

Social control, or individuals' monitoring each other's actions, can also be achieved by means of rewarding the group as a whole and using contracts based on group performance (Bhattacharya, Devinney and Pillutla, 1998). Through social control, satisfactory performance level may be attained because it enables non-opportunistic behavior and leads to informal, cooperative relations to be developed among organizational members (Şengün and Wasti, 2009). Moreover, if there is a climate of trust and collaboration in the organization, valuable and innovative ideas shared with others can help organizations to grow and expand (Collins and Smith, 2006). If it is not the case, individuals refrain from telling others their ideas, and as a consequence the performance of organization may decrease (Collins and Smith, 2006).

Performance culture refers to the transmission of dominant norms or social values through collaboration and explains why collaboration is adopted as an alternative to organizational efficiency and technological effectiveness (Dickinson and Sullivan, 2014). Consequently, it is not possible to understand the performance of the organization without understanding its culture (Wilkins and Ouchi, 1983). However, having a common social understanding in the organization does not guarantee organizational performance (Wilkins and Ouchi, 1983). In fact, some organizational culture improves performance, some decreases, some is irrelevant to performance (Wilkins and Ouchi, 1983). For example, in a culture with a high level of homogeneity, performance will increase by reducing control costs, namely agency costs (Kulik, 2005). Therefore, it can be concluded that organizational culture should have a perspective that aims to increase performance.

Research suggests that if the organizational performance is high, and if the emphasis is placed on control and collaboration, strategic stability will be achieved (Sundaramurthy and Lewis, 2003). On the other hand, if the performance of the organization is low, the level of organizational performance will decrease regardless of control or collaboration (Sundaramurthy and Lewis, 2003). While organizational

performance focuses on gaining efficiency, determining goals, defining performance indicators, measuring, evaluating and reviewing, it may also include the notion of collaboration performance (Dickinson and Sullivan, 2014). The critical point is to free employees in order to increase creativity and productivity, but at the same time institutionalize performance management to limit and regulate this freedom (Dickinson and Sullivan, 2014).

In a collaborative environment, jointly produced data is developed through, for example, the cycle of inquiry to change work practices and improve performance (Gajda and Koliba, 2007). However, opportunistic behaviors can also be seen in collaboration due to the difficulty of measuring individual contributions (Colletti et al., 2005). For this reason, the evaluation of work practices and the analysis of performance data are important features of intra-organizational collaboration (Colletti et al., 2005). Therefore, measuring performance mutually in a work group and monitoring performance in a collaborative environment is more important than it seems (Colletti et al., 2005). Thus, it can be suggested that the measurement of organizational performance is important in the unity of control and collaboration.

The agency approach recommends adopting a behavior control mechanism when outcomes cannot be measured (Eisenhardt, 1989; Hendry, 2002; Ouchi and Maguire, 1975). The behavior control mechanism is used depending on the nature of the task and organizational norms (Ouchi and Maguire, 1975), but if monitoring costs exceed the benefits to be obtained from the control, behavior control becomes inefficient (Snell, 1992). While behavior control can be implemented to guide subordinates, it is not suitable for comparing the performance of different sub-units (Ouchi and Maguire, 1975). Moreover, if the standards of the desired performance are not clear, behavior control and output control cannot be implemented (Snell, 1992).

The performance-oriented perspective in organizations includes the determining goals and performance indicators, relations between them, goals, duties and responsibilities of actors (Popova and Sharpanskykh, 2010). In this way, the objectives of the actors and the organization and the relationship between them are evaluated (Popova and Sharpanskykh, 2010). Performance measurement is about what metrics the organization uses internally and how they are embedded in the control and incentive systems (Richard et al., 2009). In addition, determining performance indicators means

the identification of all relevant factors and elements using relevant knowledge (Popova and Sharpanskykh, 2010). At this point we suggest that there might be a close relationship between knowledge management and organizational performance.

To repeat, the measurement of organizational performance using performance indicators may respond to the agency theorists' concerns about performance measurement. It also helps keep top management at a certain distance as proposed by Michaud (2014) to ensure controlled cooperation in the organization. In addition, since high organizational performance is one of the main factors in the relationship between control and collaboration, measuring the performance and aiming to increase it may be one of the main factors in attaining controlled collaboration.

Proposition 3: As the level of performance culture through social control increases, the likelihood of the balance between control and collaboration in organizations will increase.

Proposition 4: As the level of control over performance indicators and performance targets through bureaucratic control increases, the likelihood of the balance between control and collaboration in organizations will increase.

5. TRUST AND ORGANIZATIONAL CONTROL

The concept of trust is described as behavior, personal trait, or intention (Ferrin, Bligh and Kohles, 2007). Trust develops through close social relationships, the norm of reciprocity, moral obligations (Bogenrieder and Nootboom, 2004). It is having the belief that the rights and interests of all parties, be it a person, group, or organization, will be protected (Hosmer, 1995). It simply means relying on the other party's behavior (Doney, Cannon and Mullen, 1998; Leifer and Mills, 1996), and expecting that the other party will not behave opportunistically even when the circumstances allow (Bogenrieder and Nootboom, 2004). Being one of the most important cultural elements of governance (McCarthy and Puffer, 2008), trust increases solidarity between actors (Hosmer, 1995). For the governance to be successful, it is necessary to trust managers and senior management (McCarthy and Puffer, 2008). Because the more mistrust there is between the parties, the higher the costs of governance (Griesinger, 1990). As a matter of fact, when there are unexpected changes, the parties continue their transactions by applying necessary changes thanks to trust (Puranam and Vanneste, 2009). Moreover, trust among socially interconnected individuals helps the execution of

transactions (Wright and Mukherji, 1999) and compensates the lack of information arising from uncertainty and information asymmetry (Leifer and Mills, 1996). The atmosphere of trust felt in the organization is seen as an effective way to prevent abuses (Mills and Ungson, 2003). In addition, trust is used as a means of reducing transaction costs and risks in a relationship especially when risk cannot be reduced through formal means or hierarchy (Nooteboom, 2007). From the perspective of agency approach, trust seems an important advantage in eliminating information asymmetry.

When trusting someone, one party makes sure that the other will not put him/her at risk through actions (Doney et al., 1998). Contrary to this view, economists say if people act in a way that does not harm the trust of the other parties, it is because they care about themselves (Nooteboom, 1996). Social exchange theory, opposing the economic and opportunistic view, argues that acting reliably depends on shared meanings, beliefs, and ethical values (Nooteboom, 1996). Social exchange process, with its repetitive and gradually evolving nature, functions as a trust-building mechanism in social relationships (Blau, 1964). Social exchange, unlike purely economic relationships, causes a sense of personal responsibility, gratitude and trust (Blau, 1964).

Trust building process is shaped by its own context and source (Welter, 2012). This process includes calculative, prediction, intentionality, capability and transference steps (Doney et al., 1998). While calculative trust assumes that individuals are opportunistic and work for their own interests, predictive trust implies that trust develops by predicting the behavior of the other party (Doney et al., 1998). Trust based on intention is related to the incentive of the other person's behaviors; trust based on capability is associated with keeping the other party's word; and trust based on transference refers to the evaluation of the networks of the other person (Doney et al., 1998). In other words, the perception of the person who trusts, the context, and his/her interpretation of the context of the relationship affect both the need for trust and the assessment of reliability (Mayer et al., 1995).

Trust may foster loyalty and cooperation through the trust-building process (Mayer et al., 1995). In cases where formal contracts are not implemented, the trust atmosphere may be damaged by seeing the contract as a tool in constructing the trust (Puranam and Vanneste, 2009). The trust atmosphere may also get harmed by mistakes made in assumptions, misunderstanding of actions, misinterpretation of actions and

outputs (Bhattacharya et al., 1998). From this point of view, official, standard processes, institutionally accepted measures, belief in regulatory needs and legal discourses are used to increase the level of trust or reduce distrust (Sitkin and Roth, 1993). Therefore, the social exchange process may have a role in the formation of trust, which may be established by taking measures against distrust, removing misunderstandings, and making institutional arrangements. So, is trusting others an obstacle to control? Does control damage the trust relationship?

Although some control mechanisms ignore trust, it may help establish control mechanisms (Das and Teng, 1988). Welter (2012) points out that control and trust do not create dilemmas, on the contrary they complement each other, because they go through a process of coexistence and evolution. Goold and Quinn (1990: 53) state that “trust and reliability are at the heart of every control mechanism that actually works well”. Indeed, the level of trust and the level of control, together or separately contribute to the level of reliability (Das and Teng, 1988). Therefore, increasing the level of trust does not mean decreasing the level of control and the trust level may increase regardless of the decreased control level (Das and Teng, 1988). Thus, if one party takes a risk because she/he trusts the other, the other party acts in a way that will not negate the trust (Das and Teng, 1988). As a result, trust mediates the relationship between the control mechanism and the control level (Das and Teng, 1988). However, under conditions of uncertainty, employees may have to take initiative and traditional control mechanisms such as monitoring and incentives may not be effective (Mills and Ungson, 2003). As a result, the answer to the above questions will be that trust is not an obstacle to control, trust and control can operate well together.

As trust is not a control tool, one cannot abandon objective control mechanisms (Leifer and Mills, 1996). In an environment of high trust and low information processing, social control may replace bureaucracy, but it does not eliminate it (Leifer and Mills, 1996). In organizations norms and values at macro level; empathy, emotions and routines at micro level (Woolthuis, Hillebrand and Nooteboom, 2005); reputation at the meso level may be used to minimize opportunistic behavior (Nooteboom, 2007). For example, people having social networks create a relationship of mutual trust in order not to damage their reputation and do not resort to opportunism (Granovetter, 1985). Therefore, rather than moral and institutional regulations, social relations are much

more effective in building trust, preventing opportunism, and ensuring its continuity (Granovetter, 1985).

Although studies indicate that trust does not constitute an obstacle to control, control should be implemented through social mechanisms. That is, while there is a positive and complementary relationship between social control and trust, there is a negative relationship between bureaucratic control and trust (Şengün and Wasti, 2009). If there is an atmosphere of trust, organizations should give more importance to relationship norms than formal control (Şengün and Wasti, 2009). Focusing too much on bureaucratic control can damage the trust relationship (Das and Teng, 1988; Şengün and Wasti, 2009; Schoorman et al., 2007; Mayer et al., 1995). In addition, in an environment of uncertainty, formal control mechanisms may reduce flexibility and adaptability (Leifer and Mills, 1996). In such cases, social control, where shared meanings are formed, works better (Şengün and Wasti, 2009). However, when there is uncertainty about tasks, for example, trust between a manager and the subordinates is increased by giving them responsibility and controlling their behaviors through normative means (Leifer and Mills, 1996). So, we argue that trust, linked with social control, has an important role in the effective coexistence of control and collaboration.

Trust generates collaboration and solidarity, which are also fed by trust (Sitkin and Roth, 1993; Bogenrieder and Nooteboom, 2004; Nahapiet and Ghoshal, 1998). Trust functions as a binding mechanism and is formed by social interaction (Leifer and Mills, 1996). According to Sundaramurthy and Lewis (2003) for control and collaboration to coexist in organizations, it is important to have trust in the competence of the other party and distrust in the limitations of human beings. When the natural limitations of human beings are not relied upon, assumptions and decisions are questioned and the need for control arises (Sundaramurthy and Lewis, 2003: 408).

On the other hand, relational risk may arise when the parties lack sufficient unity, increasing the likelihood that the collaboration would fail (Colletti et al., 2005). Control may reduce the relational risk, which leads to solidarity by increasing trust and collaboration (Colletti et al., 2005: 496), and trust plays an important factor in reducing relational risk (Bogenrieder and Nooteboom, 2004). In other words, building trust by social control may reduce relational risk (Bogenrieder and Nooteboom, 2004).

The control system may also establish a relationship of mutual trust between the manager and the top management. (Goold and Quinn, 1990). For example, the records of the previous performance of the manager, his/her fulfillment of the contract terms, deviation from the performance objective, and its reasons, and receiving feedback based on the performance criteria will cause the top management to trust the manager (Goold and Quinn, 1990). Thus, when solidarity is established in a social environment having a control mechanism, collaboration positively influences control, which ultimately causes an increase in trust (Colletti et al., 2005).

To summarize, in the case of uncertainty, if there is trust between the parties, work processes are maintained without loss of flexibility, and trust overcomes the problem of information asymmetry and eliminates the lack of information. The coexistence of trust and control does not create a dilemma, and the existence of control may even improve trust. However, as trust process occurs in a social environment, it may be more appropriate to link trust to social aspects. For example, the relational risk, which is seen as the most important risk in a collaborative work environment, may be overcome with an atmosphere of mutual trust among organizational members. As a result, we argue that trust may contribute to the coexistence of control and collaboration.

Proposition 5: As the level of building trust through social control increases, the likelihood of ensuring the balance between control and collaboration in organizations will increase.

6. CONCLUSION

In this study, we argue that control and collaboration in organizations should be exercised together and drawing on this argument we suggest some propositions. According to the studies we review, control is carried out to ensure that organizational members achieve organizational goals; to determine whether the organizational outputs or goals have been achieved, and to assess the behaviors and practices of the organizational members that may pose a risk to the organization.

Among the organizational control theories, it seems to be the agency theory that has attracted much interest in the literature. The agency approach assumes that the shareholders and Boards of Directors, regarded as the principal, control managers, regarded as the agent, and that managers work for their own accounts, and do not make

enough effort in carrying out their duties (Eisenhardt, 1989; Donaldson, 1990; Hendry, 2002; Sharma, 1997). Based on these assumptions, the theory implies that controlling managers strictly and taking measures will ensure the unity of the interests of the principal and agent.

The stewardship theory, which stands against the agency approach, argues that even if the managers have the opportunity to deceit the principal, they do not act contrary to the interests of the principal; on the contrary, they work in line with organizational goals and act in collaboration (Davis et al., 1997; Donaldson, 1990). Based on this, we argue that the agency approach puts emphasis on the organizational control and neglect collaboration. We also emphasize that collaboration is one of the essential factors in achieving organizational goals. We have developed proposals considering the reservations put forward by the agency approach. In addition, we call effective coexistence of control and collaboration as controlled collaboration and try to establish the balance between these two concepts.

When too much emphasis is placed on control within the organization, employees or agents may only be individuals who follow the given instructions, do not take initiative, or use their creativity (Ouchi, 1979). On the other hand, when collaboration is highlighted too much, the relational risk may take place. In such a case, the outputs of organizational members are not fully evaluated (Colletti et al., 2005). In this study, the balance between control and collaboration is proposed as a point at which individuals are encouraged to work autonomously and creatively as well as organized to behave under some level of control to help them reach certain goals and have a perception that they are not completely free. Moreover, achieving this balance is especially vital in cases of uncertainty when, for example, the principle has to delegate authority to and trust agents.

Implementation of control in organizations can take place in different ways. In this study, these are categorized into bureaucracy control and social control, which are proposed as the two modes of control in achieving controlled collaboration. We suggest that knowledge management, performance and trust are important elements in maintaining the balance between control and collaboration, and thereby attaining controlled collaboration. We propose that although knowledge management and performance may be implemented through both bureaucratic control and social control,

trust may only be developed through social control. This is because the mode of control and the behavior or outputs to be controlled should be compatible with each other.

Agency approach posits that the information asymmetry between the principal and the agent is one of the most important risks because it is difficult to control the behavior of the agent and to understand what he/she is doing. In the organization, deciphering information by coding it as much as possible and making it explicit to all organizational members may help reduce information asymmetry and distrust. That is, as the knowledge level of the principal increases, it is highly possible that the principle will change his/her negative views about the agent, which may create a collaborative environment within the organization.

Knowledge sharing culture, which requires coding information, is an important value for knowledge creation in the organization, which evokes collaboration. As the bureaucracy control in the organization is done with codified information, coding the information is also important in terms of control. When organizational culture and values encourage knowledge sharing within the organization, the level of codified information will increase thanks to the knowledge sharing (Proposition 1, Proposition 2). In addition, information sources of the organization are also important for the performance of the organization. Since the organization's internal social environment in which people trust each other increases the exchange of information, trust may positively affect the knowledge management and contribute to organizational performance.

Since organizational performance level is important for control and collaboration (Sundaramurthy and Lewis, 2003), we think that performance is one of the key variables in attaining controlled collaboration. Thus, organizational practices used for higher performance may contribute to controlled collaboration. In addition, performance indicators of the agent can be used as a control tool for the agent to make flexible decisions by "keeping actions at a distance" (Michaud, 2014: 80). In other words, the agent may gain autonomy he/she needs just by presenting the numerical figures as performance indicators. In agency theory, performance and performance incentives are used to ensure the harmony of interests between the principal and the agent. Thus, controlling the performance is important in terms of both satisfying the concerns of the agency approach and ensuring controlled collaboration.

If the organizational culture aims to increase performance, performance evaluation can be done by social control. Performance evaluation can also be realized by bureaucracy control with the use of rules and procedures. Thus, the assessment of organizational performance is important in ensuring the controlled collaboration (Proposition 3, Proposition 4). In addition, as knowledge management is important in terms of determining performance indicators, knowledge management and performance may contribute to controlled collaboration, together and separately.

One of the basic assumptions of agency approach that agents work for their own interests, implies distrust towards agents. However, trust may reduce transaction costs and risks and assumes an important function when it is necessary to continue transactions especially in times of uncertainty. Therefore, the social exchange process becomes critical for the development of trust between parties.

To repeat, if the parties trust each other in an environment of uncertainty, the continuation of the process is ensured without losing flexibility, and trust overcomes the information asymmetry and eliminates the lack of information. The coexistence of trust and control does not create a dilemma; on the contrary, control can improve trust. To develop trust in the social environment, it will be more appropriate to control trust socially. On the other hand, the relational risk, which is seen as the most important risk in the collaborative environment, can be overcome with mutual trust. As a result, we argue that trust may contribute to the unity of control and collaboration (Proposition 5).

In a nutshell, the balance of control and collaboration, i.e. controlled collaboration, may be achieved in organizations by building trust through social control (Proposition 5), establishing a performance culture (Proposition 3), and controlling knowledge sharing (Proposition 1). Controlled collaboration can also be attained through the coding, storing and transmitting explicit information (Proposition 2), through bureaucratic control, and the control of performance indicators and performance targets (Proposition 4). In short, trust, knowledge management and performance together and separately may contribute to the balance of control and collaboration in organizations. In future studies, the contribution of social networks and employee empowerment to the unity of control and collaboration in organizations can also be investigated to better understand the issues discussed in this study.

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