



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

INTERNAL INCONSISTENCIES – CULTURAL AND STRUCTURAL CONFLICTS

A CASE STUDY OF REFORMS WITHIN MANAGEMENT CONTROL

Bachelor thesis in Business Economics

Management Control

Spring semester 2010

Mentor: Johan Åkesson

Authors:

Martin Ahlin 87

Linus Bergström 86



" Culture is more often a source of conflict than of synergy. Cultural differences are a nuisance at best and often a disaster."

Prof. Geert Hofstede
Emeritus Professor, Maastricht University



Acknowledgements

Numerous people made this thesis possible. They deserve to be acknowledged. We thank respondents for their time and cooperation.

We would like to specifically thank the Director of SU and the Production Track Manager at SKF for their support throughout our thesis.

We would also like to thank “The Cheshire Cat” whose immense wisdom has been crucial to our work.

Finally we would like to thank our mentor Johan Åkesson for sharing his knowledge, contacts and thoughts. We deeply appreciate his constructive criticism.

Martin Ahlin

Göteborg, 2010-06-02

Linus Bergström



Summary

Bachelor thesis in Business Economics, University of Gothenburg School of Business, Economics and Law, Accounting and Management Control, Spring semester 2010.

Authors: Ahlin, Martin & Bergström, Linus

Mentor: Åkesson, Johan

Title: Internal inconsistencies – cultural and structural conflicts. A case study of reforms within management control.

Problem Background: Prominent management control solutions like BSC, TQM and JIT are implemented in companies all over the world. Merchant and Van der Stede (2007) suggest that such solutions are implemented without much reflection if they fit with the organizational characteristics. We have therefore chosen to study how internal organizational factors influence the outcome of a reform.

Aim of study: The aim of our study is to investigate how individuals in an organization react towards a reform and if there is a discrepancy between the actual outcome and the intended purpose of the reform, an internal inconsistency. We also assess why such an inconsistency has arisen. As reforms are implemented continuously in organizations we think it is interesting to investigate whether or not they reach their intended outcomes.

Limitations: Our thesis was conducted as a case study on two organizations. Our findings therefore have little scientific validity. Nevertheless our thesis can address some interesting issues that are likely to arise when implementing new measures of control.

Method: Qualitative interviews have been conducted with ten respondents. Empirical findings have been analyzed through a model of analysis constructed in our frame of reference.

Conclusion: Internal inconsistencies have been found within both objects of study. In one of the organizations due to strong professional culture and in the other due to organizational structure.

Suggestions for further research: We suggest that a thorough study of several departments within one organization is conducted. In that way a comparison of how the sub-cultures within the organization affect the outcome of a reform can be made.

Table of contents

Acknowledgements.....	3
Summary.....	4
Table of contents.....	5
1 – Introduction.....	7
1.1 Problem Background.....	7
1.2 Problem discussion.....	8
1.3 Problem definition.....	8
1.4 Aim of study.....	8
1.5 Limitations.....	8
1.6 Definitions.....	9
2 - Frame of reference.....	10
2.1 Defining Management Control Systems.....	10
2.1.1 Management Control Systems over time.....	10
2.1.2 Definition used.....	11
2.2 Configuration versus Cartesian approach.....	12
2.2.1 Contingency Theory.....	12
2.2.1.1 Environment.....	12
2.2.1.2 Technology.....	12
2.2.1.3 Organizational structure and culture.....	13
2.2.1.4 Organizational design and effectiveness.....	13
2.2.2 Congruence Theory.....	13
2.3 How organizational structure influence fit.....	14
2.4 Internal and External Contingency Factors.....	15
2.5 Institutional Theory.....	15
2.6 Change Management and Unintended Consequences.....	16
2.7 Model of analysis.....	17
3 – Method.....	18
3.1 Approach to problem.....	18
3.2 Selection of method of investigation.....	19
3.2.1 Case study.....	19
3.2.2 Qualitative or quantitative method?.....	19
3.3 Data acquisition.....	19
3.3.1 Primary and secondary data.....	19
3.3.2 Selection of organizations.....	20
3.3.3 Selection of respondents.....	20
3.3.4 Interviews.....	20
3.4 Credibility.....	21
3.4.1 Validity.....	21
3.4.2 Reliability.....	21



3.4.3 Criticism of the sources	21
4 - Empirical findings	22
4.1 Sahlgrenska University Hospital.....	22
4.1.1 About the reform.....	22
4.1.2 Respondents.....	22
4.1.2 Interviews	23
4.1.3 Additional empirical information	25
4.2 SKF	26
4.2.1 About the reform.....	26
4.2.2 Respondents.....	26
4.2.3 Interviews	26
5 - Analysis.....	29
5.1 Sahlgrenska University Hospital.....	30
5.1.1 Purpose of the reform	30
5.1.2 Internal contingency factors	30
5.1.3 Actual outcome	31
5.1.4 Explanatory theories	32
5.1.5 Concluding remarks.....	33
5.2 SKF	34
5.2.1 Purpose of the reform	34
5.2.2 Internal contingency factors	34
5.2.3 Actual outcome	35
5.2.4 Explanatory theories	36
5.2.5 Concluding remarks.....	37
6 - Conclusions	38
7 - Reflections and suggestions for further research.....	40
8 - Bibliography	41
8.1 Published sources.....	41
8.2 Verbal sources.....	43
8.2.1 Sahlgrenska University Hospital	43
8.2.2 SKF.....	43
8.3 Electronic sources	44
Appendix 1 - Interview template	45

1 – Introduction

Chapter one presents the problem background and problem discussion, which results in the problem definition and aim of study. This is followed by limitations and definitions.

1.1 Problem Background

Organizations tend to become more and more complex due to increased globalization and competition. In order to last on the competitive markets of today organizations need to be flexible in order to quickly adjust to constantly changing conditions. As a result organizations have become flatter and more process orientated. (Dicken, 2007)

According to Chenhall and Euske (2007) a variety of best practice approaches on how to manage organizations have been developed. Among the most prominent solutions are Total Quality Management (TQM), Just-In-Time (JIT), Lean-production and the Balanced Scorecard (BSC). Merchant and Van der Stede (2007) argue that solutions, like the balanced scorecard, are implemented in organizations without much consideration about whether the solutions fit into the organizational context.

Some studies argue that management control systems should be considered from a configuration perspective, it is important to view the system in a holistic manner (Chenhall and Euske, 2007; Gerdin and Greve, 2004). This would imply that when a company implements a solution, for example TQM, it must consider whether the reform fits with all other parts of the organization. If not, performance may suffer.

Åkesson and Siverbo (2009) stress an interesting idea that companies tend to implement management control solutions without taking too much consideration of those already in use. Instead of basing the choice of solution on what is best for the organization; companies might give in for what is modern and trendy and implement a new system on top of a previous system. As a result, conflicting management controls may be in use simultaneously.

Researchers have suggested several possible reasons for why an organization would implement a system even though such a conflict would arise. Bolman and Deal (2005) argue that the symbolic value of change may sometimes be more significant than the economic value of it. Staw and Epstein (2000) present empirical evidence that the implementation of popular management techniques is perceived positively. There is a perception that companies implementing such techniques are more successful, innovative and have a higher quality of management even though economic value is not added. There are therefore strong incentives for management to implement such a system even though implementation costs may exceed real economic value added.

1.2 Problem discussion

Management control serves to solve three different kinds of problems; lack of direction, lack of motivation and personal limitations (Merchant and Van der Stede, 2007). If conflicting control packages are in use simultaneously employees may find directions from management ambiguous. They may experience a decrease in motivation due to management intervention or personal limitations may rise when the company cannot attract top talent. The purpose of the management control system is then compromised. Costs due to a decline in performance may arise when management experiences a loss of control (Merchant and Van der Stede, 2007).

As each organization is unique and in a constant state of flux we find it interesting if the implementations of prominent management control solutions like the balanced scorecard, TQM and JIT succeed. Such solutions have often been based on research that assumes that actors within the organization are passive receptors, but are still often thought to be a panacea to unsatisfying performance. Conversely, New Scandinavian Institutionalism argues that actors in the organization are active and react towards change. It is therefore not evident that the intended purpose of a management control reform will be equal to the actual outcome (Rövik, 2008). We argue that such an internal inconsistency is more likely to arise when implemented management control measures do not fit with the current organization. It is therefore interesting to investigate whether or not such conflicts are prevalent in organizations. In order to capture such a phenomenon we have chosen to analyze the fit between a reform and the prevalent organizational culture and structure.

1.3 Problem definition

When a reform is implemented the actual outcome may not always come out as intended. This discrepancy may occur due to internal inconsistencies within the culture and structure of the organization. The following study discusses how the outcome of an implemented reform is affected by internal factors of an organization.

1.4 Aim of study

The aim of our study is to investigate how individuals in an organization react towards a reform and if there is a discrepancy between the actual outcome and the intended purpose of the reform, an internal inconsistency. We also try to assess why such an inconsistency has arisen. As reforms are implemented continuously in organizations we think it is interesting to investigate whether or not they reach their intended outcomes.

1.5 Limitations

Since our collection of data was mainly conducted through qualitative interviews, which are time consuming, we have chosen to focus our thesis on two organizations; SKF and Sahlgrenska University Hospital (SU). Our study will deal with investigating how the organizational structure and culture may affect the implementation of a reform. Due to the different characteristics of each reform and organization, we do not make any comparisons between the objects of study.



At SKF we investigated the situation at one of the organization's many factories, where four respondents were interviewed. At SU, one specific department was investigated, and six respondents were interviewed.

Our findings only have scientific validity for the objects of study; nevertheless our thesis can address some interesting issues that are likely to arise when implementing new measures of control.

1.6 Definitions

This part aims to clarify how we have chosen to define some of the expressions used in our thesis.

Management Control: We have here chosen to adopt the following definition,

Management controls include all the devices and systems managers use to ensure that the behaviours and decisions of their employees are consistent with the organisation's objectives and strategies, but exclude pure decision-support systems.
(Malmi and Brown, 2008 p. 290-291)

Management Control System: Incorporates all management controls prevalent in an organization.

Organizational culture: Signifies attitudes and values shared by people within the organization and also informal measures of control that influence employee behaviour.

Organizational structure: Denotes the organizational scheme, i.e. how different entities connect with each other within the organization. We have also chosen to incorporate formal measures of control, such as action and result controls, under the notion organizational structure.

Organizational characteristics: Incorporates both the organizational structure and culture. It is used as a comprehensive term.

2 - Frame of reference

In our frame of reference we first define what management control is and what constitutes a management control system. As there are many theories on how an organization should be analyzed we discuss and evaluate prior theoretical material. We discuss why a configuration-contingency approach is taken towards the objects of our study. We present three theories, which can explain why an internal inconsistency may occur. Finally, we construct a model of analysis.

2.1 Defining Management Control Systems

Management control systems are subjects to constant change. Contemporary control systems are little alike those described by research pioneers. As a result the definition of what constitutes a management control system has changed over time with the very systems it defines.

In order to conduct scientific research it is necessary to reflect and choose a clear definition to avoid ambiguity in findings.

2.1.1 Management Control Systems over time

Robert Anthony (1965) distinguished management control from both strategic planning and operational control. Anthony took a management perspective and argued that the purpose of management control is to communicate and act like a bridge between strategic planning and operational control. Today such a narrow definition is argued to be out of date. It is said to be evident that operational control and strategic planning are part of contemporary management control and must thereby be encompassed in a broader definition of the concept. (Otley, 1994; Malmi and Brown, 2008)

Contemporary definitions of management control therefore tend to have a much broader connotation of what it constitutes. Organizational control, and thereby management control, has then been defined as any actions or activities undertaken to influence employee behaviour to act towards organizational objectives (Flamholtz, 1983; Abernethy and Chau, 1996). According to Merchant and Van der Stede (2007) a management control system consists of “all the devices or systems managers use to ensure that behaviour and decisions of their employees are consistent with the organization’s objectives and strategies”. Chenhall (2003) argues that the definition of management control has evolved over time from one focusing on more formal measures of control to one that includes more informal measures, such as personal and social controls. Management controls are thereby not necessarily viewed as a link between strategic planning and operational control but rather as a complete set of measures to control the organization.

Zimmerman (1997,2001) makes a distinction between decision-making from control, he excludes pure decision-support systems since such do not direct employees but merely support them with information to act upon. To narrow down the otherwise broad definition suggested in prior research, Malmi and Brown (2008) use the distinction made by Zimmerman. Gordon and Narayanan’s (1984) findings of a relationship between perceived environmental uncertainty,

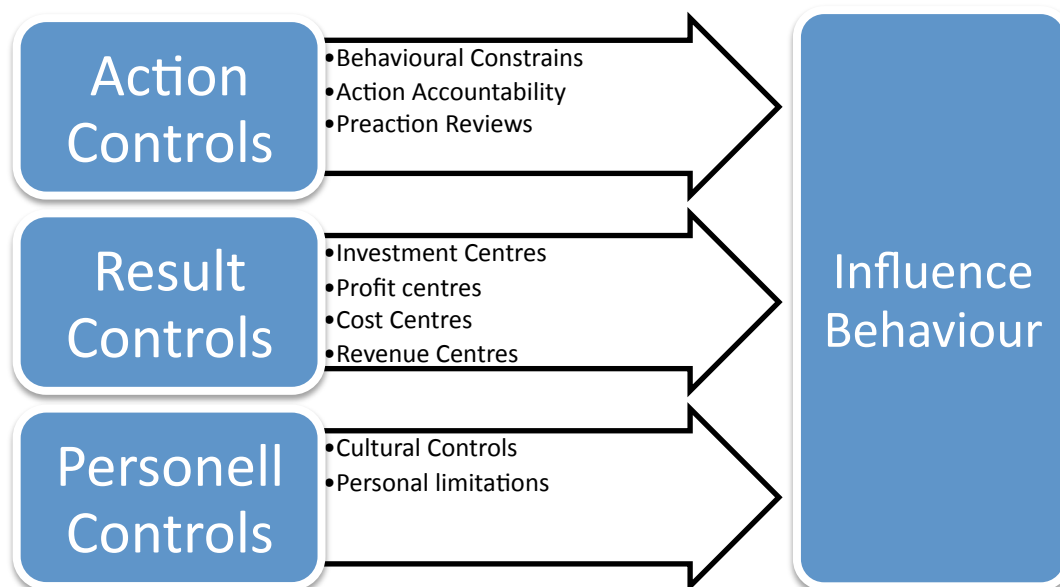
information and organizational structure can be said to argue against such a distinction since information is a factor that will affect the organizational structure and thereby possibly performance.

Some researchers have organized measures of control under broader notions. Samuelson and Olve (2004) suggest that management control systems can be divided into formal, informal and organizational measures of control; a view adopted by Ax, Johansson and Kullvén (2005). Merchant and Van der Stede (2007), on the other hand, propose that measures of control can be divided into action controls, result controls and personnel controls.

2.1.2 Definition used

Although we recognize the tendency in contemporary research to use broader definitions we have chosen to make delimitation and follow suit with Malmi and Brown (2008). We thereby acknowledge and base our further studies upon Merchant and Van der Stede's (2007) assumption that the primary function of management control systems is to influence behaviours in desirable ways, but make a clear distinction by excluding pure decision-support systems. Merchant and Van der Stede's (2007) way of dividing measures of control into action controls, result controls and personnel controls have also inspired us.

Management controls include all the devices and systems managers use to ensure that the behaviours and decisions of their employees are consistent with the organisation's objectives and strategies, but exclude pure decision-support systems.
(Malmi and Brown, 2008 p. 290-291)



(Illustration of Merchant and Van Der Stede's (2007) definition)

2.2 Configuration versus Cartesian approach

In prior research several opinions on what constitutes a fit system have been presented. In their article Gerdin and Greve (2004) suggest two possible approaches; the Configuration approach and the Cartesian approach.

In a Cartesian approach it is investigated how separate contextual variables affect each other and how such relationships influence the performance of the organization (Drazin and Van de Ven, 1985). As the variables are continuously changing, and thereby the relationships between them, a constant process of adjusting the management control system is necessary (Gerdin and Greve, 2004).

A Configuration approach emphasizes that it is not the individual relationships among variables that is interesting but the system as a whole and the way the variables interact with each other. The different variables are thus seen as a system and its joint effect on performance is evaluated (Drazin and Van de Ven, 1985). As small incremental change can disturb the balance of the system and thereby performance, adjustments should be made by thorough occasional changes (Miller, 1986). A reform focused on improving the management control system of the organization could be said to be such a large occasional change.

According to Gerdin and Greve (2004) the Configuration approach is built on two theories; the contingency theory and the congruence theory.

2.2.1 Contingency Theory

Otley (1980) and Chenhall (2003) among others have developed the contingency theory. These studies stipulate that there is no management control system suitable for all organizations. Increased complexity forces organizations to adjust their management control to their individual characteristics.

If a system is fit or not, is according to the contingency theory, dependent on the specific internal and external circumstances of each organization, which can be described by several variables (Otley, 1980). Three main categories of variables can be distinguished, environmental, technological and organizational structure and culture (Otley, 1980; Drazin and Van de Ven, 1985; Chenhall, 2003).

2.2.1.1 Environment

The competition a company encounters can be regarded as one of the most important factors to take into consideration when assessing its environmental situation, as different kinds of competition can affect the fit of the management control system (Khandwalla, 1972). According to Khandwalla (1977), other environmental variables to consider are turbulence, hostility, diversity and complexity. Chenhall (2003) refers to these factors as the degree of uncertainty.

2.2.1.2 Technology

According to Chenhall (2003) there are two different ways of how technological factors can affect the fit of management control systems. The available technology inside the organization, such as in the production process, influences how much information there is available to the management control system. When internal technology changes, the available information also changes and ultimately calls for adjustments of the management control system. The

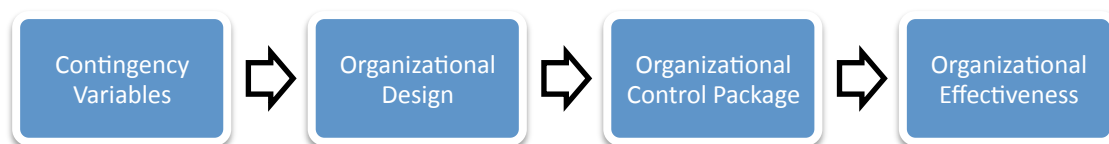
technological development outside the organization also has to be taken into consideration, argued by Young and Selto (1991). New technologies for management control are continuously developed and if an organization wants to follow best practice, its management control system will have to adopt the new technology (Chenhall, 2003).

2.2.1.3 Organizational structure and culture

Otley (1980) states that the structure of an organization has a great influence on which management control that is appropriate. When there, for example, is a high interdependence among organizational entities an all too rigorous reliance on performance measures is not recommended (Otley, 1980). Chenhall (2003) and Drazin and Van de Ven (1985) argue that culture is a variable, which has to be taken into consideration. Culture within the organization can be said to consist of intangible factors such as knowledge and shared traditions (Chenhall, 2003).

2.2.1.4 Organizational design and effectiveness

The above-mentioned contingency variables determine how an organization should design its control package (Otley, 1980). The package is, according to Otley, comprised of accounting and management information systems together with different measures of management control. For the organization the design of the control package is crucial to attain effective performance (Otley, 1980).



(Otley, 1980 p. 420)

2.2.2 Congruence Theory

Another possible view within the Configuration approach is the congruence theory. As in the contingency theory contextual factors influence the organizational fit. However, the congruence theory argues that there is no connection between organizational fit and performance (Drazin and Van de Ven, 1985). Greve and Gerdin (2004) state in their article that, according to the congruence theory, “fit is the result of a natural selection process” (Gerdin and Greve 2004, p. 307). The theory thereby assumes that all active organizations have a fit within its management control system; as organizations that do not will not last on the competitive markets (Drazin and Van de Ven, 1985).

Our analysis has been inspired by the view held by the advocates of the contingency theory. We find that the suggested absence of a relationship between organizational fit and performance, as advocated in a congruence approach, is questionable. Contextual factors affect the organizational structure, which in turn influence the way employees behave and thereby performance of the organization.

2.3 How organizational structure influence fit

A well-functioning organizational structure is an important variable in order to attain fit in the management control system. Developing a well functioning structure is, however, nothing that is easily done. Organizations are complex because they consist of individuals and it is hard to anticipate individual behaviour (Bolman and Deal, 2005). A potential solution to this problem is to create a strong culture within the organization in order to direct the actions of employees. Each organization develops its own cultural values and goals. As each individual contributes to the organizational culture it continues to develop with the entries of new employees. (Bolman and Deal, 2005)

In an organization where a certain culture exists it may prove difficult to implement a reform in the management control system, unless the reform directs the organization in the same way as before. If the reform provides another direction conflicts may arise in the relationship between management and employees. Such conflicts may be due to an inconsistency between the goals of management and employees. If such a conflict is prevalent, an agency problem exists (Eisenhardt, 1989).

An agency problem may occur due to discrepancies in the relationship between principal and agent. According to Jensen and Meckling (1976), the principals are empowered to make the agents perform services on behalf of the principals. The roles of principals and agents can be seen from another perspective, where the roles are called guardians and advocates, as defined by Brunsson and Rombach (1982). Management can be seen as guardians since they have a comprehensive view of the organization and try to obstruct unnecessary spending. In order to manage such problems, management is likely to implement different reforms with the purpose to change organizational behaviour. The advocates, on the other hand, focus on their own business and work hard to seize as much resources as possible. When focusing on their own business, they may not be open to change caused by reforms implemented by management. (Brunsson and Rombach, 1982)

In his book "The Structuring of Organizations" Mintzberg (1979) makes a useful distinction between different kinds of organizations by defining their structure as of simple structure, machine bureaucracy, professional bureaucracy, divisional structure and adhocracy. He also describes some of the difficulties that may arise with each structure, for example in the relationship between principal and agent. In our study we have chosen two organizations that are likely to have an organizational structure similar to what Mintzberg describes as a professional bureaucracy and divisional structure.

The above-mentioned discrepancy between principal and agent can result in a management control system that is not fit. If a reform is implemented but employees still work according to the prior system, an internal inconsistency may exist.

2.4 Internal and External Contingency Factors

Contingency models often point out that a management control system is affected by external and internal contingency factors and that it must concord with both in order to be considered fit. In Yuen Teen Mak's (1989) study it is suggested that performance may be more dependent on internal consistency between operational control, management control and strategic planning than on external contingency factors.

In our thesis we are interested whether or not there is a fit between the management control that has been implemented and organizational culture and structure. Our model of analysis aims to illustrate how internal contingency factors may create a discrepancy between actual and intended outcome, an internal inconsistency. We have thus been influenced by the study of Yuen Teen Mak (1989) stated above.

2.5 Institutional Theory

The institutional theory was first introduced by Philip Selznick (1957) and has since then been further developed. He argued that the organizational structure is an adaptive vehicle, which over time adjusts to influences from both participants in the organization and external factors. However, the institutionalization process affects different organizations in different ways. According to Selznick, organizations with strong goals and specialized technical operations are not influenced by institutions as strongly as others. (Selznick, 1957)

From the approach of Selznick the institutional theory has evolved and other interpretations have been made. Berger and Luckmann (1967) suggested that the organizational structure is influenced by the actions and interpretations of individuals, much like a social process. A decade later, Meyer and Rowan (1977) asserted that change in organizational structure is dependent on organizations ability to adapt to expectations from different external institutions. They argue that organizations may have to adopt certain formal structures in order to receive resources from interested external parties. Such structures may in reality not actually be applied in the organization, since the employees follow prior established social patterns. (Meyer and Rowan, 1977)

DiMaggio and Powell (1983) questioned earlier research and argued that organizational structure is influenced mostly by professional standards and governmental regulations. They further implied that organizations in the same institutional setting become more and more homogenous, due to the institutional pressures mentioned above (DiMaggio and Powell, 1983).

During the last twenty years new institutional approaches have evolved. One of them, called New Scandinavian Institutionalism, is of special interest to us. This particular theory is concerned with the potential discrepancy between the intended and actual destiny of a reform when implemented in an organization. If a reform is to be implemented it should be done during a long time since organizations tend to adapt slowly. A reform introduced too abruptly may therefore result in failure. Researchers also assert that reforms compatible with organizational characteristics are more likely to succeed. (Rövik, 2008)



2.6 Change Management and Unintended Consequences

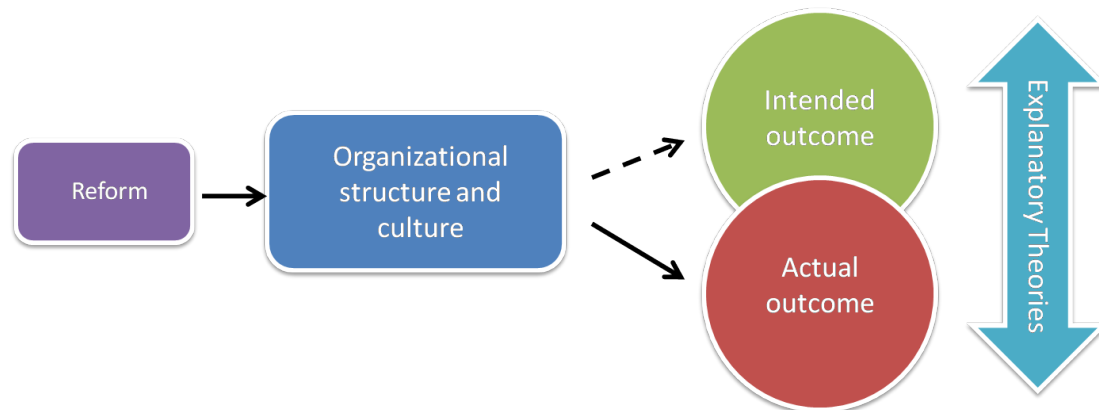
When an organization implements a reform or conducts an organizational change there are always consequences, due to the complexity of organizations. If these consequences are of an unforeseen nature they are called unintended. The character of consequences of this kind is often negative (Harris and Ogbonna, 2002; Jian, 2007). As we have defined management control as action controls, result controls and personnel controls that affect behaviour we define an unintended consequence as any behaviour not anticipated or wanted by management.

In his article Jian (2007) argues that when a change occurs in an organization it occurs on two different levels; senior management and employee. Senior management is responsible for the introduction of the change, which employees then are instructed to implement. The author refers to these different approaches as text-oriented respectively action-oriented. At senior management level consultants, analysts and managers cooperate to prepare documents and charts to illustrate the intentions of the reform. By producing this documentation senior management also makes an interpretation of the organizational structure and culture. When the documentation then makes its way down through the organization to employees in order to implement the change a collision between different interpretations of the reform may occur. (Jian, 2007)

This relationship between senior management and employees can be compared with the principal-agent relationship mentioned above. Different perceptions on organizational levels may cause an agency problem and complicate the relationship between principals and agents.

2.7 Model of analysis

As we aim to assess if management has achieved its intended purpose of the reform we have constructed a model for further analysis.



(Ahlin & Bergström, 2010)

We have chosen to view the organization from a configuration–contingency perspective as described by Gerdin and Greve (2004). We argue that an organization should be viewed holistically and that a relationship between organizational structure and performance is likely. We have also been inspired by the study made by Yuen Teen Mak (1989) and have thus focused on internal contingency factors; organizational structure and organizational culture. Our thesis investigates how the actual outcome of a reform differs from the one intended, due to distortion by the organization’s internal characteristics. Such a divergence between the actual- and intended outcome would imply an internal inconsistency.

Furthermore we intend to explain why an internal inconsistency may be prevalent. We use three different theories; the Agency Theory, the New Scandinavian Institutionalism and the Change Management Theory. We have chosen these theories as they provide interesting explanations of how the organizational structure and culture may influence the internal fit of a reform. The agency theory provides an explanation of how the structural relationship within an organization may affect communication among organizational levels. When implementing a reform or conducting a change, it may be hard to achieve success without well-functioning communication. We find the New Scandinavian Institutionalism interesting because it addresses the problem that may occur when a reform collides with the organizational culture. Such a problem may influence the outcome of the reform, and this theory is thus worth considering. Finally, we have chosen the theory of change management due to its somewhat different interpretation of the problem. This theory addresses the transfer of knowledge from management to employees, a process influenced by both organizational structure and culture. There are numerous other interesting theories within this field of research, but we are of the opinion that the three theories chosen provide a thorough explanation of the internal inconsistency investigated.

3 – Method

The approach of the thesis is described and how empirical findings will be interpreted by the frame of reference. We then present how interviews and additional data acquisition were conducted and conclude with an assessment of the credibility of the thesis.

3.1 Approach to problem

When conducting research there are principally three possible approaches that can be used; an analytical, a system based and a participative. Using an analytical approach causal connections and relationships are analyzed and interpreted by different theoretical models. Such models aim to provide a simplified image of reality (Arbnor and Bjerke, 1994). A system approach emphasizes that conclusions can only be drawn if the entire system and everything that affect it is taken into consideration. A third approach is the participative, where reality has as many different interpretations as there are individuals. Thus in a participative approach it is not possible to build a general model of reality since each individual would perceive it differently (Arbnor and Bjerke, 1994).

In our thesis we use the frame of reference to build a model of analysis for our problem. We build a model from prior theoretical findings in order to improve our understanding of the reality inside the organizations targeted in our study; we thereby take an analytical approach.

We relate theory and empirical evidence in a deductive manner. Empirical findings are analyzed and interpreted using prior theoretical findings as presented in our frame of reference (Arbnor and Bjerke, 1994). Our frame of reference presents a comparison between different theories and discusses the relationship between them. We also make choices that lead to our model of analysis. That model serves as our main instrument when we analyze if the actual outcome of a reform differs from the intended, and why such an internal inconsistency may have arisen. It is important to state that our model does not aspire to come up with a solution, but merely to confirm the possible existence of an inconsistency and discuss likely causes.

According to Robbins (2005) the world as it is perceived is the world that is behaviourally important. He argues that behaviour is not a reaction to an objective reality but how employees perceive that reality. Such a view would imply that when a reform is implemented it has little or a negative effect if employees do not perceive the purpose of the reform in the same way as management does. We have chosen to adopt Robbins (2005) view that formal measures incorporated in a reform have little significance; it is how employees interpret and perceive the reform that will determine their behaviour.

In our model of analysis we have chosen to exclude external contingency factors. We thereby adopt the view held by Yuen Teen Mak (1989) that internal consistency is likely to be of significance when implementing a new reform. Our model of analysis will aim to illustrate how internal contingency factors affect the outcome of the implementation of a reform. The analysis of an eventual

discrepancy between intended and actual outcome will be based on three theories; agency theory, new Scandinavian institutionalism and change management. We are of the opinion that these theories provide a solid explanation of how internal contingency factors, in this case organizational culture and structure, affect the outcome of the reform.

3.2 Selection of method of investigation

3.2.1 Case study

As our study aim to investigate a possible incompatibility between newly implemented management control measures and the internal organizational factors it is necessary not only to conduct an analysis of literature but also empirical research. It is our opinion that a case study provides the best understanding of the problem, because it enables us to study organizations in reality. We argue that a study based solely on literature would provide an all too theoretical analysis, which is not what we aim for with this thesis. We have therefore chosen to study and interpret management control reforms and their effect in two different organizations.

3.2.2 Qualitative or quantitative method?

When selecting a method of research, there are two possibilities. A quantitative method focuses on gathering large amounts of information, which can be analyzed and showed numerically. Since the focus of this thesis is to investigate if and why a certain condition exists, we are of the opinion that a qualitative method is more suitable. The qualitative approach does not aim to make general conclusions but to analyze the chosen objects of study more deeply. (Björklund and Paulsson, 2003)

In our gathering of data there has been an emphasis on interviews where we used a qualitative method. We are of the opinion that a survey with a quantitative approach would not have provided us with satisfying empirical findings, because of the complexity of our problem.

3.3 Data acquisition

3.3.1 Primary and secondary data

Data gathered for this thesis are of both primary and secondary nature. The latter kind consists of theories developed by prior research for other matters than this particular thesis. In the initial phase we concentrated on secondary data, such as scientific articles and books. We were, by our mentor, given suggestions of articles and books to start with and from them we approached our problem. Through these sources we came across new relevant articles and in this way, our secondary data were acquired. In order to gather the empirical data needed for our analysis, we conducted interviews with employees within the two organizations.

3.3.2 Selection of organizations

We have chosen SKF and SU as objects of this study. In our opinion SU is interesting as it is an organization with a traditionally strong professional culture (Mintzberg, 1979). We are of the opinion that SKF is an interesting company to investigate due to its old traditions in the manufacturing industry. Due to the expected rigidity in both organizations we find it likely that it may be difficult to implement new measures of control, and that a conflict is relatively noticeable.

By our mentor we got an opportunity to enter these organizations. He provided us with information that enabled us to make contact with a Production Track Manager at SKF and the Director of SU. They then gave us an opportunity to enter these organizations even further and helped us to make contact with other employees.

3.3.3 Selection of respondents

In the two organizations chosen for this study we have selected a group of respondents from appropriate organizational levels. At SU the respondents were chosen at each organizational level from the director of the hospital down to the wards. However, one deviation from this order occurred. An interview was also conducted with a business-engineering officer. We were of the opinion that her thoughts about the balanced scorecard might be interesting to assess due to her involvement in the introduction and implementation of the reform.

At SKF we were not able to conduct interviews on as many organizational levels as at SU. Since the reform at SKF primarily concerns the production, the interviews were focused on that particular part of the organization. One operator and one production track manager were interviewed in order to capture their thoughts and opinions about the reform. Additionally one manager and one officer from a support function were interviewed. This particular function is interesting as its purpose is to promote the reform in the organization.

3.3.4 Interviews

We decided to conduct interviews in order to gather the empirical findings needed for our analysis. Since the complexity of our problem calls for in-depth information from respondents interviews were chosen as the most suitable approach. To reach the aim of this thesis it was necessary to capture the respondents' perceptions and personal thoughts, which is quite difficult to achieve through questionnaires and wider surveys. (Denscombe, 2003)

Before meeting the respondents we considered the structure of the interview. We chose to conduct our interviews in a semi-structured way, as we sought to encourage respondents to speak freely (Denscombe, 2003). Using our model of analysis we constructed a material for discussion (see appendix 1), and then added supplementary questions during the interviews.

In our opinion it was essential to conduct the interviews on an individual basis, because we did not want the respondents to be influenced by each other. Each interview took approximately two hours and was conducted at the respondents' place of work. What was said during the interviews was written down by one of

us, but the conversation was not recorded. We made this decision because analyzing recordings from the interviews would be too time consuming. The empirical findings from the interviews are thus our own interpretations of what were said by respondents.

After the interviews at SU, we were of the opinion that some further information was needed. We therefore had a brief correspondence through e-mail with the District Manager, and this additional information is presented in the empirical findings as a separate part.

3.4 Credibility

In order to make an assessment of the credibility of the thesis, the two following measures have to be taken into account.

3.4.1 Validity

The validity describes how likely measurement deviations are from what you intended (Björklund and Paulsson, 2003).

All our interviews were conducted using the same interview template. We have made an effort to create a template that does not assume any prior knowledge as our respondents have diverse backgrounds. That way we hope to minimize distortions due to prior experiences.

We would like to stress that we do not aim to draw any general conclusions. Our study is only focused on two organizations. The conclusion of this thesis is thus only applicable and valid for the objects of study, not for other organizations. Nevertheless results can be of interest for other organizations facing similar situations.

3.4.2 Reliability

Models and theories were selected from scientific articles and books; no popular literature was used. All articles used have been peer-reviewed.

During our interviews we have tried to be as objective as possible. As we conducted interviews with several respondents at different organizational levels within each organization, we argue that we received a more comprehensive view of the organization and the reform implemented. We tried to adjust our approach to respondents in order to capture their opinions.

3.4.3 Criticism of the sources

Regarding the scientific articles and books used, not all sources are new and up to date with the latest information. But the more important question is if the information is relevant and appropriate for our thesis, and we have thus evaluated every source on this very basis. We have tried to assess the subjectivity in the literature and only select the objective information, in order not to let our thesis be affected by other people's opinions.

4 - Empirical findings

This chapter presents the empirical findings from the interviews conducted. Findings from each organization are presented separately and opening the two parts is a short introduction of each reform. The text follows the structure of the interview template (see appendix 1), although deviations may occur to provide a better understanding. Following the interview template may facilitate reading of the empirical material.

4.1 Sahlgrenska University Hospital

The organization has approximately 16 000 employees allocated on six different districts. Regional management of Västra Götaland is the highest decision-making authority with the principal assignment to establish a budget. The director of SU has the operating authority; each district has been assigned a manager. The goal of the organization is to ensure health and security amongst inhabitants and visitors in the region.

4.1.1 About the reform

The balanced scorecard was initially introduced at SU around year 2000, when a decision was made in the regional management of Västra Götaland. All managers within SU, approximately 600, were encouraged to study the logic of the balanced scorecard. When 25 percent of the managers were educated the reform was launched in some specific districts within the hospital (the district subject to our study is one of these).

Three years ago, SU started to implement the balanced scorecard on all organizational levels. It was seen as crucial to have a scorecard that was consistent from management to employee level in order to achieve a comprehensive view of the organizational strategy. We have chosen to adopt the Director's of the Hospital description of the reform's purpose as the one intended by management, "to provide some direction, to make the organization cooperate and work to achieve our joint objective"

4.1.2 Respondents

The Director of the Hospital (DH) has studied business. He was hired five years ago and has made efforts to run the hospital like an enterprise ever since.

The District Manager (DM) has a background as a surgeon and started at SU in 1980. Since then he has advanced to chief surgeon and eventually reached the position as manager of one of the districts at the hospital.

The Operations Manager (OM) started at SU in the eighties and has since then held different managerial positions. For a time the OM also worked with the development and improvement of the patient care from admission to discharge. He has an educational background in medicine.

The Ward Manager (WM) started her career at SU in the middle of the nineties. She is a trained nurse and also has some administrative education. She has worked on the ward ever since, been promoted and achieved the position as ward manager and thereby manage the nurses at the ward.

The Nurse works at the ward managed by the WM and has over 20 years of experience.

The Business-Engineering Officer (BEO) has a background as a management consultant and started to work with business engineering at SU four years ago.

4.1.2 Interviews

The DH describes the culture at SU as highly influenced by the strong professionalism prevalent among the doctors. Their academic background in medicine has given them a sense of independence that sometimes can lead to conflicts when efforts are made to control the direction of the organization. He asserts that he sometimes can feel that doctors use the argument of patient care for their own gain. Both the DM and the OM agree that the culture is influenced by the strong professionalism and independence that doctors are indoctrinated with. The DM furthermore thinks that there is a strong culture at the hospital “to be the best” as he states it. The OM, the WM and the Nurse argue that the departmental culture is much stronger than the hospital’s. Such departmental cultures are described with the words of the OM, “at the oncology department we carefully reflect and evaluate our options, sometimes too slow, while on the surgical department they act quickly but sometimes without really evaluating their options”. When the BEO started at the SU, she experienced the culture as quite different to what she was used to from other businesses. “Doctors have a strong professional identity and sometimes they take their jobs for granted, it is a protected environment”, the BEO states.

According to the DH the hospital has had a tradition of encouraging independent doctors but that they nowadays encourage employees to work towards a common goal. He states, “in a company all employees climb towards the same peak, here we do not even climb the same mountain, that has to change”. Thereby, he expresses the difficulty to manage the organization. The OM argues that the balanced scorecard has encouraged employees to keep a balance between the five perspectives even though he feels that sometimes the focus is too heavy on the economic perspective. He states “I understand that it is necessary to focus on the economic figures but I feel that patient care must come first”. The WM and the Nurse think that the behaviour encouraged is to act according to standardized routines in order to provide a health care of high quality. They both argue that standardization of health care procedures are perceived positive by employees. We experienced that employees seem to find the standardization as a relief and security in their professional roles. By following standardized procedures based on all scientific research available, they do not have to make difficult decisions themselves.

There is a consensus among respondents that formal control measures are set through the balanced scorecard and the budget. The DH, the DM and the OM



assert that they use the balanced scorecard as the primary instrument of evaluation of their own as well as of organizational performance. According to the WM and the Nurse it is how patients perceive treatment at the ward that should be the foundation for evaluation. The OM and the WM also mention the standardization of medical routines through the national health programs, where the standardization aims to provide patients with similar treatments to same diseases.

The DH thinks that the implementation of the balanced scorecard has established a more formal chain of command. He believes that employees feel they are given “freedom within bounds” as opposed to prior management control where they were allowed to act quite independently. Such a view is also held by the DM, “I try to leave the how-decisions to my subordinates”. The WM argues that the degree of formalization is much less at ward level than at management level, “we are allowed a significant degree of freedom on how to act at our ward, but constantly receive suggestions from support functions”. According to the WM there is not enough time to accomplish all the tasks suggested by these functions without compromising how the ward is run, “I ignore those suggestions I do not feel contribute to our patients or our ward and no one notices”. We experience that she is frustrated that she has to spend time executing directives from support functions instead of providing patient care.

There are somewhat different perceptions throughout the organization what the primary purpose of the reform is. The DH argues that it is “to provide some direction, to make the organization cooperate and work to achieve our joint objective”. The DM and the OM have similar views but put it in different words, “the scorecard enables us to disaggregate and distribute goals in the organization to pursue specific objectives” and “the purpose of the balanced scorecard is to elucidate strategic goals and provide employees with a comprehensive view of what the organization is to achieve”. Furthermore the OM argues that he does not think it is the characteristics of the balanced scorecard as a solution that have been important for the organization but the process of change. The WM agrees and states, “it is not the instrument as such that is important, it is the process that has introduced a more comprehensive mind-set”. Both of them think that a similar effect could have been achieved through the implementation of any other instrument of control. The Nurse is of the opinion that the balanced scorecard was introduced in order to “streamline and improve the organization from both an economic and a patient perspective” While we were interviewing her, she did not seem to regard that the balanced scorecard contributes to the ward. In the opinion of the BEO, the purpose of the reform is “to create and apply value-creating measurements and on this basis make an evaluation to promote further development”.

According to the DM the balanced scorecard has stimulated initiatives throughout the organization and provided a clear direction for employees. The OM argues that before the balanced scorecard was implemented there was too much focus on the patients. He states that “it is crucial to have a balance between the different perspectives, you cannot provide healthcare without resources and you cannot obtain resources if you do not provide good healthcare. We need to consider all perspectives in order to be a well-balanced performing

organization”. According to the WM the balanced scorecard has created a more comprehensive goal congruence. She feels that she receives more feedback than before the implementation was made. The Nurse does not think that the implementation of the balanced scorecard has changed the way she works but that it has contributed to a more comprehensive view of the organization. Additionally, it is argued by the BEO that the comprehensive approach of the balanced scorecard may collide with the specific departmental cultures.

In the DH’s opinion the fit between the balanced scorecard and other measures of control is not optimal, however he thinks that there has been a positive development since the implementation, “new and better results can only be achieved through change”. A somewhat different opinion is held by the DM who argues that there is no inconsistency between different measures of control, “the implementation and use of the balanced scorecard has been very successful”. We notice that he has a very positive view. The OM is of the opinion that “the balanced scorecard has put too much control on employees; it should remain at a comprehensive hospital level”. Furthermore, the OM believes that there is an incompatibility between the organizational culture and the balanced scorecard; he says that it is essential that middle management encourage employees to use it. His view is shared by the WM “I have to encourage the use of our balanced scorecard, if I do not it will come to nothing”. Without this encouragement the intentions of balanced scorecard may not be fully understood throughout the organization. The WM states, “For management the balanced scorecard is a set of words, on their way through the organization they have a tendency to grow until they are hard to grasp and act upon. I do not think that management sees this problem”. She also agrees with the OM and the DH that the balanced scorecard does not fit with the organizational culture and structure. Such a view is also shared by the BEO. She states that a lot of work still has to be done in order to explain the purpose of the balanced scorecard on all organizational levels.

4.1.3 Additional empirical information

After the interviews we were of the opinion that additional historical information was necessary in order to understand how the organization has developed with the reform. We thereby asked the DM to provide a further explanation.

Before the balanced scorecard was introduced the control of the hospital was highly centralized, the DM argues. All decisions concerning personnel issues, including promotions and employments, and organizational matters were managed by the public administration of the municipality. Directives of this kind were distributed to lower-level managers and doctors in brown envelopes. However, these envelopes were not always opened and consequently the directives not followed. Management did not properly control whether these instructions were acted upon and instead this approach resulted in a reinforcement of the professional independence of the doctors.



4.2 SKF

The business of SKF is organized into three divisions: industrial, service and automotive. Since the start of the company, SKF has focused on core values such as quality, technical development and marketing. The company employs 41 000 people in total, with 3000 employees working in Sweden.

4.2.1 About the reform

Manufacturing Excellence (ME) is based on five principles; a standardized way of working, individual judgement, environmental care, flows based on needs and constant improvement. These principles are supposed to support and improve the process from SKF to customers and to provide guidance for decision-making. ME originates from a concept of production tracks connecting supplier and customer; an idea introduced at SKF in the eighties. However, this concept was lost throughout the years. Four years ago management made a decision to revitalize the idea and the PTM was then one of the initiators. As the PTM has been involved in the development of ME we have chosen to adopt his view of ME's purpose as the one intended by the management. We thereby define the purpose as "a way to communicate and allow all employees to contribute to the success of SKF, to encourage continuous change".

4.2.2 Respondents

The ME Manager started his career at SKF. Since then he has held several different positions, such as production manager and quality manager.

The ME Facilitator has worked within the organization as a production track manager and at support functions. He holds a degree in production management and has worked at SKF his entire career.

The Production Track Manager (PTM) has worked at several positions within the company. He was responsible for revitalizing the concept of ME but is now managing and controlling operators.

The Operator has worked at SKF for approximately thirty years and joined the company after finishing the SKF Technical High School.

4.2.3 Interviews

The ME Manager describes the organizational culture as free; he argues that the organization is non-hierarchic and that "if I sent an e-mail to the CEO he would most likely answer me". In his opinion the atmosphere is relaxed and communicative although he believes that operators might perceive it differently. The ME Facilitator perceives the organizational culture somewhat different and argues, "the boss is boss". He emphasizes that the organization has a strongly hierarchic culture. Thinkers (managers) are not doers (operators). Both the PTM and the Operator are of the opinion that each production track has its own organizational culture. The PTM states, "there are significant cultural differences even though we have worked under the same roof for almost 100 years". Moreover, the Operator argues that there are significant differences in terms of how each production track is managed.



According to the ME Manager employees are encouraged to take initiative as long as they are made within their area of responsibility. The ME Facilitator argues that such behaviour is not promoted enough, and seems somewhat despondent. The PTM asserts that the behaviour encouraged by management, to produce more bearings, is not easily accepted amongst operators. However, the Operator is of the opinion that they are encouraged to take initiative in order to raise efficiency but that such initiatives rarely are implemented.

The ME Manager says that formal controls are communicated through the balanced scorecard and the business plan of the company. Additionally he argues that employees have the opportunity to affect goals through discussions with higher managerial levels. He also believes that operators perceive the measurements as unnecessary, as the reasons for measuring are not well communicated by management. According to the ME Facilitator there are strong formal controls (in terms of result controls) but he does not believe that employees know if they have performed well during a day. He argues that sub-optimization may occur when each unit focus on their own results instead of the overlying strategic objectives, he states, "it is likely that employees do not see the bigger picture due to the strong emphasis on economic performance of each unit". The PTM is of the opinion that employees were more monitored before the implementation of ME. According to him the balanced scorecard was previously used to measure and report performance to management who often replied with criticism. He emphasizes that each production track have informal leaders and an informal power structure which may be more important than the formal controls communicated by management. The Operator says that he and most operators with him perceive the performance evaluation as something positive, "It is a lot easier to know how well we have performed during the day".

The ME Manager believes that employees do not feel that they are under too much control, "I think that most employees would actually want more direction". A similar view is held by the ME Facilitator who thinks that since employees are allowed a significant degree of freedom on how to achieve their targets they do not feel that they are under too much control. However, he argues, initiatives are not encouraged by the strong hierarchic structure. The PTM thinks that employees do not feel controlled by management but rather by those informal leaders at each production track. As initiatives are encouraged in the organization the Operator does not feel that he is under heavy control by management, he also regards result controls as loose, "Whether or not I meet my targets make no difference, there is a lack of feedback from management to operators".

According to the ME Manager, ME serves to create a common language, a common mindset amongst employees on how to act concordantly with customer needs. By doing so ME will contribute to the organization by providing a constructive and communicative environment where "things get done". In his opinion SKF has always worked with continuous improvement, which ME contributes to by supporting the standardization process. The ME Facilitator holds a similar view, he expresses ME, as "a holistic solution which emphasizes that units within the organization must not only see to their own performance but also to the organizational performance" but also as "a way to encourage

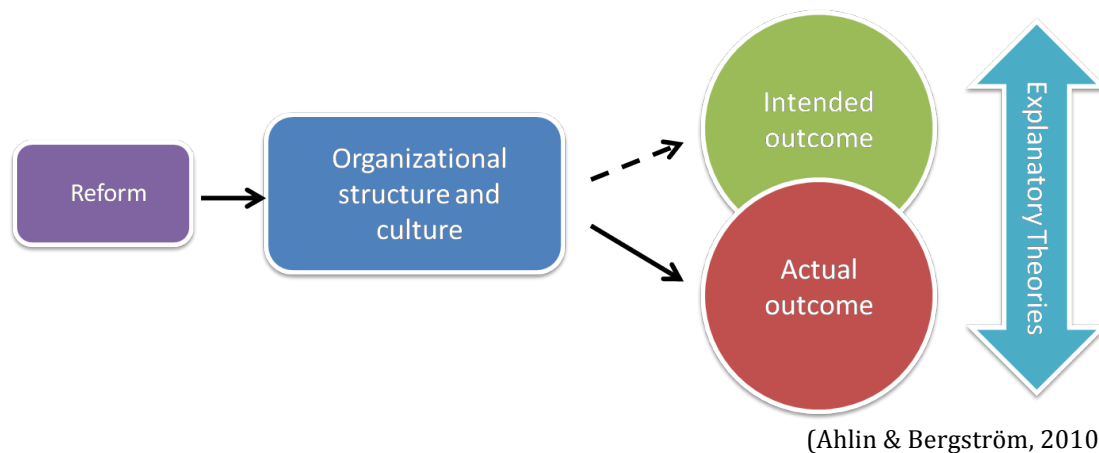
doers to also become thinkers and thereby create continuous improvement". Furthermore he argues, "the purpose of ME is to support the organizational objectives, a tool to reach them". For the PTM ME is "a way to communicate and allow all employees to contribute to the success of SKF, to encourage continuous change". The Operator thinks that ME is "freedom to act, an opportunity to influence how things are done and targets achieved". He also states that in the long run the purpose of ME is to "have satisfied employees and produce more bearings". We have noticed that all respondents seem to regard ME as a positive change.

The ME Manager thinks that ME has created a more constructive communication among employees and different organizational levels. It has created a common language. His view is shared by the ME Facilitator "employees discuss faulty products; they do not blame each other for it". The PTM says that with ME feedback is provided on a regular basis, deviations from targets are quickly evaluated and corrected. According to the PTM and the Operator, the reform has created a more communicative environment especially among the different production tracks. The Operator states, "before ME was implemented it was not uncommon that communication between the different tracks were made through notes, ME has created a more communicative atmosphere".

Whether or not ME fit into the organizational context or not is perceived quite differently throughout the organization. According to the ME Manager the reform is just what the organization needs, the company have always worked with continuous improvement and ME has supported that process. The ME Facilitator instead argues that ME does not fit with the hierarchic structure, especially at middle management level, as described above. Middle management, he says, has "a long journey ahead". In the opinion of the PTM operators are not given enough resources to create continuous improvements. Furthermore he argues, the purpose of ME is somewhat obstructed by those with decisional authority. He also stresses that operators and employees experience frustration when they are encouraged to take initiatives and then not allowed to realize them. The Operator also describes this situation, "it is frustrating when they encourage us to take initiatives and come up with ideas, but do not provide the resources necessary". He furthermore thinks that top management and lower level management understand the true objective of ME but that middle management does not. He says, "Managers who are supposed to understand the purpose of ME show the concept board and try to explain to us what we have or have not achieved, even though they do not fully understand the underlying principles themselves". He is of the opinion that middle management may not see ME as a way of raising efficiency but as a possible threat to their prior control.

5 – Analysis

In this chapter we analyze our empirical findings using theories and the model of analysis presented in our frame of reference. The chapter is divided into two parts where each part presents an analysis of one of the organizations. The analysis of each organization is then structured in accordance with the model of analysis.



In the first step of analysis we determine what management’s original purpose of the reform is, as management may have underlying reasons for implementing new management control measures that are not communicated to employees.

In the second step of our analysis we take an internal contingency perspective and describe the organizational structure and the culture prevalent. In our model we have adopted Samuelson and Olve’s (2008) distinction between informal, formal and organizational measures of control together with Merchant and Van der Stede’s (2007) distinction between action controls, result controls and personnel controls.

In the third step we analyze how the actual outcome of the implementation of the reform differs from the one intended. We use our empirical findings to describe how the purpose of the reform is perceived on different organizational levels and how the reform has affected organizational and employee behaviour.

In the fourth step we interpret our empirical findings from a theoretical perspective. We make an attempt to describe why the actual outcome is divergent to the intended outcome using three theories; agency theory, new Scandinavian institutionalism and change management. These theories have been chosen because we are of the opinion that they provide a thorough explanation of how internal factors affect the implementation of a reform.

In step five we make some concluding remarks. We further assess whether or not the implementation of the reform has resulted in any unintended consequences.

5.1 Sahlgrenska University Hospital

5.1.1 Intended outcome

As hospitals in general consist of highly educated professionals they can be regarded as professional bureaucracies. A significant degree of control is likely to be held by those professionals (Mintzberg, 1979). The DH describes a situation where the old hierarchic pyramid had been turned upside-down and management was to assist and provide the resources needed by doctors.

The primary purpose of implementing balanced scorecard has been “to provide some direction, to make the organization cooperate and work to achieve our joint objective” the DH argues. He further asserts, “in a company all employees climb towards the same peak, here we do not even climb the same mountain, that has to change”. He thereby implies that each organizational entity is independent. The primary purpose of the reform can therefore be regarded as to direct employee efforts. Brunsson and Rombach (1982) argue that management (the guardians) can be expected to have a more holistic approach towards the organization than that of the employees (the advocates). Management at SU aims to facilitate an atmosphere where employees work towards a common goal. We therefore argue that management’s objective with the reform is to overcome an agent-principal relationship characterized by diverging goals not only between management and employees but also among departments.

5.1.2 Internal contingency factors

Otley (1980) and Chenhall (2003) argue that every organization has to adjust its management control system to prevailing contingency factors. As stated above, we have chosen to focus our study on internal factors such as organizational culture and structure. At SU a common culture does not seem to be prevalent, all respondents except the DM have described a situation where each department has its own culture within the hospital. Respondents do not identify themselves as being part of SU but of their department.

We categorize SU as a professional bureaucracy as described by Mintzberg (1979). A large group of employees in the organization is highly educated professionals and has an informal authority to control the organization. Doctors have always had a strong position in society and are regarded to have legitimacy in most areas. It is likely that they are opposed to changes within the organization reducing the independence of their professional role (Mintzberg, 1979). The organizational structure is by tradition hierarchic where academic merits and professional skills have created informal leaders within the organization. Support functions direct lower level managers by suggestions and assignments.

Another process influencing organizational behaviour at SU is standardization of patient care through national health programs and routines. These can be seen as action controls, directing employee behaviour and thus obstructing individual procedures. DiMaggio and Powell (1983) state that such influences affect organizational behaviour from an institutional perspective. Throughout the interviews there has been a consensus that this standardization gives doctors and nurses more confidence and comfort in their professional roles. We stated

above that employees in a professional bureaucracy may be opposed to changes, but in the case of standardization the respondents are positive.

5.1.3 Actual outcome

We have observed that different interpretations of the purpose of balanced scorecard are prevalent throughout the organization. The DH, the OM and the WM share the opinion that the reform was implemented in order to make the organization work towards common goals and to achieve a more comprehensive view among employees.

The Nurse perceives the purpose of the balanced scorecard differently. She is of the opinion that the balanced scorecard was introduced to improve organizational performance. Even though this opinion is divergent from the intended purpose they may be two sides of the same coin. Organizational performance may improve when departments are able to cooperate and work towards common goals.

All respondents have expressed that the implementation of the balanced scorecard has restricted their freedom to act. The DH formulates this as “freedom within bounds”. Thus, we can observe that the degree of formal control measures has increased. As we stipulated above employees in a professional bureaucracy may be opposed to change, especially when their freedom becomes restricted. This is expressed by the OM, who argues that, “the balanced scorecard has placed too much control on employees; it should remain at a comprehensive hospital level”.

Despite the implementation of the balanced scorecard, suggestions and assignments are still issued by support functions to subordinate managers on a continuous basis. Such directives are not always followed properly. The WM explains, “I ignore those suggestions I do not feel contribute to our patients or our ward and no one notices”. Such behaviour could imply that employees are given more directions than they can handle.

The DH states that the balanced scorecard has been the primary formal management control at SU since it was implemented. The balanced scorecard of the hospital can according to Merchant and Van der Stede’s (2007) definitions be categorized both as an action control and a result control. From an action control perspective the balanced scorecard imposes employees with action accountability and compels them to regularly report performance. Result control is exercised through the measurements included in each perspective of the scorecard.

Prior to the balanced scorecard, budget was the single actual measure used in the organization, the DM asserts. With the implementation of the scorecard the budget formulated the economic perspective with a single objective to have revenues in excess or equal to expenses. The budget is of an absolute character and this tough result control may cause discontent among employees. Due to budget restrictions, it may be difficult to hire substitutes at the wards and the WM states that this causes frustration.

Concerning the success of the balanced scorecard the opinions are quite divergent. Both the DH and the nurse assert that it is still a long way until the reform is fully synchronized with the organization. However, the DM is of a different opinion. He declares that the implementation has been very successful, based on the fact that balanced scorecard is currently introduced at other hospitals in the country. This conviction about the success of the implementation may be a result of the previous lack of effective management control. Employees and managers now have a comprehensible instrument for performance evaluation compared to the situation prior to the balanced scorecard.

5.1.4 Explanatory theories

At most major hospitals doctors have some degree of informal power. The culture can be described as a professional bureaucracy and doctors often have goals that diverge from those of management. In the perspective of Brunsson and Rombach (1982) managers can be seen as guardians and doctors as advocates. A characteristic of guardians is their reluctance to provide resources demanded by advocates. At SU this situation is exemplified by the budgetary restrictions obstructing employment of substitutes at ward level. The WM asserts that this causes frustration at the ward, and reactions of such a kind may worsen the relationship between guardians and advocates, as stated by Brunsson and Rombach (1982). Doctors want the best for their own patients and ward, a tendency we found as each department has an organizational culture perceived stronger than the hospital's. A strong guardian-advocate relationship between managers and employees can explain why there is still a departmental culture. Furthermore we argue that as employee objectives in some cases diverge from those of management they may interpret the reform differently and the actual outcome may differ from that intended by management.

According to Røvik (2008) it is difficult to implement a reform in an organization if it threatens the organizational identity. The reform may not fit with the organizational culture, structure or other prior measures of control. Prior to balanced scorecard the hospital was under loose centralized control. Almost all decisions were centrally controlled but actions were not taken to make sure that decisions were implemented or acted upon. Doctors were allowed to operate without managerial interventions. Such behaviour is still indoctrinated in the organization according to the BEO, "doctors take their jobs for granted, it is a protected environment". As doctors were given a great degree of independence prior to balanced scorecard the professional bureaucracy may actually have been encouraged by the prior system. The balanced scorecard has decreased the individual independence among doctors, as its purpose is to direct their efforts. It is therefore necessary not only to change formal control measures, but also to force informal control throughout the organization to adapt. Such fundamental change is likely to take time before fully accepted by employees (Røvik, 2008).

Jian (2007) provides an explanation to why management and employees perceive the reform differently. It may be difficult to translate managerial decisions into employee action. Words as written by management have a tendency to become abstract and hard for employees to relate to. The WM states, "For management the balanced scorecard is a set of words, on their way through the organization they have a tendency to grow until they are hard to grasp and



act upon. I do not think that management sees this problem". As employees may find it hard to translate managerial text into actions they may actually act in a way that is not desired by management even though the reform has been communicated.

5.1.5 Concluding remarks

The intended purpose by management was to "to provide some direction, to make the organization cooperate and work to achieve our joint objective". Respondents throughout the organization have consistently described a situation where employees are more willing than before to cooperate among districts and wards. There is a consensus among respondents that more direction has been provided since the implementation of the balanced scorecard, the OM argues, "the balanced scorecard has put too much control on employees". However, some respondents feel that they are given ambiguous directions by support functions. This may be viewed upon as an unintended consequence of the implementation (Harris and Ogbonna, 2002; Jian, 2007).

Most resistance towards the balanced scorecard at SU are to be expected and not a result of ambiguous directions from current management. However, a highly anchored professional bureaucracy is not likely to accept managerial directives easily. As prior management has encouraged independence it is not unexpected that districts and wards within the hospital have established their own identities. A transition towards a more directed environment is likely to take time.

We therefore argue that the implementation has under the circumstances been quite successful at the department and ward investigated, although there is still resistance towards the reform. We have observed that the implementation of the balanced scorecard has resulted in an unintended consequence where employees choose to ignore less urgent directives. A behaviour that is likely to influence the actual outcome of the reform if viewed upon from a contingency perspective, where all change may affect organizational performance (Otley, 1980).

5.2 SKF

5.2.1 Intended outcome

Because of his high involvement in the introduction process of the reform we take his purpose as intended also by management. His interpretation of ME is “a way to communicate and allow all employees to contribute to the success of SKF, to encourage continuous change”. The ME principles are built on standardization, teamwork, responsibility and continuous improvement. ME should encourage progressive change improving organizational performance and enable employees to understand that they are part of the comprehensive process from production to customer.

5.2.2 Internal contingency factors

Important factors that ought to be taken into consideration when analyzing internal contingency of organizations are the prevailing culture and structure (Otley, 1980; Drazin and Van de Ven, 1985; Chenhall, 2003).

Respondents at different organizational levels have divergent perceptions of the culture at SKF. The ME Manager is of the opinion that the organizational culture is free, but the ME Facilitator argues that it is very clear that “the boss is boss”. Moreover, the PTM and the Operator stress that each production track has its own specific culture created by strong informal leaders. Since every single production track also has its own responsibility to reach targets we argue that the organization at SKF is divided into divisions that are “factories within the factory” (Mintzberg, 1979).

There is a consensus among most respondents that the organizational structure is strongly hierarchic. Even though employees are left some degree of freedom on how to achieve their targets management has the final decisional authority. The Operator stresses that this concentration of authority can obstruct the realization of employee suggestions. Thus, pre-action reviews can be said to be prevalent within the organization and serve as a tight form of action control for employee behaviour (Merchant and Van der Stede, 2007).

Organizational behaviour may be affected by the degree of formalization within the organization. A majority of the respondents assert that employees are encouraged to take initiatives, as long as they are in the same direction as company objectives. The Operator is of the opinion that such stimulation may cause a setting where tight controls are not prevalent. A consequence due to the lack of tight controls and feedback is that he does not know if he has reached targets or not.

5.2.3 Actual outcome

Among the respondents at SKF there are quite divergent interpretations of the purpose of ME. Both the ME Manager and ME Facilitator describe the purpose as to create a common language and mind-set, resulting in a more effective and coherent organization. The ME manager further states that the standardization process of ME facilitates the continuous improvement promoted at SKF. A different view of the purpose of the reform is held by the operator. He argues that ME is a supportive instrument to “encourage employees and produce more bearings”.

The organizational structure at SKF can be described as hierarchic, which is why it can take a long time for decisions to be made. As the intended purpose of ME is to facilitate continuous change, the inability to put employee ideas and suggestions into practice within a reasonable timeframe can obstruct the intentions with ME. Another organizational factor that offsets the actual purpose of ME is the reluctance from management to provide the resources necessary for these continuous improvements. The operator exemplifies this problematic situation, “it is frustrating when they encourage us to take initiatives and come up with ideas, but do not provide the resources necessary”. Together with the PTM the operator is of the opinion that the responsibility for this organizational dispute lies on middle management. When ME was implemented the intention was to give operators given more freedom on achieve targets at the expense of middle management’s control. They therefore, according to the operator, perceived the reform as a threat to their authority within the organization.

Prior to the implementation of ME each production track and shift had its own characteristic culture, but ME has at this point accomplished a change. The PTM asserts that focus has been lifted from the single production track to a more comprehensive view of the production process due to the introduction of ME. Additionally, the reform has created a more communicative and positive environment where employees more easily can move between different tracks and shifts. However, ME has not achieved all its intensions. According to the ME Facilitator the reform has aimed to encourage doers (operators) to also become thinkers and thus take action to improve performance. The ME Facilitator is of the opinion that the reform has not yet encouraged individual initiatives as intended. He asserts that the probable cause is the intact hierarchic organizational structure with ambiguous directions from management levels.

A support function was appointed by high management to facilitate the introduction of ME in the organization. The PTM is of the opinion that this organizational entity has a different view of ME, which may cause a discrepancy within the organization that can complicate the use of the reform.

The earlier result focus on each production track through scorecards still exists in the organization and the implementation of ME has made controls tighter. Before the introduction of ME results were only evaluated weekly, but with ME the evaluation occurs on a daily basis. Increased and tightened control of this kind is, argued by the operator, actually appreciated among employees. They can

easier assess how well they have performed and what kind of improvement is needed for further development.

5.2.4 Explanatory theories

As described above, the organizational structure at SKF obstructs the continuous changes encouraged by ME. This situation can be explained by the guardian-advocate relationship described by Brunsson and Rombach (1982). Management can be seen as guardians unwilling to provide the resources needed to realize continuous change in accordance with ME. Operators, on the other hand, can be said to be advocates as they exert themselves to accomplish innovation for their production track or shift. We can thus discern a discrepancy in the relationship between operators and management, preventing ME to achieve its intended purpose. A majority of respondents argues that the current middle management have yet not fully understood the purpose of ME and can thus not provide the support needed.

Rövik (2008) stresses the importance of compatibility between the reform implemented and the prevailing organizational culture. Even before the implementation of ME the culture at SKF encouraged employees to pursue an innovative working environment, an attitude coherent with the original purpose of ME. In the operator's opinion, the reform signifies "freedom to act, an opportunity to influence how things are done and targets achieved". Consequently, we can find similarities but also differences between the former culture and ME. The strong hierarchic tradition may have created a culture where "the boss is boss" such a culture could explain middle managements reluctance to provide resources for continuous change.

The PTM describes the situation prior to ME as with specific cultural standards for each production track and shift. Incorporated in the purpose of the reform was an intention to create an open communication and a comprehensive working environment. We can thus observe a cultural difference between SKF and ME. Nevertheless, the reform has quite successfully put the former organizational mixture together and formed a more uniform organizational culture where each employee sees himself/herself as a part of the production process. Rövik (2008) argues that a reform, which contradicts with the prevalent organizational culture often, is unsuccessful. But at SKF the reform has made improvements in the organization by creating a more open and cooperative atmosphere. A possible reason that ME has been somewhat successful despite Rövik's theory may be its positive effect on employees freedom to act.

In the implementation process of ME we have observed a conflict between text- and action orientation, as argued by Jian (2007). Pictures and documentation about the reform have been designed by the ME supporting staff in order to provide a thorough explanation of the purpose and the function of the reform. However, some employees may not perceive this support as positive. The operator asserts that these illustration are somewhat diffuse, an opinion shared by the PTM who argues that the ME supporting staff have a somewhat different view of the reform. Furthermore, he asserts that the intended purpose of ME is hard to achieve without a more congruent view of what ME is within the



organization. In our opinions such a discrepancy between perceptions may contribute to disagreement between operators and middle management.

5.2.5 Concluding remarks

ME serves as “a way to communicate and allow all employees to contribute to the success of SKF, to encourage continuous change” according to the PTM.

ME has quite successfully created a more open and communicative atmosphere within the organization. The Operator says that “before ME was implemented it was not uncommon that communication between the different tracks were made through notes, ME has created a more communicative atmosphere”, his opinion is shared by other respondents although they may describe it differently.

However, we find that continuous change may be obstructed by management’s reluctance to provide the resources needed. Such reluctance may also discourage employees to take initiative, the Operator states that “it is frustrating when they ask us to take initiatives and come up with ideas, but do not provide us with the resources necessary”. Such a view is also held by the PTM who says that the purpose of ME is somewhat obstructed by those with decisional authority. From a contingency perspective an internal inconsistency may affect the performance of the entire organization (Otley, 1980).

If ME is to fulfil its intensions we find that it may be necessary for management to change its reluctant attitude to provide resources for continuous change. Although ME has not yet achieved its purpose we argue that significant change has been made.

6 – Conclusions

In this chapter, we present findings from the two organizations and provide an answer to the problem defined. We then draw inferences from the previous analysis.

In our frame of reference we constructed a model in order to analyze whether or not organizational structure and culture create an internal inconsistency between the intended outcome and the actual outcome of a reform. We also presented three different theories to explain why such an inconsistency may exist.

Although the implementation of the balanced scorecard at SU has created a more coherent organizational culture it has not yet fully achieved its intended outcome. Our research has shown that the resistance towards the implementation of the balanced scorecard has been primarily due to the strong professional culture prevalent at SU. Such a resistance towards directions can be said to correlate with our empirical findings, which describe a tradition where employees have had a significant degree of independence. According to the New Scandinavian Institutionalism it is difficult to implement a reform that does not fit with the prevalent organizational characteristics (Rövik, 2008). Lower-level employees have expressed that they feel not enough resources are provided to uphold a high quality of patient care at their ward. Management on the other hand has a more holistic perspective and focus on the overall organizational objectives. We can thereby notice that departmental culture is still stronger than the overall hospital culture. The purpose of the balanced scorecard was to introduce a comprehensive culture where everyone works towards joint objectives, but the organization has yet to achieve such goal congruence. Brunsson and Rombach (1982) would classify the employees as advocates and management as guardians in their interpretation of the agent-principal relationship. The WM expressed the difficulty to translate managerial directives into actions; a difficulty described by Jian (2007).

In SKF's case we argue that the internal inconsistency has been created by the organizational structure. The reform has fulfilled parts of its intended purpose by creating a more communicative atmosphere. However, continuous improvements may be difficult to achieve due to the reluctance by management to provide resources. Lower-level employees have expressed frustration, as they are encouraged to come up with suggestions on how to raise efficiency but not allowed to implement them. We argue that the organizational structure has not been adapted to the ME concept. As long as the reform does not fit with the organizational characteristics we find it unlikely that ME will reach its intended outcome (Rövik, 2008). ME promotes continuous change, which is likely to require resources. Management's reluctance to provide the resources necessary can be explained by Brunsson and Rombach's (1982) guardian-advocate



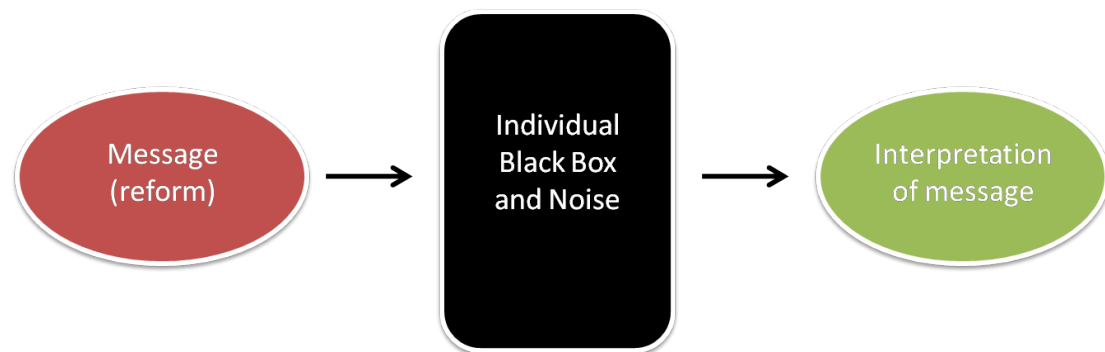
relationship. The discrepancy in how the Operator, middle management and top management perceive ME may be explained by the change management theory described by Jian (2007). As middle management is positioned between the text- and the action orientations of the reform they may find it hard to relate to any of these perspectives. They may also find it difficult to translate text into action.

We have identified a divergence between the actual outcome and the intended outcome, an internal inconsistency, in both our case studies. We argue that the organizational culture is primarily responsible for the small internal inconsistency in SU's case and the organizational structure in SKF's. Our three explanatory theories were used in both organizations to describe why such an inconsistency has arisen. None of the theories alone can explain the actual outcome but all emphasize the importance of considering likely employee behaviour when a reform is implemented. Organizations should therefore not only consider a reform's fit with formal measures- but also the fit with their informal measures of control.

7 – Reflections and suggestions for further research

This thesis describes how different perceptions of a reform may lead to an outcome divergent from the one intended, an internal inconsistency. In this chapter we discuss and reflect upon observations made. We also make a suggestion for further research.

At both SU and SKF we have observed that perceptions of a reform may deviate among organizational levels as individuals make their own interpretations. Since each person has a unique background there are as many perceptions as there are individuals. We make an attempt to illustrate this with a simplification of the model of communication.



(Own interpretation)

In the black box of the model we include not only personal background and attitudes but also noise, such as organizational structure and culture. When a message, in this case a reform, is introduced in the organization the individual interpretations are influenced by the factors in the black box. Thus, people will perceive the reform differently and henceforth work according to these interpretations.

In international management research this issue is well recognized and described by Hofstede among others. Hofstede stipulate that organizations must adapt their way of conducting business to the culture surrounding them (Hofstede, 2001 as discussed in Robbins, 2005). Throughout our study we have observed significant differences in terms of organizational culture can be prevalent within one organization, even though the entities have a geographical proximity.

We are of the opinion that it would be interesting to investigate how such cultural differences within an organization influence the implementation of a reform. We therefore suggest that a thorough study of several departments within one organization is conducted. That way a comparison of how the sub-cultures within the organization affect the outcome of a reform can be made.

8 - Bibliography

8.1 Published sources

- Abernethy, Margaret A., Chua, Wai F., (1996). *Field study of control system 'Redesign': the impact of institutional process on strategic choice*. Contemporary Accounting Research 13(2), pp. 569–606.
- Anthony, Robert (1965). *Planning and control systems: A framework for analysis*. Boston: Harvard University.
- Arbnor, Ingeman & Bjerke, Björn (1994). *Företagsekonomisk metodlära*. 2nd ed. Lund: Studentlitteratur.
- Ax, Christian, Johansson, Christer & Kullvén, Håkan (2005). *Den nya ekonomistyrningen*. 3rd ed. Malmö: Liber ekonomi.
- Berger, Peter L. & Luckmann, Thomas (1967). *The social construction of reality*. New York: Doubleday.
- Björklund, Maria & Paulsson, Ulf (2003). *Seminarieboken: att skriva, presentera och opponera*. Lund: Studentlitteratur.
- Bolman, Lee G. & Deal, Terrence (2005). *Nya perspektiv på organisation och ledarskap*. 3rd ed. Lund: Studentlitteratur.
- Brunsson, Nils & Rombach, Björn (1982). *Går det att spara?: Kommunal budgetering under stagnation*. Bodafors: Doxa.
- Chenhall, Robert H. (2003). *Management control systems design within its organizational context: findings from contingency-based research and directions for the future*. Accounting, Organizations & Society, 28(2/3), pp. 127-168.
- Chenhall, Robert H. & Euske, K. J. (2007). *The role of management control systems in planned organizational change: an analysis of two organizations*. Accounting, Organizations and Society, 32(7-8), pp. 601-637.
- Denscombe, Martyn (2003). *The good research guide: for small-scale social research projects*. 2nd ed. Maidenhead: Open University Press.
- Dicken, Peter (2007). *Global shift: Mapping the changing contours of the world economy*. 5th ed. New York: Guilford Press.
- DiMaggio, Paul J. & Powell, Walter W. (1983). *The iron cage revisited: institutional isomorphism and collective rationality in organizational fields*. American Sociological Review, 48(2), pp. 147-160.
- Drazin, Robert & Van de Ven, Andrew H. (1985). *Alternative forms of fit in contingency theory*. Administrative Science Quarterly, 30, pp. 514–539.
- Eisenhardt, Kathleen M. (1989). *Agency theory: an assessment and review*. The Academy of Management Review, 14(1), pp. 57-74.



Flamholtz, Eric G. (1983). *Accounting, budgeting and control systems in their organizational context: theoretical and empirical perspectives*. Accounting, Organizations and Society, 8(2-3), pp. 153-169.

Gerdin, Jonas & Greve, Jan (2004). *Forms of contingency fit in management accounting research – a critical review*. Accounting, Organizations & Strategy, 29(3/4), pp. 303-326.

Gordon, Lawrence A. & Narayanan, V. K. (1984). *Management accounting systems, perceived environmental uncertainty and organizational structure: an empirical investigation*. Accounting, Organizations and Society, 9(1), pp. 33-47.

Harris, Lloyd C. & Ogbonna, Emmanuel (2002). *The unintended consequences of culture interventions: a study of unexpected outcomes*. British Journal of Management, 13(1), pp. 31-49.

Jensen, Michael C. & Meckling, William H. (1976). *Theory of the firm: managerial behavior, agency costs and ownership structure*. Journal of Financial Economics, 3(4), pp. 305-360.

Jian, Guowei (2007). *Unpacking unintended consequences in planned organizational change: a process model*. Management communication quarterly, 21(5), pp. 5-28.

Khandwalla, Pradip N. (1972). *The effect of different types of competition on the use of management controls*. Journal of Accounting Research, 10(2), pp. 275-285.

Khandwalla, Pradip N. (1977). *Design of organizations*. New York: Harcourt Brace Jovanovich.

Mak, Yuen Teen (1989). *Contingency fit, internal consistency and financial performance*. Journal of Business Finance & Accounting, 16(2), pp. 273-300.

Malmi, Teemu & Brown, David A. (2008). *Management control systems as a package - opportunities, challenges and research directions*. Management Accounting Research, 19(4), pp. 287-300.

Merchant, Kenneth A. & Van der Stede, Wim A. (2007). *Management control systems: Performance Measurement, evaluation and incentives*. 2nd ed. Harlow: Financial Times/Prentice Hall.

Meyer, John W. & Rowan, Brian (1977). *Institutionalized organizations: formal structure as myth and ceremony*. The American Journal of Sociology, 83(2), pp. 340-363.

Miller, Danny (1986). *Configuration of strategy and structure: toward a synthesis*. Strategic Management Journal, 7, pp. 233-249.

Mintzberg, Henry (1979). *The structuring of organizations: a synthesis of the research*. Englewood Cliffs: Prentice-Hall.

Otley, David T. (1980). *The contingency theory of management accounting: achievement and prognosis*. Accounting, Organizations & Society, 5(4), pp. 413-428.

Otley, David T. (1994). *Management control in contemporary organizations: towards a wider framework*. Management Accounting Research, 5(3/4), pp. 289-299.

Robbins, Stephen P. (2005). *Essentials of Organizational Behavior*. 8th ed. Upper Saddle River: Prentice Hall.

Rövik, Kjell A. (2008). *Managementsamhället*. 1st ed. Malmö: Liber.

Samuelson, Lars A. & Olve, Nils-Göran (2008). *Controllerhandboken*. 9th ed. Malmö: Liber.

Selznick, Philip (1957). *Leadership in administration: a sociological interpretation*. 1st ed. New York: Harper & Row.

Staw, Berry M. & Epstein, Lisa D. (2000). *What bandwagons bring: effects of popular management techniques on corporate performance, reputation and CEO pay*. Administrative Science Quarterly, 45(3), pp. 523-556.

Young, Mark S. & Selto, Frank H. (1991). *New manufacturing practices and cost management: a review of the literature and directions for future research*. Journal of Accounting Literature, 10(1), pp. 265-298.

Zimmerman, Jerold L. (1997). *Accounting for Decision-Making and Control*. 2nd ed. Chicago: McGraw-Hill.

Zimmerman, Jerold L. (2001). *Conjectures regarding empirical managerial accounting research*. Journal of Accounting and Economics 32 (1-3), pp. 411-427.

8.2 Verbal sources

8.2.1 Sahlgrenska University Hospital

Interview with Director of the Hospital (2010-05-10)

Interview with District Manager (2010-04-27)

Interview with Operations Manager (2010-05-12)

Interview with Ward Manager (2010-05-17)

Interview with Nurse (2010-05-17)

Interview with Business-Engineering Officer (2010-05-18)

8.2.2 SKF

Interview with Manufacturing Excellence Manager (2010-05-11)



Interview with Manufacturing Excellence Facilitator (2010-05-10)

Interview with Production Track Manager (2010-05-21)

Interview with Operator (2010-05-21)

8.3 Electronic sources

Åkesson, Johan & Siverbo, Sven, (2003). *Forskare varnar för en överdos styrning*. CIO Sweden, [internet] 18 June. Available at:
<http://cio.idg.se/2.1782/1.236392/forskare-varnar-for-overdos-av-styrning>
[Accessed 1 April 2010].



Appendix 1 – Interview template

- *Short background of the respondent*
 - How long have you worked for SU/SKF?
 - Different positions held?
 - Prior experiences

- *Map management control system*
 - Organizational culture, codes of conduct
 - Is there a SU/SKF way of working?
 - Informal controls
 - What kind of behaviour is encouraged? How?
 - Formal controls
 - Action controls
 - Result controls
 - Degree of formalization within the organization

- *Map reform (Balanced Scorecard/Manufacturing Excellence)*
 - In your opinion, what is the purpose?
 - Describe the reform
 - How does it differ from the former management control?
 - Has the reform improved your performance?
 - Why?
 - Do you think that the reform fits with other measures of control used in the organization?